

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter

Ginebra San Miguel Inc.

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

Philippines

4. SEC Identification Number

142312

5. BIR Tax Identification Code

000-083-856-000

6. Address of principal office

3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center,
Mandaluyong City
Postal Code
1550

7. Registrant's telephone number, including area code

(+632) 8841-5100

8. Date, time and place of the meeting of security holders

May 28, 2026 Thursday, 2:00 P.M., which will be via remote communication and
livestreamed at the Company's website: <http://www.ginebrasanmiguel.com>

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 6, 2026

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK	286,327,841

13. 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:

The Philippine Stock Exchange, Inc. - Common Shares

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



Ginebra San Miguel, Inc.
GSMI

**PSE Disclosure Form 17-5 - Information Statement for Annual or
Special Stockholders' Meeting**
*References: SRC Rule 20 and
Section 17.10 of the Revised Disclosure Rules*

Date of Stockholders' Meeting	May 28, 2026
Type (Annual or Special)	Annual
Time	2:00PM
Venue	The meeting will be via remote communication and livestreamed at the Company's website: http://www.ginebrasanmiguel.com .
Record Date	Apr 24, 2026

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Apr 25, 2026
End date	Apr 29, 2026

Other Relevant Information

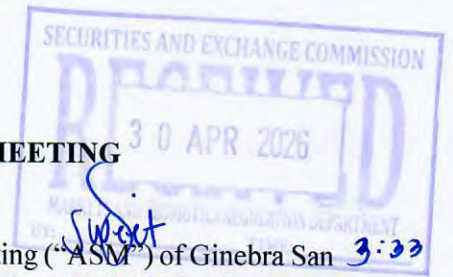
Please see attached Definitive Information Statement (SEC Form 20-IS) of the Company (with notice, agenda, and the rationale for each agenda item) for its 2026 Annual Stockholders' Meeting scheduled on May 28, 2026, cleared for release by the Securities and Exchange Commission today, May 4, 2026.

In the event that May 28, 2026 will be declared as a holiday, the 2026 Annual Stockholders' Meeting will be moved to May 29, 2026, the next succeeding business day, in accordance with Rule 20.11.1 of the Implementing Rules and Regulations of the Securities Regulation Code.

Filed on behalf by:

Name	Francis Joseph Cruz
Designation	General Counsel and Assistant Corporate Secretary

GINEBRA SAN MIGUEL INC.
NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING
May 28, 2026¹



NOTICE is hereby given that the 2026 Annual Stockholders' Meeting ("ASM") of Ginebra San Miguel Inc. (the "Company") will be held on **Thursday, May 28, 2026, at 2:00 P.M.**, via remote communication and livestreamed at the Company's website: <http://www.ginebrasanmiguel.com>. Only stockholders of record at the close of business hours on April 24, 2026 are entitled to vote at this meeting.

The Agenda of the Meeting is as follows:

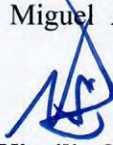
1. Call to Order/Certification of Notice and Quorum
2. Approval of the Minutes of the Annual Stockholders' Meeting held on May 29, 2025
3. Presentation of the 2025 Annual Report
4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
5. Election of Directors
6. Appointment of External Auditor
7. Other Matters
8. Adjournment

An explanation for each agenda item is shown in Appendix 1.

Attendance to the meeting will be via remote communication and questions will be sent only through a dedicated email address. Stockholders should access the Company's website to access the link to view the livestream of the meeting which will be available on the day of the meeting. The procedure and further details for attending the meeting through remote communication are set forth in Appendix 2.

Votes will be cast only through ballots or proxies. Ballots and proxies may be submitted to the Corporate Secretary through email at: gsmirsm@ginebra.sanmiguel.com.ph which shall be acknowledged and validated with the assistance of the Company's stock transfer agent, SMC Stock Transfer Service Corporation. Validated ballots and proxies will be considered for purposes of determining quorum and voting results. For your convenience, a sample of a ballot/proxy is attached as Appendix 3. For an individual, his ballot or proxy must be accompanied by a valid government-issued identification card with a photo. For partnerships, corporations or associations, the proxy must be accompanied by a notarized Secretary's Certificate stating the representative's authority to represent the corporation in the meeting. Proxies need not be notarized. Stockholders who provide their personal information shall be deemed to agree to the collection and processing of their personal information in accordance with the Company's privacy statement for its 2026 ASM posted on its website.

The deadline for the submission of ballots and proxies is on May 13, 2026. Validation of ballots and proxies will be on May 22, 2026 at 10:00 a.m. at the SMC Stock Transfer Service Corporation Office, 2nd Floor, SMC Head Office Complex, No. 40 San Miguel Ave., Mandaluyong City, Philippines.


Virgilio S. Jacinto
Corporate Secretary

¹ In the event that May 28, 2026 will be declared as a holiday, the 2026 Annual Stockholders' Meeting will be moved to May 29, 2026, the next succeeding business day, in accordance with Rule 20.11.1 of the Implementing Rules and Regulations of the Securities Regulation Code.

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

Approval of the Minutes of the Annual Stockholders' Meeting held on May 29, 2025

A copy of the draft Minutes of the 2025 ASM (the "Minutes") of Ginebra San Miguel Inc. (the "Company") was uploaded in the Company's website, <http://www.ginebrasanmiguel.com>, within five (5) days from the said meeting and may be accessed therein. A copy of the Minutes is also attached to this Information Statement.

Presentation of the 2025 Annual Report

A report on the performance of the Company in 2025 will be presented to the stockholders including the financial results and position of the Company (the "Annual Report"). After the presentation of the Annual Report, the Company shall entertain questions and comments from the stockholders. Questions and comments must be submitted either in advance or during the meeting by email to gsmirsm@ginebra.sanmiguel.com.ph. Questions which were not answered during the meeting shall be forwarded to the Office of the Corporate Secretary for appropriate responses.

Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers

Ratification by the stockholders will be obtained for all acts, resolutions and proceedings of the Board of Directors (the "Board") and corporate officers of the Company since the Annual Stockholders' Meeting held on May 29, 2025 until May 28, 2026 as reflected in the minutes of the meetings of the Board, financial statements, records, reports and disclosures of the Company.

Election of Directors

The profiles of all the nine (9) nominees for election as directors of the Company are included in this Information Statement. The Corporate Governance Committee has determined, during its meeting held on March 5, 2026, that all the nominees are qualified for election by the stockholders during the 2026 ASM scheduled on May 28, 2026.

Every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock in his name in the books of the Company. However, in electing directors, every stockholder is entitled to cumulate his votes in accordance with the provisions of law.

Appointment of External Auditor

R.G. Manabat & Co. is nominated as the Company's external auditor for 2026. On March 5, 2026, upon the favorable endorsement of the Audit and Risk Oversight Committee, the Board approved the nomination of the said external auditor for approval of the stockholders during the 2026 ASM. A more detailed information about the nominated external auditor may be found in <https://home.kpmg/ph/en/home/about/overview.html>.

Other Matters

Stockholders who, alone or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of the Company shall have the right to include items on the agenda prior to the 2026 ASM, in accordance with SEC Memorandum Circular No. 14, Series of 2020.

PROCEDURE FOR ATTENDING THE MEETING THROUGH REMOTE COMMUNICATION

1. Stockholders of record as of April 24, 2026, who intend to attend the meeting are requested to register by notifying the Company through email at **gsmirsm@ginebra.sanmiguel.com.ph**, not later than May 13, 2026. Intention to attend the meeting may be signified together with the submission of the Ballot and Proxies.
2. For validation purposes, the email should contain the following information: (i) name; (ii) address; (iii) telephone number; and (iv) email address, and a scanned copy of any valid government-issued identification card (“ID”) with photo of the stockholder. For partnerships, corporations or associations, the notarized Secretary’s Certificate stating the representative’s authority to represent the corporation in the meeting must be attached.
3. Only the stockholders who have notified the Company of their intention to participate as above-described and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance and quorum at the meeting, together with the stockholders attending through proxies.
4. Stockholders who fail to register may still attend the meeting by accessing the livestreaming link at the Company’s website, <http://www.ginebrasanmiguel.com>.
5. Shareholders may send their questions and/or comments prior to or during the meeting to **gsmirsm@ginebra.sanmiguel.com.ph**.
6. There will be a visual and audio recording of the meeting.

Should you have questions or requests for clarification on the procedure for attending the 2026 ASM through remote communication, please email them to **gsmirsm@ginebra.sanmiguel.com.ph**.

SAMPLE BALLOT/PROXY

Please mark the appropriate box:

Vote by ballot: The undersigned stockholder of GINEBRA SAN MIGUEL INC. (the “Company” or “GSMI”) casts his vote on the agenda items for the 2026 Annual Stockholders’ Meeting (“ASM”) of GSMI, as expressly indicated with “X” below in this ballot.

Vote by proxy: The undersigned stockholder of the Company hereby appoints _____ or, in his absence, the Chairman of the meeting, as attorney and proxy, to represent and vote all the shares registered in his name at the 2026 ASM and any of its adjournment(s), as fully as the undersigned can do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with “X” below.

PROPOSAL	ACTION			
	FOR ALL	WITHHOLD FOR ALL	EXCEPTION	FULL DESCRIPTION PROXY
1. Election of Directors for 2026 The following are the nominees: Ramon S. Ang Cecile L. Ang John Paul L. Ang Leo S. Alvez Aurora T. Calderon Gabriel S. Claudio Francis H. Jardeleza Douglas L. LuYm -Independent Director Martin S. Villarama, Jr.-Independent Director INSTRUCTIONS: <i>To withhold authority to vote for any individual nominee(s), please mark Exception box and list the name(s) under.</i>				
	FOR	AGAINST	ABSTAIN	
2. Approval of the Minutes of the Annual Stockholders’ Meeting held on May 29, 2025				
3. Presentation of the Annual Report of the Company for the year ended December 31, 2025				
4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers				
5. Appointment of R.G. Manabat and Co. as External Auditor of the Company for 2026				

Signed this ___ day of _____, 2026 at _____.

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER/ NAME AND
SIGNATURE OF AUTHORIZED SIGNATORY

THIS PROXY/BALLOT SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **May 13, 2026**. FOR STOCKHOLDERS, THAT ARE PARTNERSHIPS, CORPORATIONS OR ASSOCIATIONS, THE PROXY MUST BE ACCOMPANIED BY A NOTARIZED SECRETARY’S CERTIFICATE SETTING OUT THE AUTHORITY OF THEIR DESIGNATED PROXIES. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. NOTARIZATION OF THE PROXY IS NOT REQUIRED.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its Charter:

GINEBRA SAN MIGUEL INC.

3. Province, country and other jurisdiction of incorporation or organization:

Metro Manila, Philippines

4. SEC Identification Number: **142312**

5. BIR Tax Identification Code: **000-083-856-000**

6. Address of principal office:
**3rd and 6th Floors, San Miguel Properties Centre,
St. Francis Street, Ortigas Center,
Mandaluyong City, Philippines**

Postal Code:
1550

7. Registrant's telephone number, including area code: **(632) 8841-5100**

8. Date, time and place of the meeting of stockholders:

Date: **May 28, 2026, Thursday**

Time: **2:00 P.M.**

Livestream via <http://www.ginebrasanmiguel.com>

9. Approximate date of which the Information Statement is to be first sent or given to security holders:

May 6, 2026 (by uploading an electronic copy in the Company's website and in PSE Edge in compliance with SEC Notice dated March 11, 2026).

10. Securities registered pursuant to Sections 8 and 12 of the SRC:

<u>Title of Each Class</u>	<u>Authorized</u>	<u>Outstanding</u>
(As of March 31, 2026)		
Common	460,000,000	286,327,841
Preferred	<u>100,000,000</u>	<u>0</u>
	560,000,000	286,327,841

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

Yes No

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

The Philippine Stock Exchange, Inc. - **Common Shares**

INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of the Annual Meeting

Date: **May 28, 2026, Thursday**

Time: **2:00 P.M.**

Venue: **Livestream via <http://www.ginebrasanmiguel.com>**

The principal office of the Registrant is at the 3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City, Philippines.

The Information Statement is to be first sent to security holders approximately on **May 6, 2026**. The notice of the meeting shall be published in the business section of two (2) newspapers of general circulation, in print and online format for two (2) consecutive days, while the Information Statement shall be made available in the website of the Company, <http://www.ginebrasanmiguel.com> and in the online system of The Philippine Stock Exchange (the "PSE"), PSE Edge, in accordance with the Notice of the Securities and Exchange Commission (the "SEC") dated March 11, 2026.

WE ARE NOT ASKING YOU FOR A PROXY AND WE REQUEST THAT YOU REFRAIN FROM SENDING US A PROXY.

As attendance to the meeting will only be via remote communication, votes will be cast only through ballots or proxies. Ballots and proxies may be submitted to the Corporate Secretary through email at gsmirsm@ginebra.sanmiguel.com.ph, which shall be acknowledged and validated with the assistance of the Company's stock transfer agent, SMC Stock Transfer Service Corporation. Validated ballots and proxies will be considered for purposes of determining quorum and voting results. For your convenience, a sample of a ballot/proxy is attached as Appendix 3. For an individual, his ballot or proxy must be accompanied by a valid government-issued identification card with a photo. For partnerships, corporation, and association, the proxy must be accompanied by a notarized Secretary's Certificate stating the representative's authority to represent the corporation in the meeting. Proxies need not be notarized. Stockholders who provide their personal information shall be deemed to agree to the collection and processing of their personal information in accordance with the Company's privacy statement for its 2026 Annual Stockholders' Meeting ("ASM") posted on its website.

The deadline for the submission of ballots and proxies is on May 13, 2026. Validation of ballots and proxies will be on May 22, 2026 at 10:00 a.m. at the SMC Stock Transfer Service Corporation Office, 2nd Floor, SMC Head Office Complex, No. 40 San Miguel Ave., Mandaluyong City, Philippines.

Dissenters' Right of Appraisal

Any stockholder shall have the right to dissent and demand payment of the fair value of the shares in the following instances: amendment to the corporation's articles of incorporation which has the effect of changing and restricting the rights of any shareholder or class of shares; or of authorizing preferences in any respect superior to those of outstanding shares of any class; or of extending or shortening the term of corporate existence; sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; merger or consolidation; and investment of corporate funds in another corporation or business for any purpose other than its primary purpose. The stockholders' right of appraisal may be exercised within a period of thirty (30) days from the date on which the vote on the corporate action was taken.²

² As provided in Sections 80 and 81 of the Revised Corporation Code of the Philippines (the "RCCP").

For the 2026 ASM of Ginebra San Miguel Inc. (the “Company” or “GSMI”), there are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in the Revised Corporation Code of the Philippines (the “RCCP”).³

Interest of Certain Persons in Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

Number of shares outstanding as of March 31, 2026:

Common Shares:	286,327,841
Total shares issued and outstanding:	286,327,841

All stockholders as of April 24, 2026 are entitled to vote at the 2026 ASM of the Company.

Every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock in his name in the books of the Company. However, in electing members to the Board of Directors (the “Board”), every stockholder is entitled to cumulate his votes in accordance with the provisions of the RCCP.⁴

Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than 5% of the Company’s voting securities as of March 31, 2026 are as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	San Miguel Food and Beverage, Inc., ⁵ No. 40 San Miguel Avenue, Mandaluyong City,	San Miguel Corporation	Filipino	216,972,000	75.78%

³ *Id.*

⁴ In accordance with Section 23 of the RCCP, a stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: Provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected.

⁵The Board of Directors of San Miguel Food and Beverage, Inc. (“SMFB”) authorizes any one Group A signatory, or any two Group B signatories to act and vote in person or by proxy, shares held by SMFB in other corporations. The Group A signatories of SMFB are Ramon S. Ang, Ferdinand K. Constantino, Joseph N. Pineda, Virgilio S. Jacinto, Aurora T. Calderon, Carlos Antonio M. Berba, Emmanuel B. Macalalag, Cynthia M. Baroy, Bella O. Navarra, Monica L. Ang, Bryan U. Villanueva, and Susan Y. Yu. The Group B signatories of SMFB are Cecile Caroline U. De Ocampo, Maria Raquel Paula G. Lichauco, Almira C. Dalusung, Joseph Francis M. Cruz, Nina Frances Therese B. Tenorio and Rogelio G. Lui.

	parent company of the issuer.				
Common	PCD Nominee Corporation ⁶ (Filipino), 29 th Flr., BDO Equitable Tower 8751 Paseo de Roxas, Makati City	Various	Filipino	42,365,782	14.80%
Common	PCD Nominee Corporation ⁷ (Non-Filipino), 29 th Flr., BDO Equitable Tower 8751 Paseo de Roxas, Makati City	Various	Non-Filipino	25,006,264	8.73%

As of March 31, 2026, there are 25,031,665 foreign-owned common shares, which accounts for 8.74% of the Company's total outstanding shares.

The following are the number of shares of the Company's capital stock (all of which are voting shares) owned of record by the directors of the Company as of March 31, 2026.

(1) Title of Class	(2) Name of Record Owner	(3) Amount and Nature of Ownership	(4) Citizenship	(5) Percent of Class
Common	Ramon S. Ang	5,000 (Direct)	Filipino	0.00%
Common	Cecile L. Ang	5,000 (Direct)	Filipino	0.00%
Common	John Paul L. Ang	5,000 (Direct)	Filipino	0.00%
Common	Leo S. Alvez	5,000 (Direct)	Filipino	0.00%
Common	Aurora T. Calderon	5,000 (Direct)	Filipino	0.00%
Common	Gabriel S. Claudio	5,000 (Direct)	Filipino	0.00%
Common	Francis H. Jardeleza	5,000 (Direct)	Filipino	0.00%
Common	Aurora S. Lagman	5,000 (Direct)	Filipino	0.00%
Common	Martin S. Villarama, Jr.	5,000 (Direct)	Filipino	0.00%

The aggregate number of shares owned of record by the directors of the Company, as a group, as of March 31, 2026, is 45,000 shares or approximately 0.0157% of the Company's outstanding capital stock.

The aggregate number of shares owned of record by all officers and directors (as a group) of the Company as of March 31, 2026 is 148,900 shares or approximately 0.0520% of the Company's outstanding capital stock.

The foregoing beneficial or record owners have no right to acquire additional shares within thirty (30) days from options, warrants, conversion privileges or similar obligations or otherwise.

⁶ Registered owner of shares held by participants in the Philippine Depository & Trust Corp., a private company organized to implement an automated book entry of handling securities in the Philippines. PCD Nominee Corporation is not related to the Company. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant. The Company has no record relating to the power to decide how the shares held by PCD are to be voted. As advised to the Company, none of the beneficial owners under a PCD participant owns more than 5% of the 5% of the Company's common shares.

⁷ Id.

DIRECTORS AND EXECUTIVE OFFICERS

Directors, Including Independent Directors and Nominees, and Executive Officers

The names of the incumbent directors and nominees for election as directors for 2026, as well as the incumbent executive officers of the Company, who are all Filipinos, and their respective ages, periods of service, education and directorships in other companies and positions in the last five (5) years, are as follows.

Directors

Ramon S. Ang, 72, is the President of the Company and has been a Director thereof since April 4, 2000 or for twenty six (26) years. He is the Chairman of the Executive Compensation Committee and a member of the Executive Committee of the Company. He currently holds the following positions in various subsidiaries and affiliates of the Company: Chairman and President of Distileria Bago, Inc.; Chairman of Ginebra San Miguel International Ltd. and GSM International Holdings Limited; and Director of Thai San Miguel Liquor Company Limited. He also holds positions in the following PSE-listed companies: Chairman and Chief Executive Officer of San Miguel Corporation; Chairman of San Miguel Food and Beverage, Inc.; Chief Executive Officer and President of Petron Corporation, and Top Frontier Investment Holdings, Inc. His other current positions, include, among others, the following: Chairman, Chief Executive Officer, President and Chief Operating Officer of San Miguel Global Power Holdings, Corp.; Chairman, Chief Executive Officer and President of SMC TPLEX Corporation, Chairman and President of Integrated Geosolutions Inc., San Miguel Beverages, Inc., San Miguel Properties, Inc., Malita Power Inc., San Miguel Infrastructure Corporation, San Miguel Holdings Corp. and San Miguel Aerocity Inc.; Chairman and Chief Executive Officer SMC Asia Cars Distributors Corp.; President and Chief Executive Officer of New NAIA Infra Corp.; Chairman of San Miguel Brewery Inc., San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), Magnolia Inc., San Miguel Foods, Inc., The Pure Foods Hormel Company, Inc., San Miguel Yamamura Packaging Corporation, SMC Tollways Corporation, Anchor Insurance Brokerage Corp., Sea Refinery Corporation, Eagle Cement Corporation, Petron Malaysia Refining and Marketing Bhd (a company publicly listed in Malaysia), Philippine Diamond Hotel & Resort Inc. and Manila North Harbour Port, Inc. Mr. Ang was previously the President and Chief Operating Officer of PAL Holdings, Inc. and Philippine Airlines, Inc., Director of Air Philippines Corporation, and Vice Chairman of Manila Electric Company. He has held directorships in various companies, including domestic and international subsidiaries of San Miguel Corporation in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University. As a director of a number of companies including listed companies, Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the training conducted by Center for Global and Best Practices on December 2025.

Cecile L. Ang, 44, is a Director of the Company since May 30, 2024 or for one year and eleven (11) months. She is a member of the Audit and Risk Oversight Committee and the Corporate Governance Committee of the Company. She is also a director of San Miguel Corporation, a PSE-listed company, San Miguel Properties, Inc. ("SMPI"), SMPI Makati Flagship Realty Corporation, San Roque Hydropower, Inc. and Board Advisor of Bank of Commerce. She is the Chairman/Trustee of San Miguel Foundation, Inc. and started the Better World Centers of the Foundation. She is also a non-broker director at the PSE. She has worked with various companies under the San Miguel Group such as Petron Corporation, Intelligent E-Processes Technologies Corp., and San Miguel Foods Inc. She is currently the President of Diamond Hotel Philippines and Vice President of New NAIA Infra Corp. and San Miguel Aerocity Inc. She has a Bachelor of Arts degree in European Studies from Ateneo de Manila University. Ms. Ang has attended various trainings and seminars, the most recent of which is the training on Corporate Governance conducted by Center for Global and Best Practices on October 2025.

John Paul L. Ang, 46, is a Director of the Company since March 5, 2025 or for one year and two (2) months. He is also a Director and the President and Chief Operating Officer of San Miguel Corporation, a listed company. Mr. Ang also holds directorships in other listed companies namely,

Petron Corporation, San Miguel Food and Beverage, Inc., and Top Frontier Investment Holdings, Inc. He is also the President and Chief Executive Officer of Eagle Cement Corporation, San Miguel Food and Beverage, Inc., Southern Concrete Industries Inc., and South Western Cement Corporation. He is the President of San Miguel Equity Investments, Inc. He is also the Vice Chairman of San Miguel Global Power Holdings Corp. since 2021. He is also a director of several companies such as, SMC SLEX Inc., Aerofuel Storage Management Inc., Argonbay Construction Company, Inc., San Miguel Aerocity Inc., and KB Space Holdings, Inc., among others. Mr. Ang graduated with a degree in Bachelor of Arts Major in Interdisciplinary Studies at the Ateneo de Manila University. As a director of a number of companies including listed companies, Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the training conducted by SGV & Co. on September 2025.

Leo S. Alvez, 83, has been a Director of the Company since April 24, 2002 or for twenty four (24) years. He is also a member of the Audit and Risk Oversight Committee, Executive Compensation Committee and Corporate Governance Committee of the Company. He was previously the Chairman of the Company's Nominations and Hearing Committee. He was also a former Director of San Miguel Corporation, a company listed with the PSE and San Miguel Purefoods Company, Inc. He has also held various positions in the government. He earned his Bachelor of Science Degree from the Philippine Military Academy and Masters in Business Administration from the University of the Philippines. He also attended various military education courses. Being a director for a considerable number of years, Mr. Alvez has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the training conducted by Center for Global and Best Practices on October 2025.

Aurora T. Calderon, 71, is a Director of the Company since November 9, 2017 or for eight and a half (8 1/2) years, and is a member of the Company's Executive Committee, Executive Compensation Committee, Corporate Governance Committee and the Company's Retirement Plan - Board of Trustees. She currently holds the following positions in various subsidiaries and affiliates of the Company: Chairman and President of East Pacific Star Bottler Phils Inc., Agricrops Industries Inc., Crown Royal Distillers, Inc. and Healthy Condiments, Inc.; Chairman of Global Beverage Holdings Limited and Siam Holdings Limited; and Director of Distilera Bago, Inc., Thai San Miguel Liquor Company Limited, Siam Wine and Liquor Limited, Ginebra San Miguel International Ltd. and GSM International Holdings Limited. She is a Director and Senior Vice President and Senior Executive Assistant to the Chairman and Chief Executive Officer of San Miguel Corporation. She is also Director and Treasurer of Top Frontier Investment Holdings, Inc. and SMC Asia Car Distributors Corp and a Director of the following PSE-listed companies: San Miguel Food and Beverage, Inc., Top Frontier Investment Holdings, Inc. and Petron Corporation. Her other current positions, include, among others, the following: Director of SMITS, Inc., San Miguel Yamamura Packaging Corp., San Miguel Consolidated Power Corporation, SMC Tollways Corporation, San Miguel Infrastructure Corporation and Trans Aire Development Holdings Corp; Chairman and President of Florenza Estates Development Corporation and Ruzena Estates Development Corporation; and Board Advisor of Bank of Commerce, She was formerly a director of Philippine Holdings, Inc., Philippine Airlines, Inc. and Manila Electric Company, to name a few. Ms. Calderon is a Certified Public Accountant who graduated *Magna Cum Laude* from the University of the East with a degree in Business Administration major in Accounting. She is a member of the Financial Executives and the Philippine Institute of Certified Public Accountants. As a director of a number of companies including listed companies, Ms. Calderon has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the training conducted by SGV & Co. on September 2024.

Gabriel S. Claudio, 71, has been a Director of the Company since November 11, 2010 or for fifteen and a half (15 1/2) years, and a Member of the Company's Corporate Governance Committee. He is presently the Vice Chairman of Risks and Opportunities Assessment Management, Inc.; and a Member of the Board of Trustees of Conflict Resolution Group Foundation, Inc., and TOBY's Sports and Youth Foundation, Inc. He was an Independent Director of Rizal Commercial Banking Corporation from July 2016 to July 2025 and formerly a Director of the Philippine Amusement and Gaming Corporation, Chairman of the Board of Trustees of Metropolitan Waterworks and Sewerage System

and Conflict Resolution Group Foundation, Inc., Director of the Development Bank of the Philippines and Member of the Board of Directors of the Philippine Charity Sweepstakes Office. He also occupied several cabinet positions: Presidential Political Adviser to Presidents Fidel V. Ramos and Gloria Macapagal Arroyo, Presidential Legislative Adviser, Chief of the Presidential Legislative Liaison Office, Cabinet Officer for Regional Development (CORD) for Eastern Visayas and Acting Executive Secretary. He obtained his degree in AB Communication Arts from the Ateneo de Manila University and is a recipient of the Most Outstanding Graduating Communications Arts Major award. Being a director for a considerable number of years, Mr. Claudio has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the training conducted by Risk, Opportunities, Assessment and Management (ROAM) on October 2025.

Francis H. Jardeleza, 76, is a Director of the Company since August 5, 2020 or for five and a half (5 ½) years. He is currently a director of San Miguel Food and Beverage, Inc., and Petron Corporation, which are both listed with the PSE. He is also an Independent Director of MORE Electric and Power Corporation. He is currently a professorial lecturer at the University of the Philippines College of Law and a Member of the Philippine Judicial Academy. He has previously held the following positions in the government: Associate Justice of the Supreme Court and Solicitor General and Deputy Ombudsman for Luzon. He was the former Senior Vice President and General Counsel of San Miguel Corporation and has been a partner in several law firms including the law firm of Angara Abello Concepcion Regala and Cruz and was also an Independent Director of EastWest Bank. He obtained his law degree from the University of the Philippines where he was class salutatorian, graduated *Cum Laude* and placed third in the 1974 Bar Examinations. He holds a Master of Laws degree from Harvard University. Retired Justice Jardeleza has attended various trainings and seminars on Corporate Governance, the most recent of which is the training conducted by SGV&Co on September 2025.

Aurora S. Lagman, 87, is an Independent Director of the Company since March 15, 2017 or for nine (9) years. She is the Lead Independent Director, Chairperson of the Corporate Governance Committee and a member of the Audit and Risk Oversight Committee of the Company. She is also an Independent Director of San Miguel Food and Beverage, Inc., a listed company. She is a part-time faculty member of the College of Law, Bulacan State University (currently on leave), a faculty member of the Manuel L. Quezon University, member of the Board of Trustees of Society for Judicial Excellence, and adviser of RTC Judges Association of Bulacan, Inc. Among others, she previously held the following positions: Member, Judicial and Bar Council; Associate Justice, Court of Appeals; and Judge, Regional Trial Court, Branch 77, Malolos, Bulacan. She obtained her law degree at the College of Law of Lyceum of the Philippines and attended special studies and short courses abroad such as Program of Instruction for Lawyers, Harvard Law School, Cambridge, Massachusetts, U.S.A. and Special Course on Evidence, National Judicial College, University of Nevada, Reno, U.S.A. She also attended various domestic and foreign trainings, seminars and conferences including trainings on Corporate Governance, the most recent of which is the training conducted by Center for Global and Best Practices on October 2025.

Martin S. Villarama, Jr., 80, is an Independent Director of the Company since March 9, 2023 or for four (3) years and is the Chairperson of the Company's Audit and Risk Oversight Committee and member of the Company's Executive Compensation Committee and Corporate Governance Committee. He currently serves as an Independent Director for the following Companies: SMC Tollways Corporation; SMC SLEX Inc.; and Eagle Cement Corporation. He is also a Member of the Board of Advisors of San Miguel Brewery Hongkong Ltd. He was previously an Associate Justice, Supreme Court, a Justice of the Court of Appeals, and a Judge at the Regional Trial Court-Pasig City. He obtained his degree in Bachelor of Science in Business Administration at the De La Salle University and his Bachelor of Laws degree at the Manuel L. Quezon University. He has attended various seminars and programs including the 36th Program on Instruction for Lawyers conducted by the Harvard Law School's Faculty at Cambridge, Massachusetts, U. S.A and trainings on Corporate Governance, the most recent of which is the training conducted by Center for Global and Best Practices on October 2025.

Nominee for Director

Douglas L. LuYm, 84, is a nominee as an independent director of the Company. Mr. LuYm is also an Independent Director of San Miguel Corporation, a PSE-listed company. He is currently the President of Far East Corn Refining Co., and Associated Brokerage System, Inc. He is Chairman of Magna Holding, Inc. and Chairman and President of Lu Do & Lu Ym Corp. He is a Director, Treasurer and Executive Vice President of Mactan Electric Company, Inc. He earned a degree in Business Administration from the Sta. Clara University, California in 1964.

Executive Officers

Virgilio S. Jacinto, 69, is the Company's Corporate Secretary and Compliance Officer since November 11, 2010 or for fifteen and a half (15 1/2) years. He also holds, among others, the following positions in the following PSE-listed companies: Senior Vice-President, General Counsel, Corporate Secretary and Compliance Officer of San Miguel Corporation; Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, Inc., and Director of Petron Corporation. He is also a Director and Corporate Secretary of various domestic and international subsidiaries of the San Miguel Corporation group. He has served as a Director and Corporate Secretary of United Coconut Planters Bank, Director of San Miguel Brewery Inc. and a Partner of Villareal Law Offices, to name a few. He is an Associate Professor VII at the University of the Philippines, College of Law. Atty. Jacinto obtained his law degree from the University of the Philippines where he was class salutatorian and placed sixth in the 1981 Bar Examinations. He holds a Master of Laws degree from Harvard University and a member of the International Honor Society of the PHI KAPPA PHI and Harvard Club (Philippines). As a director and an officer of a number of companies including listed companies, Atty. Jacinto has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the training conducted by SGV&Co on September 2025.

Cynthia M. Baroy, 62, is the Vice President and OIC-General Manager of the Company. Prior to her appointment as OIC-General Manager on November 1, 2024, she was the Chief Finance Officer/Treasurer of the Company since May 1, 2009 or for fifteen (15) years. She is also a Director and OIC-General Manager of Distileria Bago, Inc. ("DBI") and East Pacific Star Bottlers Phils Inc.; and a Director of Agricrops Industries Inc., Crown Royal Distillers, Inc. and Healthy Condiments, Inc. She is also the Chief Operating Officer – Liquor of San Miguel Food and Beverage, Inc., a PSE-listed company. She is also an incumbent Director of the following foreign subsidiaries and affiliates of the Company: GSM International Holdings Limited, Siam Holdings Limited, Global Beverage Holdings Limited, Siam Wine and Liquor Limited, and Thai Ginebra Trading Company Limited. She is also a Member of the Board of Trustees of the Retirement Plan of the Company and DBI. She previously held the following positions: Chief Finance Officer/Treasurer of the Company; Financial Planning and Analysis Manager of San Miguel Yamamura Packaging Corporation; Finance Manager of Metal Closures & Lithography Business; and Finance Manager of San Miguel Rengo Packaging Corporation. Ms. Baroy obtained her B.S. Commerce major in Accounting from the University of Sto. Tomas where she graduated *cum laude*. She is a Certified Public Accountant. Ms. Baroy has attended various trainings and seminars, external and Company-sponsored, in the past five years, which include among others, Executive Business Process Workshop, Crisis Management, Vulnerability Analysis-Crisis Management, Finance Conference 2023 - Culture of Excellence: Efficacy and Efficiency, Future CFO Virtual Summit Philippines 2022: Leading the Digital Growth, Corporate Governance Seminar, Futures Thinking for Ginebra, Real Property Tax Refresher, and The Sustainability Imperative: ESG From Concept to Action, Sustainability Management Program for SMC Leaders, SMC KPMG Webinar 2024, Anti-Cyberfraud Program, People Champions: Leading a Diverse Workforce, and GSMI Leaders Conference 2025.

Ariel I. Victoria, 56, is the Company's OIC – Chief Finance Officer (CFO)/Treasurer since November 1, 2024. Prior to his appointment as OIC-CFO/Treasurer, he was the Company's Logistics Manager. He is also a Director and OIC-Treasurer of Distileria Bago, Inc. ("DBI"), Agricrops Industries Inc., Crown Royal Distillers, Inc. and Healthy Condiments, Inc. and the OIC-Treasurer of East Pacific Star Bottlers Phils Inc. He previously served as the Company's Manager for Business Planning and

Management Services and Chief Finance Officer. He is a Certified Public Accountant. He obtained his B.S. Commerce major in Accounting from the Colegio De San Juan De Letran. He has attended various trainings and seminars in the past five years, which include among others, HR Kamustahan: Performance Appraisal, Corporate Governance Seminar, SMC KPMG Webinar 2024, People Champions: Leading a Diverse Workforce, and GSMI Leaders Conference 2025.

Allan P. Mercado, 60, is the Vice President and National Sales and Marketing Manager of the Company since July 1, 2019 or for six (6) years. He is also a Director of Siam Holdings Limited, Agricrops Industries Inc., Crown Royal Distillers, Inc. and Healthy Condiments, Inc. He previously held the following positions National Sales Manager and Sales and Marketing Support Group Manager of the Company, National Sales Manager of San Miguel Beverages, Inc. and Selling Systems and Training Manager of Coca-Cola Bottlers Phils., Inc. He obtained his Bachelor of Science Degree in Management and Industrial Engineering at the Mapua Institute of Technology. Mr. Mercado has attended various trainings and seminars, external and Company-sponsored, in the past five years, which include among others, AIM's Management Development Program, Executive Business Process Workshop, Crisis Management, Copyright and Patent, Corporate Governance Seminar, Futures Thinking for Ginebra, HR Kamustahan, People Champions: Leading a Diverse Workforce, and GSMI Leaders Conference 2025.

Term of Office

The members of the Board are elected at the annual meeting of the stockholders by the stockholders entitled to vote and they hold office until their successors are elected and qualified.

The nominees for election to the Board on May 28, 2026 are the following:

1. Ramon S. Ang
2. Cecile L. Ang
3. John Paul L. Ang
4. Aurora T. Calderon
5. Leo S. Alvez
6. Gabriel S. Claudio
7. Francis H. Jardeleza
8. Martin S. Villarama, Jr. – Independent Director
9. Douglas L. LuYm – Independent Director

Article II, Section 4.1 of the Company's Amended By-Laws (the "By-Laws") provides that all nominations for the election of directors by the stockholders shall be submitted in writing to the Board through the Corporate Secretary on or before January 20 or at such earlier or later date that the Board may fix.

Article II, Section 3 of the By-Laws also provides that any stockholder having at least five thousand (5,000) shares registered in his name may be elected director, provided, however, that no person shall qualify or be eligible for nomination or election to the Board if he is engaged in any business which competes with or is antagonistic to that of the Company.

The Corporate Governance Committee, during its meeting on March 5, 2026, pre-screened and shortlisted all the nine (9) candidates nominated to become members of the Board, and determined that all the nominees have all the qualifications and none of the disqualifications set forth in the Company's Amended By-Laws, Corporate Governance Manual ("CG Manual") and other applicable laws, circulars, rules and regulations, including the issuances of the SEC and are qualified for election as directors during the 2026 ASM of the Company. This is in accordance with the CG Manual and the Corporate Governance Committee Charter.

Independent Directors

The Company has two (2) Independent Directors in 2025, Directors Aurora S. Lagman and Director Martin S. Villarama, Jr. All the Company's Independent Directors, apart from their fees and shareholdings, have no business or relationship with the Company, which could or could reasonably be perceived to materially interfere with the exercise of their independent judgment in carrying out their responsibilities as directors.

The following are the nominated Independent Directors of the Company for election on May 28, 2026:

Nominee for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Martin S. Villarama, Jr.	Ramon S. Ang	None
Douglas L. LuYm (First-time nominee)	Ramon S. Ang	None

In approving the nomination for Independent Directors, the Corporate Governance Committee considered the guidelines on the nomination of Independent Directors prescribed in Rule 38 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations, applicable issuances of the SEC and the Company's By-Laws and CG Manual.

The foregoing Independent Directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC. The respective Certificates of Qualification⁸ of the said directors are attached hereto as **Annexes "A" and "A-1"**, respectively.

Significant Employees

The Company has no employee who is not an executive officer but who is expected to make a significant contribution to the business.

Family Relationships

Mr. Ramon S. Ang is the father of Ms. Cecile L. Ang and Mr. John Paul L. Ang. There are no other family relationships up to the fourth civil degree either by consanguinity or affinity among the directors, executive officers, or nominees for election as directors.

Certain Relationships and Related Transactions

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that were not in the ordinary course of business. The Company observes an arm's length policy in its dealings with related parties. The Company is also guided by the Material Related Party Transactions Policy of the Company, which was approved by the Board on August 7, 2019.

No director of the Company was involved in self-dealing or related party transactions.

Parent Company

As of March 31, 2026, San Miguel Food and Beverage, Inc. ("SMFB") owns 75.78% of the shares of the Company.

⁸ The attached Certificates of Qualification are compliant with the form prescribed in SEC Memorandum Circular No. 5, Series of 2017 dated 07 March 2017.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Company have been involved in the following legal proceedings, including being the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his/her ability or integrity to hold the relevant position in the Company.

Trainings and Continuing Education Program for the Directors and Key Officers

The Directors and the key officers keep themselves abreast with industry developments and business trends. Moreover, the Company's Compliance Officer regularly apprise the directors during Board meetings, on pertinent and current laws, regulations and government issuances, and advises the Board on all relevant issues as they arise.

The Directors also regularly attend a training or program on corporate governance at least once a year. In 2025, all incumbent directors and officers of the Company, including the Internal Audit Group Head, attended a Corporate Governance Seminar conducted by SEC-accredited providers: SGV & Co. Risk, Opportunities, Assessment and Management (ROAM), Inc., and Center for Global Best Practices, in compliance with the requirement of the SEC. The seminars were conducted via videoconferencing. Below are the Corporate Governance Trainings attended by the members of the Board and senior executive officers:

DATE	PROVIDER	ATTENDEES
September 8, 2025	SGV & Co.	Francis H. Jardeleza Virgilio S. Jacinto
September 26, 2025	SGV & Co.	John Paul L. Ang
October 24, 2025	Risk, Opportunities, Assessment and Management (ROAM)	Gabriel S. Claudio
October 24, 2025	Center for Global Best Practices	Leo S. Alvez Cecile L. Ang Aurora S. Lagman Martin S. Villarama, Jr. Cynthia M. Baroy Ariel I. Victoria Allan P. Mercado
December 5, 2025	Center for Global Best Practices	Ramon S. Ang Aurora T. Calderon

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The following table summarizes the aggregate compensation (in Millions) paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Company's General Manager and senior executive officers:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total Compensation of the General Manager and Senior Executive Officers ⁹	2026 (estimated)	P36.9	P11.1	P5.7	P53.7
	2025	P36.9	P21.6	P8.9	P67.4
	2024	P50.9	P22.0	P12.3	P85.2
All other officers and directors as a group unnamed	2026 (estimated)	P66.0	P19.9	P12.4	P98.3
	2025	P60.4	P32.3	P16.6	P109.3
	2024	P50.5	P21.7	P14.8	P87.0
TOTAL	2026 (estimated)	P102.9	P31.0	P18.1	P152.0
	2025	P97.3	P53.9	P25.5	P176.7
	2024	P101.4	P43.7	P27.1	P172.2

The By-Laws of the Company provides that the members of the Board shall receive such compensation as may be approved by a majority vote of the stockholders at a regular or special meeting duly called, subject to such limitations as may be imposed by law.

The Directors do not receive compensation in their capacity as such from the Company but only per diem for attendance in Board and Board Committee meetings in accordance with Section 29 of the RCCP.¹⁰ In 2025, each director received a per diem of Twenty Thousand Pesos (P20,000.00) per attendance at Board and Board Committee meetings of the Company. The total per diems received by each director in 2025 are summarized below:

Name of Director	No. of Board and Committee Meetings Attended	Total Per Diem Received
Ramon S. Ang	6	P120,000.00
Cecile L. Ang	8	P160,000.00
John Paul L. Ang	5	P100,000.00
Leo S. Alvez	9	P180,000.00
Aurora T. Calderon	7	P140,000.00
Gabriel S. Claudio	6	P120,000.00
Francis H. Jardeleza	5	P100,000.00
Aurora S. Lagman -Independent Director	10	P200,000.00
Martin S. Villarama, Jr. – Independent Director	11	P220,000.00

In 2025, there were five (5) Board, one (1) Executive Compensation Committee, four (4) Audit and Risk Oversight Committee, and one (1) Corporate Governance Committee meetings held. All these meetings were held via video conference. Details of the directors' attendance in the said meetings are set forth hereunder:

⁹ The General Manager and senior officers of the Company are as follows: Cynthia M. Baroy (OIC), Allan P. Mercado, Monina N. Cortez, Ronald Molina and Mr. Jaime P. Factor. Mr. Ramon S. Ang, the President of the Company, does not receive compensation from the Company other than the per diem for attendance in Board meetings.

¹⁰ In accordance with Section 29 of the RCCP, Compensation of Directors or Trustees. - In the absence of any provision in the bylaws fixing their compensation, the directors or trustees shall not receive any compensation in their capacity as such, except for reasonable per diems: Provided, however, That the stockholders representing at least a majority of the outstanding capital stock or majority of the members may grant directors or trustees with compensation and approve the amount thereof at a regular or special meeting. In no case shall the total yearly compensation of directors exceed ten percent (10%) of the net income before income tax of the corporation during the preceding year Directors or trustees shall not participate in the determination of their own per diems or compensation. Corporations vested with public interest shall submit to their shareholders and the Commission, an annual report of the total compensation of each of their directors or trustees.

2025 BOARD MEETING ATTENDANCE

BOARD OF DIRECTORS	DESIGNATION	May 29, 2025		BOARD MEETING ATTENDANCE
		ANNUAL STOCKHOLDERS MEETING (ASM)	ORGANIZATIONAL MEETING	
Ramon S. Ang	President	Present	Present	5/5
Cecile L. Ang	Director	Present	Present	5/5
John Paul L. Ang	Director	Present	Present	5/5
Leo S. Alvez	Director	Present	Present	4/5
Aurora T. Calderon	Director	Present	Present	5/5
Gabriel S. Claudio	Director	Present	Present	5/5
Francis H. Jardeleza	Director	Present	Present	5/5
Aurora S. Lagman	Lead Independent Director	Present	Present	5/5
Martin S. Villarama, Jr.	Independent Director	Present	Present	5/5

2025 BOARD COMMITTEE MEETING ATTENDANCE

MEMBER	EXECUTIVE COMPENSATION	AUDIT AND RISK OVERSIGHT	CORPORATE GOVERNANCE
Ramon S. Ang	1/1	n/a	n/a
Cecile L. Ang	n/a	2/4 ¹¹	1/1
John Paul L. Ang	n/a	n/a	n/a
Leo S. Alvez	1/1	3/4	1/1
Aurora T. Calderon	1/1	n/a	1/1
Gabriel S. Claudio	n/a	n/a	1/1
Francis H. Jardeleza	n/a	n/a	n/a
Aurora S. Lagman	n/a	4/4	1/1 (Chairman)
Martin S. Villarama, Jr.	2/2	4/4 (Chairman)	1/1

There were no other arrangements pursuant to which any of the directors was compensated or is to be compensated, directly or indirectly, during the last fiscal year, and the ensuing fiscal year.

The executive officers of the Company, just like other full-time and permanent employees of the Company, subject to certain requirements,¹² are eligible to subscribe to Company shares under the SEC-approved Company's Employees Stock Purchase Plan (the "Plan"). However, the shares covered by the Plan are no longer available for subscription as the offering period provided under the Plan officially ended on January 21, 2013.

There were no employment contracts between the Company and its executive officers.

There were neither compensatory plans nor arrangements with respect to its executive officers.

¹¹ Ms. Cecile Ang was only elected as member of the Audit and Risk Oversight Committee during the Organizational Meeting of the Board on May 29, 2025.

¹² All full-time and permanent employees of the Company and its subsidiaries, who have rendered at least one (1) year of continuous service on a regular status (one year after regularization) at the Exercise Date (defined under the Plan), are entitled to subscribe to shares of the capital stock of the Company under the Plan, subject to the terms and conditions provided therein, which subscription shall be subject to the employees' credit profile. Members of the Board who are not employees of the Company or its subsidiaries are not eligible to participate in the Plan. The named incumbent General Manager and senior officers of the Company, as of December 31, 2024, have an aggregate subscription of 30,800 common shares under the Plan.

ACTION WITH RESPECT TO REPORTS

The approval of the following will be considered and acted upon at the 2026 ASM:

1. Minutes of the 2025 Annual Stockholders' Meeting held on May 29, 2025 ("2025 Minutes") with the following agenda:
 - a) Approval of the Minutes of the Regular Stockholders' Meeting held on May 30, 2024
 - b) Presentation of the 2024 Annual Report
 - c) Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
 - d) Election of Directors
 - e) Appointment of External Auditor

A copy of the draft of the 2025 Minutes may be accessed through the Company's website, <http://www.ginebrasanmiguel.com>, which was uploaded in the website within five (5) days from the said meeting. A copy of the same is also attached hereto as **Annex "D"**.

The 2025 Minutes, among others, contain the following information:

1. Voting and vote tabulation procedures used in the 2025 meeting (page 2 and Annexes A and B);
 2. The matters discussed and resolutions approved (pages 2 to 5);
 3. A record of the voting results for each agenda item (Annex E);
 4. A list of the directors or trustees, officers and stockholders or members who attended the meeting (page 1 and Annex A);
2. Annual Report of the Company for the year ended December 31, 2025.
 3. Ratification of all acts of the Board of Directors and Officers since the 2025 Annual Stockholders' Meeting, adopted in the ordinary course of business, including those matters taken up during Board meetings, as well as those disclosed with the SEC and the PSE and which were uploaded in the Company's website.¹³ Such acts, include among others, the following:
 - a) Approval of the audited separate and consolidated financial statements of the Company;¹⁴
 - b) Election of officers, chairpersons and members of the Board Committees and Lead Independent Director;¹⁵
 - c) Designation of depository banks, approval of authorized signatories and limits for corporate transactions of the Company;¹⁶
 - d) Declaration of Dividends;¹⁷
 - e) Promotion of Atty. Francis Joseph A. Cruz, General Counsel, and Mr. Heinrici D. Legaspi, Internal Audit Group Head/Chief Audit Executive, from the rank of Manager to Assistant Vice President;¹⁸
 - f) Schedule, venue and agenda of the 2026 Annual Stockholders' Meeting and the grant of authority to the stockholders to participate and vote via remote communication or in absentia, as the circumstances may warrant, subject to compliance with applicable laws;¹⁹

¹³ Copies of SEC Form 17-C (Current Reports) and other reports filed by the Company with the SEC and PSE in 2025 are made available in the Company's website at the following link: <http://ginebrasanmiguel.com/company-disclosures/>.

¹⁴ This was disclosed by the Company in its SEC Form 17-C dated March 5, 2026.

¹⁵ The Board, during its organizational meeting on May 29, 2025, elected the Company's President, General Manager, Corporate Secretary and Compliance Officer, Treasurer/Chief Finance Officer, Assistant Corporate Secretary and Lead Independent Director. During the said meeting the Chairman and members of the Executive Committee, Audit and Risk Oversight Committee, Executive Compensation Committee and Corporate Governance Committee were also elected.

¹⁶ This was disclosed by the Company in its SEC Form 17-C dated May 29, 2025.

¹⁷ For 2025, the Board approved the declaration of regular cash dividends to stockholders in the amount of Php2.50 per common share and special cash dividends in the amount of Php1.50 per common share on March 5, April 30, August 6, and November 5. All the aforementioned declarations were disclosed in the Company's SEC Form 17-C filed on even dates.

¹⁸ This was disclosed by the Company in its SEC Form 17-C dated August 6, 2025.

¹⁹ This was disclosed by the Company in its SEC Form 17-C dated March 5, 2026.

- g) Promotion of Cris Philip S. Marquez, Business Procurement Manager, from the rank of Manager to Assistant Vice President;²⁰
 - h) Appointment of Ms. Rhea F. Rivamonte as Internal Audit Group Head/Chief Audit Executive vice Mr. Heinrici D. Legaspi.²¹
 - i) Appointment of R.G. Manabat & Co for non-audit services;²² and
 - j) Approval of the material related party transactions of the Company.²³
4. Election of Directors.
 5. Appointment of External Auditor.²⁴

VOTING PROCEDURES

All stockholders as of April 24, 2026 shall have the right to vote during the 2026 ASM. Each of the said stockholders shall be entitled to one (1) vote for each share of stock (whether common or preferred) in his name in the books of the Company. However, in the election of directors, the nine (9) nominees with the greatest number of votes will be elected directors. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected.

The approval of proposals or matters submitted to a vote will require an affirmative vote of the stockholders representing the majority of the shares of stock present or represented by proxy at the meeting.

Counting of the proxy and ballots will be the method by which votes will be counted. The Corporate Secretary, with the assistance of the Company's stock transfer agent, SMC Stock Transfer Service Corporation, is authorized to count any votes cast for the said meeting.

FINANCIAL AND OTHER INFORMATION

Brief Description of the General Nature and Business of the Company

Ginebra San Miguel Inc. (the "Company" or "GSMI") was formed on July 10, 1987 as the legal entity for the acquisition by San Miguel Corporation ("SMC") of the production assets of a liquor company that has been in operation since 1902. The Company now operates three (3) liquor bottling facilities located in the following areas: (1) Mandaue City, Cebu; (2) Sta. Barbara, Pangasinan; and (3) Cabuyao, Laguna.

The Company is a public company under Section 17.2 of the Securities Regulation Code and its common shares are listed with the Philippine Stock Exchange ("PSE").

The Company, previously a majority-owned direct subsidiary of SMC, whose ultimate parent company is Top Frontier Investment Holdings, Inc. ("Top Frontier"), is principally engaged in the manufacture and sale of liquor products. The Company by itself, or through its subsidiary, also toll-manufactures for third parties for the production of the latter's alcoholic beverages.

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *The Board during its meetings on March 5, 2025 and March 5, 2026 approved the material related party transactions of the Company for 2025 and 2026, respectively. The Advisement Reports for 2025 were submitted to the SEC on July 28 and August 29, 2025.*

²⁴ *This was disclosed by the Company in its SEC Form 17-C dated March 5, 2026.*

In order to rationalize its businesses, SMC consolidated its food and beverage business under San Miguel Food and Beverage, Inc. (“SFMB”, formerly San Miguel Pure Foods Company, Inc.) through the execution of a Deed of Exchange dated April 5, 2018 executed between SMC and SMFB whereby SMC agreed to convey and transfer to SMFB 216,972,000 common shares held by SMC in the Company and 7,859,319,270 common shares in San Miguel Brewery Inc. In consideration of the said transfer and upon compliance with government requirements, SMFB issued 4,242,549,130 common shares in favor of SMC. Consequently, the ownership by SMFB of the common shares previously held by SMC in the Company has been registered in the books of the Company on November 5, 2018. Thus, the Company is now a majority-owned subsidiary of SMFB.

Domestic Subsidiaries and Operations

Of the Company’s domestic subsidiaries, the operating ones are Distileria Bago, Inc. (“DBI”), East Pacific Star Bottlers Phils Inc. (“EPSBPI”), Agricrops Industries Inc. (“Agricrops”), and Crown Royal Enterprises, Inc. (“CREI”) hereinafter collectively referred to as the “Domestic Operating Subsidiaries”.

DBI became a wholly-owned subsidiary of the Company in 1996. On August 14, 2009, DBI amended its Articles of Incorporation to include among its primary purposes, the manufacture, production and tolling of not only distilled alcohol but also other types of alcohol and their co-products. It owns a distillery located in Bago City, Negros Occidental that converts sugar cane molasses into alcohol.

EPSBPI, on the other hand, is principally engaged in the toll-manufacture and bottling of alcoholic beverages. It was purchased by the Company on January 27, 2012. The acquisition forged synergies with the Company’s on-going operations and provided additional capacity to fulfill the expansion plans of the Company. EPSBPI owns bottling facilities in Cauayan, Isabela and in Ligao City, Albay, which are currently being used principally in connection with the Company’s liquor business.

Agricrops was incorporated on September 14, 2000. It is currently primarily engaged in the manufacture, sale and distribution of liquid fertilizer from various agro-industrial waste.

CREI, formerly Crown Royal Distillers, Inc., was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 16, 2001. CREI has not been operating since 2001 but it eventually started its operations in December 2025. It is currently primarily engaged in the business of retailing alcoholic and non-alcoholic beverages and the operation of a bar.

The Company has another non-operating domestic subsidiary, Healthy Condiments, Inc.

International Subsidiaries/Affiliates and Operations

To fast-track entry into regional markets, the Company in November 2004 entered into a Share Purchase Agreement (“SPA”) with Thai Life Group of Companies (the “Thai Life”) for the purchase of 40% ownership of the outstanding shares of C.N.T. Wine and Liquor Company Limited (“CNT”), a limited company organized under the laws of Thailand. CNT possesses a license in Thailand to engage in the business of manufacturing alcohol and manufacturing, selling and distributing brandy, wine and distilled spirits products both for domestic and export markets. Also, on the same date, the Company and Thai Life entered into a Joint Venture Agreement (“JVA”). The JVA established the terms and conditions regarding the ownership and operation of CNT and the joint control rights, obligations and responsibilities of the Company and Thai Life, as stockholders. The Company likewise incorporated Ginebra San Miguel International Ltd. (“GSMIL”) and subsequently assigned its rights and obligations under the SPA and the JVA to GSMIL, including its right to purchase 40% ownership of the outstanding shares of CNT. The acquisition of CNT was completed in December of the same year. CNT was later renamed Thai San Miguel Liquor Company Limited (“TSML”).

On June 29, 2007, the Company incorporated GSM International Holdings Limited (“GSMIHL”), a wholly-owned subsidiary in Thailand. GSMIHL holds 40% of the shares of Thai Ginebra Trading Company Limited (“TGT”), another joint venture company formed with Thai Life. TGT is the selling and distribution arm of TSML.

On August 27, 2008 and September 11, 2008, the Company incorporated Global Beverages Holdings Limited (“GBHL”) and Siam Holdings Limited (“SHL”), respectively, as its wholly-owned subsidiaries. Both are entities established as holding companies for the acquisition of additional investment in TSML and TGT.

On October 14, 2008, SHL acquired 49% ownership of the outstanding shares of Siam Wine and Liquor Limited (“SWL”), a limited company organized under the laws of Thailand. On the same date, SWL acquired 10% ownership of the outstanding capital stock of TSML and TGT. Accordingly, the share in TSML and TGT of the Company and its subsidiaries was increased from 40% to 44.9%.

The Company and its subsidiaries, domestic and otherwise, and their respective interests in joint ventures shall be collectively referred to as the “Group”. Interest in joint venture is limited to the amount of investment and equity in net earnings only.

Other than the foregoing, there was no bankruptcy, receivership or similar proceeding or material reclassification, merger, consolidation, purchase or sale of a significant amount of assets by the Group which was not in the ordinary course of business during the past three (3) years. Other developments are also discussed in the Management Discussion and Analysis attached hereto as **Annex “C”**.

Financial Statements

The audited Consolidated Financial Statements of the Company as of December 31, 2025 with Auditor’s Report and Statement of Management’s Responsibility are attached hereto as **Annex “B”**. The notes to the Consolidated Financial Statements likewise include a discussion on the adequacy of the internal control or risk management systems of the Company.²⁵

In accordance with Part III (C) of SRC Rule 68, since the date of the Stockholders’ Meeting is beyond 135 days from the end of its fiscal year which is December 31, 2025, the Company’s SEC Form 17-Q for the first quarter of 2026 is likewise attached hereto as **Annex “B-1”**.

Management’s Discussion and Analysis or Plan of Operation

The Management’s Discussion and Analysis or Plan of Operation of the Company as of December 31, 2025 and March 31, 2026 are attached hereto as **Annex “C”** and **Annex “C-1”**, respectively.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There are no disagreements with accountants on accounting and financial disclosures.

²⁵ Please refer to pages 51 to 59 of Annex B for further details.

Market Price of and Dividends on the Company's Common Equity and Related Stockholder Matters

Market Price

The Company's common equity is traded in the PSE. The Company's high and low closing prices for each quarter of the last three (3) fiscal years are as follows:

Quarter	2026		2025		2024	
	High	Low	High	Low	High	Low
1 st	305.00	273.80	308.00	265.00	178.00	155.60
2 nd	-	-	300.00	284.40	220.00	158.00
3 rd	-	-	298.80	275.00	265.40	212.00
4 th	-	-	300.00	276.80	280.00	246.00

The closing price of the Company's common shares as of April 8, 2026, the latest practicable date, is Php 270.00 per share.

Dividend Policy and Dividend Declarations

The Company's Articles of Incorporation ("AOI") provides for the right of shareholders to dividends, as and when declared by the Board at such rate or amount and period, as may be fixed by the Board. The AOI also provides that holders of preferred shares are entitled to receive, to the fullest extent allowable under the law, dividends at the rate of P1.50 per annum per preferred share, subject to certain adjustment. It shall be paid in priority to any dividend or distribution in favor of holders of common shares. Dividends on the preferred shares shall be fully cumulative.

On August 8, 2018, the Board passed and approved a Dividend Policy, which is quoted hereunder:

"Subject to the relevant provisions of applicable laws and regulations, holders of common shares shall be entitled to receive annual cash dividends at such amounts up to 50% of the prior year's recurring net income starting 2019, as may be determined by the Company's Board of Directors ("Board"). "Recurring net income" shall mean net income calculated without respect to extraordinary events that are not expected to recur. Any dividend declaration and distribution may be made over the four (4) quarters of the year.

In considering dividend declarations, the Board shall, in the exercise of its discretion and authority, take into consideration dividend payments on the preferred shares, debt covenant and restrictions, debt servicing requirements, implementation of business plans, operating expenses, budgets, appropriate reserves and working capital, major capital expenditure requirements, and funding of new investments.

This policy may be amended or modified by the GSMI's Board at any time."

In 2023, the Board approved the declaration of regular cash dividends to stockholders in the amount of Php 0.75 per common share on March 8, May 9, August 2 and November 8, 2023. In addition, the Board likewise approved the declaration of special cash dividends in the amount Php1.75 per common share on the same dates. In 2024, the Board approved the declaration of regular cash dividends to stockholders in the following amounts per common share: Php0.75 on March 6; Php1.50 on April 30 and August 6; and Php2.50 on November 5. In addition, the Board also approved the declaration of special cash dividends in the following amounts per common share: Php1.75 per common share on March 6; and Php1.50 per common share on April 30, August 6 and November 5. In 2025, the Board approved the declaration of regular cash dividends to stockholders in the amount of Php2.50 per

common share and special cash dividends in the amount of Php1.50 per common share on March 5, April 30, August 6, and November 5.

Common Equity and Related Stockholders' Matter

The approximate number of shareholders of common shares as of March 31, 2026 is six hundred two (602).

The Company has not sold any unregistered securities or exempt securities, including issuance of securities constituting an exempt transaction, within the past three (3) fiscal years. Common shares were previously issued by the Company under its Employee Stock Purchase Plan (the "Plan"), which as confirmed by the SEC in its Resolution dated January 21, 2008, were exempted from the registration requirement of the SRC. The shares covered by the Plan are no longer available for subscription as the offering period provided therein expired on January 21, 2013.

The top twenty (20) stockholders of the Company as of March 31, 2026 are as follows:

Rank	Name of Stockholders	Common	Preferred	Total No. of Shares	% of Total O/S
1	San Miguel Food and Beverage, Inc.	216,972,000	0	216,972,000	75.78%
2	PCD Nominee Corporation (Filipino)	42,365,782	0	42,365,782	14.80%
3	PCD Nominee Corporation (Non-Filipino)	25,006,264	0	25,006,264	8.73%
4	La Suerte Cigar & Cigarette Factory	200,000	0	200,000	0.07%
5	Lim Tay	80,000	0	80,000	0.03%
6	Roman T. Yap	50,000	0	50,000	0.02%
7	Emmanuel B. Macalalag	46,500	0	46,500	0.02%
8	Isabel C. Suntay	31,000	0	31,000	0.01%
9	Monina N. Cortez	30,000	0	30,000	0.01%
10	Lucia C. Unsay	30,000	0	30,000	0.01%
11	FMF Development Corporation	30,000	0	30,000	0.01%
12	Cynthia M. Baroy	30,000	0	30,000	0.01%
13	Estrella M. Tamayo	30,000	0	30,000	0.01%
14	Edan Corporation	26,100	0	26,100	0.01%
15	Rolando B. Bisana	25,000	0	25,000	0.01%
16	Sysmart Corporation	24,702	0	24,702	0.01%
17	Luzviminda C. Santos &/or Cynthia C. Santos	21,000	0	21,000	0.01%
18	Felicitas Yap Chua	20,000	0	20,000	0.01%
19	Jane P. Panganiban	20,000	0	20,000	0.01%
20	PLLIM Investments, Inc.	20,000	0	20,000	0.01%

Independent Public Accountants

R.G. Manabat & Co. (formerly Manabat Sanagustin & Co., CPAs) has been the Company's external auditor since 2006. Compliant with Part I (3) (b) (ix) of SRC Rule 68, as amended, with respect to the re-engagement of the said audit firm, the Company consistently observes the rule on rotation for the signing partner every after five (5) years.

Fees for the services rendered by the external auditor to the Company and its subsidiaries in connection with the Company's annual financial statements and other statutory and regulatory filings (inclusive of retainer fees and out-of-pocket expenses) amounted to P8.5 million, P9.1 million and P8.8 million in 2025, 2024 and 2023, respectively. There were non-audit fees paid in 2025 amounting to P730,920 and P380,920 in 2024.

The Company's Audit and Risk Oversight Committee, pursuant to its Duties and Responsibilities as set forth in its Charter and the Company's Manual, recommends to the Board the appointment of the Company's external auditor. The said Committee also reviews the terms of engagement and scope of services of the external auditor and endorses the same for the approval of the Board. It also exercises effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.

On March 5, 2026, the Board, upon endorsement of the Audit and Risk Oversight Committee, nominated R.G. Manabat & Co. as the Company's external auditor for 2026. The said nomination shall be recommended for approval of the stockholders during the 2026 ASM that will be held on May 28, 2026. The representatives of the said professional firm are expected to participate, virtually attend the said meeting and will be available to respond to appropriate questions, if necessary. They will also have the opportunity to make a statement, if they so desire.

Compliance with Leading Practice on Corporate Governance

The Company, its Board, Management, Officers and employees firmly believe that corporate governance is a necessary component of what constitutes sound strategic business management and the vital role it plays in attaining corporate goals and creating and sustaining shareholder value.

On August 6, 2002, the Company, through its Board institutionalized the principles of good corporate governance in the entire organization by establishing and implementing the Company's Manual on Corporate Governance (the "CG Manual"). Since its adoption, the CG Manual has been amended several times in order to align the provisions thereof with the prevailing issuances, rules and circulars of the Securities and Exchange Commission (the "SEC"), the most recent of which is the Memorandum Circular No. 19, Series of 2016 (the "Circular") on the Code of Corporate Governance for Publicly-Listed Companies that took effect on January 1, 2017. Conformably with the Circular, the Company formally approved and adopted an amended or new CG Manual on May 9, 2017.

The Board, conformably with the amended or new CG Manual and considering the Company's size, risk profile and operations, apart from the Executive Committee, established the following three (3) committees:

(1) Audit and Risk Oversight Committee (formerly known as the Audit Committee) is tasked to perform the functions of the Audit, Board Risk Oversight and Related Party Transactions Committees.

(2) Corporate Governance Committee (which took over the functions of the Nomination and Hearing Committee) is mandated to assist the Board in the performance of its corporate governance responsibilities, including, among others, the duty to pre-screen and shortlist all candidates nominated to become a member of the Board.

(3) Executive Compensation Committee, which is tasked among others to establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing remuneration packages of corporate officers and directors.

As for the Company's Integrated Annual Corporate Governance Report ("I-ACGR"), which is a tool to disclose publicly-listed companies' compliance/noncompliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the

“comply or explain” approach, and for harmonizing the corporate governance reportorial requirements of the SEC and PSE, the Company complies with the requirements set forth in SEC Memorandum Circular No. 15, Series of 2017. The Company submitted its 2024 I-ACGR to SEC on May 23, 2025. For its 2025 I-ACGR, it will be submitted to the SEC not later than May 30, 2026, and shall be made available at its website.

All incumbent directors and officers of the Company, including the Internal Audit Group Head, attended a Corporate Governance Seminar conducted by SEC-accredited providers: Center for Global Best Practices, Risk, Opportunities, Assessment and Management (ROAM), Inc., and SGV & Co. in compliance with the requirement of the SEC. The seminars were conducted via videoconference.

Board Appraisals, Criteria and Procedures

Since 2011, it has been the practice of the Company for its Board and members of the Audit and Risk Oversight Committee to accomplish an annual Internal Self-Rating Form (the “Form”). For 2024, the Forms were distributed for their accomplishment during the last Regular Board Meeting held on November 5, 2025.

For the members of the Board, the Form covers four (4) broad areas of Board Performance: (1) Fulfillment of the Board’s Key Responsibilities; (2) Board-Management Relationship; (3) Effectiveness of Board Processes and Meetings; and (4) Individual Performance of Board Members. The Form requires the Board members to read each statement and rank their response on the 5-point scale directly below each statement with “1” indicating that they strongly disagree with the statement and “5” indicating that they strongly agree with the statement. Additional space is also provided for their comments. Based on the accomplished Form, the Board has substantially met its mandate with an average rating of five (5).

The members of the Audit and Risk Oversight Committee also accomplished the Form for the purpose of evaluating the said Committee’s performance for 2025. The Form covers the following areas: (1) Structure, Operation and Reporting Process; (2) Oversight on Financial Statements and Financial Reporting; (3) Oversight on Internal Controls and Risk Management; (4) Oversight on Internal Audit; (5) Oversight on External Audit; and (6) Compliance with Legal and Regulatory Requirements. The Form requires the said Committee members to read each statement and rank their response on the 5-point scale directly below each statement with “1” indicating that they strongly disagree with the statement and “5” indicating that they strongly agree with the statement. Additional space is also provided for their comments. Based on the accomplished Forms, the said Committee has also substantially met its mandate with an average rating of five (5).

[The space below intentionally left blank.]

UNDERTAKING

The Company will post the full version of its SEC Form 20-IS or the Definitive Information Statement (the "DIS") together with all its annexes, including the 2025 Audited Consolidated Financial Statements, as well as its SEC Form 17-A, and the First Quarter 17-Q, upon its approval by the SEC, in the Company's website, <https://www.ginebrasanmiguel.com>, and in the PSE Edge.

Upon the written request of a stockholder, the Company undertakes to furnish the stockholder a copy of the full version of the DIS, SEC Form 17-A, and/or SEC Form 17-Q. Any of the foregoing requests, which shall be provided by the Company free of charge, should be in writing and addressed to:

**SMC Stock Transfer Service Corporation
2nd Floor, San Miguel Corporation
No. 40 San Miguel Avenue, Mandaluyong City,
1550 Metro Manila, Philippines
Email: smc_stsc@sanmiguel.com.ph**

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on April 30, 2026.

GINEBRA SAN MIGUEL INC.

By:

Virgilio S. Jacinto
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 30th day of April 2026, in Mandaluyong City, Philippines, Affiant exhibited to me his Passport No. P3157226B issued on 12 September 2019 at DFA NCR East.

Doc No. 135
Page No. 28
Book No. 4
Series of 2026.



CHRISTINE ANGELICA D. FELIX
Commission No. 0586-25
Notary Public for Mandaluyong City
Until December 31, 2026
BSMI, 6th Floor, San Miguel Properties Centre
St. Francis Street, Mandaluyong City
Roll No. 64625
PTR No. 6082725; 01/05/26; Mandaluyong City
IBP Lifetime Member No. 013708; 04/13/15; RSM
MCLE Compliance No. VIII-0008480; 04/14/28; Pasig City



30 APR 2026

Annex "A"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Martin S. Villarama, Jr.**, Filipino, of legal age and a resident of 22 Golden Street, Gloria 1 Subdivision, Tandang Sora, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

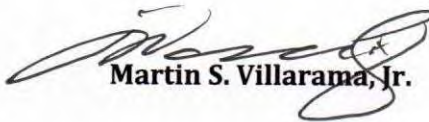
1. I am a nominee for independent director of Ginebra San Miguel Inc. ("GSMI") and have been its Independent Director since March 9, 2022.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
SMC Tollways Corporation	Independent Director	2021 to Present
SMC SLEX Inc.	Independent Director	2021 to Present
Eagle Cement Corporation	Independent Director	2017 to Present
San Miguel Brewery HongKong Ltd.	Member, Board of Advisors	2017 to Present
Association of Retired Justices of the Supreme Court of the Philippines (ARJSCP)	Member	2016 to Present
BIR Tennis Club, Agham Road, Q.C.	Member	1983 to Present
Supreme Court of the Philippines	Associate Justice	2009 to 2016
Court of Appeals	Associate Justice	1998 to 2009
Philippine Judicial Academy	Lecturer	2007 to 2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of GSMI, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not in any way related to any director/officer/substantial shareholder of GSMI and its subsidiaries and affiliates.
5. I am a co-respondent in a case for Theft entitled "Jimmy N. Gow, representing Uniwide Group of Companies, et. al vs. Martin S. Villarama, Jr. et. al" before the Paranaque City Prosecutor's Office docketed as "NPS No. XV-12-INV-21-B-0221" to which I filed my Counter-Affidavit on April 19, 2021. Upon verification of its status on September 30, 2024, I learned that the case was already DISMISSED way back on October 28, 2021.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I am neither in the government service nor affiliated with a government agency or government owned and controlled corporation
8. I shall inform the Corporate Secretary of GSMI of any changes in the abovementioned information within five days from its occurrence.


Done, this 5th day of March, 2026 at Mandaluyong City.


Martin S. Villarama, Jr.

SUBSCRIBED AND SWORN to before me this 5th day of March, 2026 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Senior Citizen ID No. 82935 issued on 10 January 2008 at Quezon City.

Doc. No. 69 ;
 Page No. 15 ;
 Book No. I ;
 Series of 2026.




CHRISTINE ANGELICA D. FELIX
 Commission No. 0586-25
 Notary Public for Mandaluyong City
 Until December 31, 2026
 GSMI, 6th Floor, San Miguel Properties Center
 St. Francis Street, Mandaluyong City
 Roll No. 64625
 PTR No. 6032725; 01/05/26; Mandaluyong City
 IBP Lifetime Member No. 013708; 04/13/15; RSM
 AICLE Compliance No. MII-0008490; 04/14/28; Pasig



05 MAR 2026



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph|messagemo@sec.gov.ph



The following document has been received:

Receiving: DONNA ENCARNADO

Receipt Date and Time: March 05, 2026 03:14:43 PM

Company Information

SEC Registration No.: 0000142312

Company Name: GINEBRA SAN MIGUEL, INC.

Industry Classification: D15510

Company Type: Stock Corporation

Document Information

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Document Code: SEC_Form_17-C

Period Covered: March 05, 2026

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Remarks: None

Acceptance of this document is subject to review of forms and contents

Annex "A-1"

CERTIFICATION OF INDEPENDENT DIRECTOR

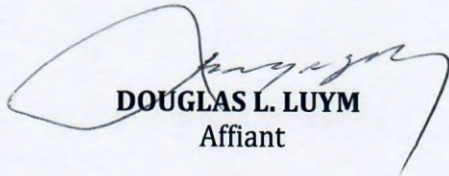
I, **DOUGLAS L. LUYM**, Filipino, of legal age with address at No. Paseo Annette, Ma. Luisa Estate Park Banilad, Cebu City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Ginebra San Miguel Inc. ("GSMI") and will assume position as Independent Director if elected during the 2026 Annual Stockholders of GSMI on May 28, 2026.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Mactan Electric Company, Inc.	Director, Treasurer & Executive Vice President	Since 2020
The Palisades City, Inc.	President	Since 2013
Lu Do & Lu Ym Corp.	Chairman and President	Since 2010
Associated Brokerage System, Inc.	President	Since 1985
United Coconut Chemicals, Inc.	Director	Since 1979
Magna Holdings, Inc.	Chairman of the Board	Since 1982
Far East Corn Refining Co,	President	Since 1975
San Miguel Corporation	Independent Director	Since 2025

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of GSMI, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. Other than as disclosed in item 2, I am not in any way related to any director/officer/substantial shareholder of GSMI and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am neither in the government service nor affiliated with a government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of GSMI of any changes in the abovementioned information within five days from its occurrence.

Done, this 11 MAR 2026 at Mandaluyong City.


DOUGLAS L. LUYM
Affiant


SUBSCRIBED AND SWORN to before me this 11 MAR 2026 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Passport No. P4312260B issued at DFA Cebu on 07 January 2020.

Doc. No. 87 ;
Page No. 19 ;
Book No. I ;
Series of 2026.

**DOCUMENTARY STAMP
TAX PAID**

16307855 04/11/2026
SERIAL NO. DATE




CHRISTINE ANGELICA D. FELIX
Commission No. 0586-25
Notary Public for Mandaluyong City
Until December 31, 2026
GSMI, 6th Floor, San Miguel Properties Centre,
St. Francis Street, Mandaluyong City
Roll No. 64625
PTR No. 6082725; 01/05/26; Mandaluyong City
IBP Lifetime Member No. 013708; 04/13/15; RSM
MCLE Compliance No. V41-0008480; 04/14/28; Pasig City



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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The following document has been received:

Receiving: DONNA ENCARNADO

Receipt Date and Time: March 11, 2026 11:21:02 AM

Company Information

SEC Registration No.: 0000142312

Company Name: GINEBRA SAN MIGUEL, INC.

Industry Classification: D15510

Company Type: Stock Corporation

Document Information

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SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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Annex "B"

The following document has been received:

Receiving: ICTD ERMD

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Company Information

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Company Type: Stock Corporation

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GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023

With Independent Auditors' Report



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of Ginebra San Miguel Inc. (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ARIEL I. VICTORIA
OIC - Chief Finance Officer

RAMON S. ANG
President

Signed this 5th day of March 2026

GINEBRA SAN MIGUEL INC.

3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City, Metro Manila, Philippines 1550 - Telephone: +632 8841-5100

A Subsidiary of:  **SAN MIGUEL CORPORATION**

05 MAR 2026

SUBSCRIBED AND SWORN to before me this _____, affiants exhibiting to me their passports as follows:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Ariel I. Victoria	P8446954A	August 22, 2018	DFA NCR West
Ramon S. Ang	P2247867B	May 22, 2019	DFA Manila

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 Book No. I
 Series of 2026.



05 MAR 2026



[Signature]
CHRISTINE ANGELICA D. FELIX
 Commission No. 0586-25
 Notary Public for Mandaluyong City
 Until December 31, 2026
 6th Floor, San Miguel Properties Centre,
 St. Francis Street, Mandaluyong City
 Roll No. 64625
 PTR No. 6082725; 01/05/26; Mandaluyong City
 IBP Lifetime Member No. 013708; 04/13/15; RSM
 AICLE Compliance No. 18110008480; 04/14/28; Pasig City

R.G. Manabat & Co.



R.G. Manabat & Co.
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6787 Ayala Avenue, Makati City
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Telephone +63 (2) 8885 7000
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Ginebra San Miguel Inc.
3rd and 6th Floors, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City

Opinion

We have audited the consolidated financial statements of Ginebra San Miguel Inc. and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024

and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029

financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



Key Audit Matter

Key audit matter is a matter that, in our professional judgment, is of most significance in our audit of the consolidated financial statements of the current period. This matter is addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue Recognition (P67,354 million)

Refer to Note 3, *Material Accounting Policy Information* to the consolidated financial statements.

The risk

Revenue is an important measure used to evaluate the performance of the Group. It is accounted for when control of the goods or services is transferred to the customer over time or at a point in time, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. While revenue recognition and measurement are not complex for the Group, revenue may be inappropriately recognized in order to improve business results and achieve revenue growth in line with the objectives of the Group, thus increasing the risk of material misstatement.

Our response

We performed the following audit procedures, among others, on revenue recognition:

- We evaluated and assessed the revenue recognition policies of the Group in accordance with PFRS 15, *Revenue from Contracts with Customers*.
- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue management process.
- We involved our information technology specialists, as applicable, to assist in the audit of automated controls, including interface controls among different information technology applications for the evaluation of the design and operating effectiveness of controls over the recording of revenue transactions.
- We vouched, on a sampling basis, sales transactions to supporting documentation such as customers' sales invoices, delivery documents and proof of collections such as collection receipts or bank statements to ascertain that revenue recognition criteria is met.
- We tested, on a sampling basis, sales transactions for the last month of the reporting period and also the first month of the following reporting period to supporting documentation such as customers' sales invoices, delivery documents and proof of collections such as official receipts and bank statements to assess whether these transactions are recorded in the appropriate reporting period.
- We tested high risk journal entries posted to revenue accounts to identify unusual or irregular items.

R.G. Manabat & Co.



Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

R.G. Manabat & Co.



As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

R.G. Manabat & Co.



From the matter communicated with those charged with governance, we determine that matter was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Maria Arlene C. Yu.

R.G. MANABAT & CO.

Handwritten signature of Maria Arlene C. Yu in black ink.

MARIA ARLEENE C. YU

Partner

CPA License No. 0108855

SEC Accreditation No. 108855-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 225-068-761

BIR Accreditation No. 08-000745-041-2023

Issued October 9, 2023, valid until October 9, 2026

PTR No. MKT 10764424

Issued January 5, 2026 at Makati City

April 13, 2026

Makati City, Metro Manila

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(In Thousands)

	<i>Note</i>	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	4, 5, 31, 32	P15,002,489	P11,330,931
Trade and other receivables - net	4, 6, 22, 27, 31, 32	2,237,055	1,899,136
Inventories - net	4, 7	7,509,951	7,606,929
Prepaid expenses and other current assets	8, 27, 31, 32	1,208,415	892,247
Total Current Assets		25,957,910	21,729,243
Noncurrent Assets			
Investments in joint ventures	4, 9	-	-
Investment in debt instruments at amortized cost	4, 10, 27, 31, 32	1,500,000	1,500,000
Property, plant and equipment - net	4, 11	6,157,051	6,392,474
Right-of-use assets - net	4, 12, 27, 28	44,344	65,532
Investment property - net	4, 13, 27	710,033	-
Goodwill - net	4, 14	126,863	126,863
Deferred tax assets - net	4, 18	644,095	625,092
Other noncurrent assets - net	4, 15, 27, 31, 32	202,906	93,389
Total Noncurrent Assets		9,385,292	8,803,350
		P35,343,202	P30,532,593
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	16, 27, 31, 32	P5,953,120	P5,666,430
Income and other taxes payable		2,317,666	1,808,095
Lease liabilities - current portion	4, 27, 28, 31	26,511	32,108
Total Current Liabilities		8,297,297	7,506,633
Noncurrent Liabilities			
Retirement liabilities	4, 29	1,012,459	1,045,838
Lease liabilities - net of current portion	4, 27, 28, 31	21,614	39,626
Total Noncurrent Liabilities		1,034,073	1,085,464
Total Liabilities		9,331,370	8,592,097
Equity			
Capital stock	19	399,063	399,063
Additional paid-in capital		2,539,454	2,539,454
Equity reserves		(801,898)	(777,643)
Retained earnings:			
Appropriated		3,512,000	3,512,000
Unappropriated		24,033,186	19,937,595
Treasury stock		(3,669,973)	(3,669,973)
Total Equity		26,011,832	21,940,496
		P35,343,202	P30,532,593

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands, Except Per Share Data)

	<i>Note</i>	2025	2024	2023
SALES	4, 27	P67,353,900	P62,505,408	P53,638,569
COST OF SALES	20	49,847,279	47,270,273	40,834,816
GROSS PROFIT		17,506,621	15,235,135	12,803,753
SELLING AND MARKETING EXPENSES	21	(4,337,947)	(4,148,039)	(3,715,966)
GENERAL AND ADMINISTRATIVE EXPENSES	22	(2,788,889)	(2,491,327)	(2,252,979)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	11, 17, 25, 28, 29	(85,584)	(82,936)	(61,041)
INTEREST INCOME	5, 10, 27	834,223	854,110	552,354
GAIN ON DISPOSAL/ RETIREMENT OF NONCURRENT ASSETS - Net	11	5	345	784
OTHER INCOME - Net	26	411,384	265,704	2,037,982
INCOME BEFORE INCOME TAXES		11,539,813	9,632,992	9,364,887
INCOME TAX EXPENSE	18	2,862,977	2,376,118	2,319,020
NET INCOME		P8,676,836	P7,256,874	P7,045,867
Basic and Diluted Earnings Per Share	30	P30.30	P25.34	P24.61

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands)

	<i>Note</i>	2025	2024	2023
NET INCOME		P8,676,836	P7,256,874	P7,045,867
OTHER COMPREHENSIVE LOSS				
Item that will not be reclassified to profit or loss				
Equity reserve for retirement plan	29	(32,339)	(183,459)	(299,094)
Income tax	18	8,084	45,866	74,773
OTHER COMPREHENSIVE LOSS		(24,255)	(137,593)	(224,321)
TOTAL COMPREHENSIVE INCOME		P8,652,581	P7,119,281	P6,821,546

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands)

	Note	Capital Stock		Additional Paid-in Capital	Equity Reserve for Retirement Plan	Retained Earnings		Treasury Stock		Total
		Common	Preferred			Appropriated	Unappropriated	Common	Preferred	
As at January 1, 2025		P345,625	P53,438	P2,539,454	(P777,643)	P3,512,000	P19,937,595	(P1,947,198)	(P1,722,775)	P21,940,496
Net income		-	-	-	-	-	8,676,836	-	-	8,676,836
Other comprehensive loss: Equity reserve for retirement plan	29	-	-	-	(24,255)	-	-	-	-	(24,255)
Total comprehensive income		-	-	-	(24,255)	-	8,676,836	-	-	8,652,581
Cash dividends and distribution on common shares	19	-	-	-	-	(4,581,245)	-	-	-	(4,581,245)
As at December 31, 2025	19	P345,625	P53,438	P2,539,454	(P801,898)	P3,512,000	P24,033,186	(P1,947,198)	(P1,722,775)	P26,011,832
As at January 1, 2024		P345,625	P53,438	P2,539,454	(P640,050)	P3,512,000	P16,259,818	(P1,947,198)	(P1,722,775)	P18,400,312
Net income		-	-	-	-	-	7,256,874	-	-	7,256,874
Other comprehensive loss: Equity reserve for retirement plan	29	-	-	-	(137,593)	-	-	-	-	(137,593)
Total comprehensive income		-	-	-	(137,593)	-	7,256,874	-	-	7,119,281
Cash dividends and distribution on common shares	19	-	-	-	-	-	(3,579,097)	-	-	(3,579,097)
As at December 31, 2024	19	P345,625	P53,438	P2,539,454	(P777,643)	P3,512,000	P19,937,595	(P1,947,198)	(P1,722,775)	P21,940,496
As at January 1, 2023		P345,625	P53,438	P2,539,454	(P415,729)	P3,512,000	P12,077,230	(P1,947,198)	(P1,722,775)	P14,442,045
Net income		-	-	-	-	-	7,045,867	-	-	7,045,867
Other comprehensive loss: Equity reserve for retirement plan	29	-	-	-	(224,321)	-	-	-	-	(224,321)
Total comprehensive income		-	-	-	(224,321)	-	7,045,867	-	-	6,821,546
Cash dividends and distribution on common shares	19	-	-	-	-	-	(2,863,279)	-	-	(2,863,279)
As at December 31, 2023	19	P345,625	P53,438	P2,539,454	(P640,050)	P3,512,000	P16,259,818	(P1,947,198)	(P1,722,775)	P18,400,312

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands)

	<i>Note</i>	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P11,539,813	P9,632,992	P9,364,887
Adjustments for:				
Depreciation and amortization	<i>11, 12, 13, 15, 20, 21, 22, 23</i>	771,445	705,494	666,063
Retirement expense	<i>24, 29</i>	120,128	107,995	94,998
Interest expense and other financing charges	<i>11, 17, 25, 28, 29</i>	85,584	82,936	61,041
Net unrealized foreign exchange loss (gain)		5,713	6,915	(33,905)
Net derivative loss (gain)	<i>26, 32</i>	5,699	328	(2,000)
Net provision of impairment losses for write-down of inventories to net realizable value	<i>7, 20</i>	-	-	30,098
Net reversal of impairment losses on trade and other receivables	<i>6, 22</i>	-	-	(292)
Gain on disposal/retirement of noncurrent assets - net	<i>11</i>	(5)	(345)	(784)
Gain on lease modification	<i>12, 26</i>	(3,954)	(19)	(8,014)
Interest income	<i>5, 10, 27</i>	(834,223)	(854,110)	(552,354)
Operating income before working capital changes		11,690,200	9,682,186	9,619,738
Decrease (increase) in:				
Trade and other receivables		(328,007)	(315,306)	(325,961)
Inventories		77,818	465,973	(1,155,381)
Prepaid expenses and other current assets		(932,505)	(671,953)	(435,413)
Increase (decrease) in:				
Accounts payable and accrued expenses		276,356	(20,550)	179,404
Other taxes payable		186,273	(117,398)	820,160
Cash generated from operations		10,970,135	9,022,952	8,702,547
Interest and other financing charges paid		(21,998)	(33,980)	(17,822)
Contribution to retirement plan	<i>29</i>	(245,206)	(181,968)	(189,785)
Income taxes paid		(2,058,021)	(1,702,110)	(1,668,233)
Net cash flows provided by operating activities		8,644,910	7,104,894	6,826,707

Forward

	Note	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		P824,300	P848,105	P537,061
Proceeds from disposal of property and equipment	11	5	403	784
Decrease (increase) in other noncurrent assets		4	(13,792)	(10,274)
Additions to advances to suppliers	15	(123,177)	(14,612)	(12,007)
Additions to property, plant and equipment	11	(1,199,122)	(1,956,546)	(966,026)
Net cash flows used in investing activities		(497,990)	(1,136,442)	(450,462)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Lease liabilities:	28			
Principal		(31,744)	(32,276)	(36,602)
Interest		(4,226)	(4,339)	(5,218)
Cash dividends		(4,433,695)	(3,475,022)	(2,774,093)
Loans payable	17	-	(1,000,000)	-
Long-term borrowings		-	-	(166,666)
Proceeds from loans payable		-	-	998,747
Net cash flows used in financing activities		(4,469,665)	(4,511,637)	(1,983,832)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		(5,697)	(6,902)	31,328
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		3,671,558	1,449,913	4,423,741
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	5	11,330,931	9,881,018	5,457,277
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	5	P15,002,489	P11,330,931	P9,881,018

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Per Share Data and Number of Shares)

1. Reporting Entity

Ginebra San Miguel Inc. (GSMI or the Company), a subsidiary of San Miguel Food and Beverage, Inc. (SMFB or Parent Company), was incorporated in the Philippines on July 10, 1987. SMFB is a subsidiary of San Miguel Corporation (SMC or Intermediate Parent Company). Top Frontier Investment Holdings, Inc. (Top Frontier) is the ultimate parent company of GSMI.

GSMI is engaged in the manufacture and sale of alcoholic beverages, and all business activities incidental or related to carrying out these activities.

The Company is a public company under Section 17.2 of the Securities Regulation Code and its common shares are listed on The Philippine Stock Exchange, Inc.

The accompanying consolidated financial statements comprise the financial statements of the Company and its Subsidiaries and the Group's interests in joint ventures (collectively referred to as the "Group").

The Group is engaged in the manufacture and sale of alcoholic beverages, tolling, marketing, distillation of alcohol, and bottling of alcohol and non-alcoholic beverages.

The Company and its domestic subsidiaries have a corporate life of 50 years pursuant to their Articles of Incorporation. However, under the Revised Corporation Code of the Philippines which took effect on February 23, 2019, existing and future corporations have been granted perpetual corporate life. Thus, the Company and its domestic subsidiaries shall have a perpetual corporate life.

The registered office address of the Company is 3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on March 5, 2026.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

<u>Items</u>	<u>Measurement Basis</u>
Financial assets at fair value through profit or loss (FVPL)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the functional currency of the Company. All financial information are rounded off to the nearest thousand (000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the accounts of the Group and the following wholly-owned subsidiaries:

<u>Name of Subsidiary</u>	<u>Country of Incorporation</u>
Distileria Bago, Inc. (DBI)	Philippines
East Pacific Star Bottlers Phils Inc. (EPSBPI)	Philippines
Agricrops Industries Inc. (All)	Philippines
Healthy Condiments, Inc. (HCI)	Philippines
Crown Royal Enterprises, Inc. (CREI)	Philippines
Ginebra San Miguel International Ltd. (GSMIL)	British Virgin Islands (BVI)
GSM International Holdings Limited (GSMIHL)	BVI
Global Beverages Holdings Limited (GBHL)	BVI
Siam Holdings Limited (SHL)	BVI

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intragroup balances and transactions, including intragroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2025, and have not been applied in preparing the consolidated financial statements.

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

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to 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 profit or loss; and

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

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

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

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

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

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2025 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Financial Instruments

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, fair value through other comprehensive income (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.

The Group has no financial assets at FVOCI as at December 31, 2025 and 2024.

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 profit or loss 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, lease receivables and security deposit are included under this category (Notes 5, 6, 10, 15, 31 and 32).

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 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 profit or loss as incurred. Changes in fair value and realized gains or losses are recognized in profit or loss..

The Group's derivative assets that are not designated as cash flow hedge are classified under this category (Notes 8, 31 and 32).

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 profit or loss. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category (Notes 16, 31 and 32).

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

The Group's liabilities arising from its trade transactions or borrowings such as accounts payable and accrued expenses, loans payable and lease liabilities are included under this category (Notes 16, 17, 28, 31 and 32).

Impairment of Financial Assets

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

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

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

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

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

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

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

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

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

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in profit or loss.

Inventories

Finished goods and materials and supplies are measured at the lower of cost and net realizable value.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Finished goods	-	at cost, which includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs; costs are determined using the moving-average method.
Materials and supplies	-	at cost, using the moving-average method.

Finished Goods. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Materials and Supplies. Net realizable value is the current replacement cost.

Any write-down of inventories to net realizable value and all losses of inventories are recognized as expense in the year of write-down or loss occurrence. The amount of reversals of write-down of inventories arising from an increase in net realizable value, if any, are recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

Investments in Joint Ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes related asset retirement obligation (ARO), if any. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land improvements	5 - 10
Buildings and improvements	20 - 50
Transportation equipment	5
Machinery and equipment	3 - 40
Furniture, fixtures and other equipment	2 - 5
Leasehold improvements	10 - 30
	or term of the lease, whichever is shorter

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period of retirement and disposal.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use:

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset; and
- the Group has the right to direct the use of the identified asset.

Group as Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

	Number of Years
Land and land improvements	3 - 15
Building and improvements	2 - 15

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

Group as Lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

Investment Property

Investment property consists of property held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property, except for land, is measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
<u>Buildings and improvements</u>	<u>25</u>

The useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in profit or loss in the period of retirement and disposal.

Transfers are made to investment property when, and only when, there is an actual change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is an actual change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Impairment of Non-financial Assets

The carrying amounts of investments in joint ventures, property, plant and equipment, right-of-use assets, investment property and intangible assets with finite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. An impairment loss with respect to goodwill is not reversed.

Fair Value Measurements

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

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

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

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

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

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

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

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

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

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Company, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Company.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account which is presented in the consolidated statements of changes in equity. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. The Company considers the requirements of Section 42 of the Revised Corporation Code for its retained earnings. It addresses any excess over paid-in capital stock after permissible appropriations or restrictions under the said section, in the current or succeeding periods. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration.

Treasury Shares

Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue

The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Sale of Goods

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, which is normally upon delivery of the goods. Trade discounts are determined at inception of the contract and is not subject to variability. Trade returns do not result to significant variable consideration and are generally determined based on concluded sales transaction as at the end of each period.

Income from Other Sources

Tolling Fee. Tolling fee is recognized when the performance of contractually agreed task has been rendered and control over the service has been transferred to the customer. General payment terms is on an average of 30 days from invoice date.

Interest Income. Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Others. Other income is recognized when earned.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs

The Company and some of its subsidiaries have separate funded, noncontributory retirement plans, administered by the respective trustees, covering their respective permanent employees.

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefit costs comprise the following:

- Service costs;
- Net interest on the defined benefit retirement liability or asset; and
- Remeasurements of defined benefit retirement liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. Independent qualified actuary calculates these amounts periodically.

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in profit or loss.

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are initially recorded in the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of monetary items that in substance form part of a net investment in a foreign operation and hedging instruments in a qualifying cash flow hedge or hedge of a net investment in a foreign operation, which are recognized in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine peso at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Philippine peso at average exchange rates for the period.

Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation related to that foreign operation is reclassified to the profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its investment in joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income.

The functional currency of GSMIL, GSMIHL, GBHL and SHL is United States Dollar (USD), while that of Thai San Miguel Liquor Co. Limited (TSML) and Thai Ginebra Trading (TGT) is the Thailand Baht (THB). The assets and liabilities of GSMIL, GSMIHL, GBHL, SHL, TSML and TGT are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and their income and expenses are translated at the average exchange rates for the year.

Taxes

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Income and other taxes payable" accounts in the consolidated statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Operating Segment

The reporting format of the Group's operating segment 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 Group primarily operates in the Philippines and has a single segment which is the alcohol beverages segment.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to exercise judgments, make accounting estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments, estimates and assumptions are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the consolidated financial statements:

Classification of Financial Instruments. The Group exercises judgments in classifying financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 32.

Determining whether a Contract Contains a Lease. The Group uses its judgment in determining whether a contract contains a lease. At inception of a contract, the Group makes an assessment whether it has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

Operating Lease Commitments - Group as Lessor. The Group has entered into various lease agreements as a lessor. The Group had determined that it retains all significant risks and rewards of ownership of the property leased out on operating leases.

Rent income recognized as part of "Other income - net" account in the consolidated statements of income amounted to P40,118 in 2025 and P172 in 2024 and 2023 (Notes 26, 27 and 28).

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Distinction Between Investment Property and Owner-occupied Property. The Group determines whether a property qualifies as investment property or owner-occupied property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in marketing or administrative functions. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in marketing or for administrative purposes. If the portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Classification of Joint Arrangements. The Group has determined that it has rights only to the net assets of the joint arrangements based on the structure, legal form, contractual terms and other facts and circumstances of the arrangement. As such, the Group classified its joint arrangements in TSML and TGT as joint ventures (Note 9).

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment of ECL on Trade Receivables. The Group, in applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables for at least three years. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customers. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL on trade receivables is not material because substantial amount of trade receivables is normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information do not indicate a significant increase in credit risk exposure of the Group from its trade receivables.

No trade receivables were written-off in 2025 and 2024. The Group did not recognize provision for impairment loss in 2025 and 2024. The allowance for impairment losses on trade receivables amounted to P9,768 as at December 31, 2025 and 2024 (Note 6). The net carrying amount of trade receivables amounted to P2,088,237 and P1,710,601 as at December 31, 2025 and 2024, respectively (Notes 6, 31 and 32).

Assessment of ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of other financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2025 and 2024.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	2025	2024
Other Financial Assets at Amortized Cost			
Cash and cash equivalents	5	P15,002,489	P11,330,931
Non-trade receivables - net of allowance for impairment losses* (included under "Trade and other receivables - net" account)**	6	134,041	173,707
Lease receivable (included under "Other noncurrent assets" account)	15	275	279
Investment in debt instruments at amortized cost	10	1,500,000	1,500,000
Security deposit (included under "Other noncurrent assets - net" account)	15	493	493

*Allowance for impairment losses on non-trade receivables amounted to P672,799 as at December 31, 2025 and 2024 (Note 6).

**Excluding tax certificate receivables amounted to P14,777 and P14,828 as at December 31, 2025 and 2024, respectively (Note 6).

Variable Consideration under Revenue. Revenue from sales is recognized based on the price specified in the contract, net of the estimated volume discounts and returns. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A provision for sales discount is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made through cash on delivery or with credit terms of 30 to 60 days, which is consistent with market practice.

It is the Group's policy to sell its products to the customer with a right of return. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

The Group recognized revenue, net of sales returns and discounts, amounting to P67,353,900, P62,505,408 and P53,638,569 in 2025, 2024 and 2023, respectively.

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Notes 8, 9, 11, 12, 13, 14, 16, 29 and 32.

Write-down of Inventory. The Group writes-down the cost of inventory to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

The write-down of inventories amounted to P129,067 and P132,255 as at December 31, 2025 and 2024, respectively (Note 7).

The carrying amount of inventories amounted to P7,509,951 and P7,606,929 as at December 31, 2025 and 2024, respectively (Note 7).

Estimated Useful Lives of Property, Plant and Equipment, Right-of-Use Assets, Investment Property and Intangible Asset with Finite Useful Life. The Group estimates the useful lives of property, plant and equipment, right-of-use assets, investment property and intangible asset with finite useful life based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets, investment property and intangible asset with finite useful life are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment, right-of-use assets, investment property and intangible asset with finite useful life is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, right-of-use assets, investment property and intangible asset with finite useful life would increase the recorded cost of sales and selling and administrative expenses and decrease noncurrent assets.

Property, plant and equipment, net of accumulated depreciation and impairment losses amounted to P6,157,051 and P6,392,474 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of property, plant and equipment amounted to P11,220,262 and P10,533,949 as at December 31, 2025 and 2024, respectively (Note 11).

Right-of-use assets, net of accumulated depreciation amounted to P44,344 and P65,532 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of right-of-use assets amounted to P52,600 and P91,496 as at December 31, 2025 and 2024, respectively (Note 12).

Investment property, net of accumulated depreciation, amounted to P710,033 and nil as at December 31, 2025 and 2024, respectively. Accumulated depreciation of investment property amounted to P26,992 and nil as at December 31, 2025 and 2024, respectively (Note 13).

Intangible assets, net of accumulated amortization, included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position amounted to P17,063 and P30,719 as at December 31, 2025 and 2024, respectively. Accumulated amortization of intangible assets amounted to P50,258 and P36,602 as at December 31, 2025 and 2024, respectively (Note 15).

Estimating the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

The Group's lease liabilities amounted to P48,125 and P71,734 as at December 31, 2025 and 2024, respectively (Notes 27, 28 and 31).

Impairment of Goodwill. The Group determines whether goodwill is impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

The allowance for impairment loss of goodwill amounted to P100,000 as at December 31, 2025 and 2024. The carrying amount of goodwill amounted to P126,863 as at December 31, 2025 and 2024 (Note 14).

Recognition of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

The net deferred tax assets amounted to P644,095 and P625,092 as at December 31, 2025 and 2024, respectively (Note 18).

Impairment of Non-financial Assets. PFRS Accounting Standards requires that an impairment review be performed on investments in joint ventures, property, plant and equipment, investment property, intangible assets with finite useful lives, and right-of-use assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Accumulated impairment losses on investments in joint ventures and property, plant and equipment amounted to P551,399 as at December 31, 2025 and 2024 (Notes 9 and 11).

The combined carrying amounts of investments in joint ventures, property, plant and equipment, right-of-use assets, investment property, and intangible assets with finite useful lives amounted to P6,928,491 and P6,488,725 as at December 31, 2025 and 2024, respectively (Notes 9, 11, 12, 13 and 15).

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 29 to the consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Group are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the defined benefit retirement obligation of the Group.

The present value of defined benefit retirement obligation amounted to P2,704,515 and P2,554,684 as at December 31, 2025 and 2024, respectively (Note 29).

5. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	<i>Note</i>	2025	2024
Cash in banks and on hand		P1,356,989	P2,046,268
Short-term investments		13,645,500	9,284,663
	<i>31, 32</i>	P15,002,489	P11,330,931

Cash in banks earn interest at bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn interest at short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to P707,558, P729,573 and P395,050 in 2025, 2024 and 2023, respectively.

6. Trade and Other Receivables - net

Trade and other receivables consist of:

	<i>Note</i>	2025	2024
Trade:			
Third parties		P2,079,525	P1,693,446
Related parties	27	18,480	26,923
Non-trade:			
Third parties		105,677	131,981
Related parties	27	715,940	729,353
		2,919,622	2,581,703
Less allowance for impairment losses		682,567	682,567
	<i>31, 32</i>	P2,237,055	P1,899,136

Trade receivables are non-interest bearing and are generally on a 30 to 60-day term. Allowance for impairment losses pertaining to trade receivables amounted to P9,768 as at December 31, 2025 and 2024.

Non-trade receivables from third parties consist of the following: (i) receivable from employees amounting to P30,927 and P27,296 as at December 31, 2025 and 2024, respectively; (ii) tax certificate receivables amounting to P14,720 and P14,486 as at December 31, 2025 and 2024, respectively; and (iii) miscellaneous receivables amounting to P60,030 and P90,199 as at December 31, 2025 and 2024, respectively. These are generally collectible on demand. Allowance for impairment losses for non-trade receivables from third parties amounted to P380 as at December 31, 2025 and 2024. Allowance for impairment losses pertaining to non-trade receivables from related parties amounted to P672,419 as at December 31, 2025 and 2024 (Note 27).

There is no movement in allowance for impairment losses in 2025 and 2024. In 2023, a net reversal of impairment loss amounting to P292 is included as part of "Net reversal of impairment losses" account under "General and administrative expenses" account in the consolidated statements of income (Note 22).

7. Inventories - net

Inventories consist of:

	2025	2024
At cost:		
Finished goods and goods in process	P3,849,581	P3,814,398
At net realizable value:		
Materials and supplies	3,660,370	3,792,531
	P7,509,951	P7,606,929

The cost of materials and supplies amounted to P3,789,437 and P3,924,786 as at December 31, 2025 and 2024, respectively.

The amount of inventories charged to cost of sales amounted to P17,202,283, P17,140,685 and P15,454,336 in 2025, 2024 and 2023, respectively (Note 20).

The movements in allowance for write-down of inventories to net realizable value at the beginning and end of 2025 and 2024 are as follows:

	<i>Note</i>	2025	2024
Balance at beginning of year		P132,255	P141,665
Write-off		(3,188)	(9,410)
Balance at end of year	4	P129,067	P132,255

No provision for write-down of inventories to net realizable value in 2025 and 2024.

In 2023, the Group adjusted the allowance for write-down of inventories to net realizable value based on the recent computed net realizable value. This resulted to a net provision for write-down of inventories amounting to P30,098 and has been recognized as part of "Net provision for write-down of inventories to net realizable value" under "Cost of sales" account in the consolidated statements of income (Note 20).

8. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	<i>Note</i>	2025	2024
Prepaid taxes		P1,148,680	P832,162
Derivative assets	31, 32	1,085	9,158
Others	27	58,650	50,927
		P1,208,415	P892,247

Prepaid taxes represent prepayments of excise taxes on alcohol and income taxes.

Others include prepaid insurance and rent, advances to suppliers and advances to employees. Prepaid insurance pertains to amounts owed by a related party amounting to P45,317 and P42,953 as at December 31, 2025 and 2024, respectively (Note 27).

The methods and assumptions used to estimate the fair value of derivative assets are discussed in Note 32.

9. Investments in Joint Ventures

a. TSML

GSMI, through GSMIL, has an existing joint venture with Thai Life Group of Companies (Thai Life) covering the ownership and operations of TSML. TSML is a limited company organized under the laws of Thailand in which the Group owns 44.9% effective ownership interest. TSML holds a license in Thailand to engage in the business of manufacturing alcohol and manufacturing, selling and distributing brandy, wine and distilled spirits products both for domestic and export markets.

TSML	2025	2024	2023
Current assets (including cash and cash equivalents - 2025: P209,741; 2024: P257,234 and 2023: P218,817)	P221,447	P269,547	P331,755
Noncurrent assets	697,193	670,234	683,238
Current liabilities (including financial liabilities - 2025: P1,468,373; 2024: P1,332,335 and 2023: P1,281,459)	(1,508,308)	(1,368,575)	(1,320,303)
Net liabilities	(589,668)	(428,794)	(305,310)
Percentage of ownership	44.9%	44.9%	44.9%
Amount of investment in joint venture	-	-	-
Carrying amount of investment in joint venture - net	P -	P -	P -

TSML	2025	2024	2023
Sales	P -	P1,093	P3,279
Cost of sales (including depreciation - 2025: P32,386; 2024: P33,567 and 2023: P46,347)	(40,453)	(44,150)	(61,016)
Operating expenses (including depreciation - 2025: P3,554; 2024: P3,332 and 2023: P3,237)	(28,945)	(24,726)	(170,876)
Other charges (including interest expense - 2025: P34,573; 2024: P32,132 and 2023: P31,616)	(34,188)	(37,008)	(31,263)
Net loss	(103,586)	(104,791)	(259,876)
Percentage of ownership	44.9%	44.9%	44.9%
Share in net loss	(46,510)	(47,051)	(116,684)
Share in other comprehensive loss	-	-	-
Total comprehensive loss	(P46,510)	(P47,051)	(P116,684)

The recoverable amount of investment in TSML has been determined based on a valuation using cash flow projections covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit. The determined growth rate is 2% and is consistent with the long-term average growth rate for the industry. The discount rate applied to after tax cash flow projections is 9% and also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium. Accumulated impairment losses amounted to P243,799 as at December 31, 2025 and 2024.

The recoverable amount of investment in TSML has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

The Group discontinued recognizing its share in the net losses of TSML since the cumulative losses already exceeded the cost of investment. If TSML reports profits subsequently, the Group resumes recognizing its share of those profits after its share of the profits equals the share of net losses not recognized. Total unrecognized share in net losses amounted to P505,850 and P459,340 as at December 31, 2025 and 2024, respectively.

b. TGT

The Group also has an existing 44.9% effective ownership interest in TGT, which was formed as another joint venture with Thai Life. TGT functions as the selling and distribution arm of TSML.

The details of the Group's investments in joint ventures which are accounted for using the equity method are as follows:

TGT	2025	2024	2023
Current assets (including cash and cash equivalents - 2025: P8,055; 2024: P7,362 and 2023: P7,168)	P8,059	P18,836	P18,203
Noncurrent assets	170	168	214
Current liabilities	(1,133,574)	(1,028,554)	(989,278)
Net liabilities	(1,125,345)	(1,009,550)	(970,861)
Percentage of ownership	44.9%	44.9%	44.9%
Carrying amount of investment in joint venture	P -	P -	P -

TGT	2025	2024	2023
Sales	P -	P -	P126
Cost of sales	-	-	(115)
Operating expenses (including depreciation - 2025: P0; 2024: P42 and 2023: P201)	(12,464)	(149)	(243)
Other income	12	12	14
Net loss	(12,452)	(137)	(218)
Percentage of ownership	44.9%	44.9%	44.9%
Share in net loss	(5,591)	(62)	(98)
Share in other comprehensive loss	-	-	-
Total comprehensive loss	(P5,591)	(P62)	(P98)

The Group discontinued recognizing its share in the net losses of TGT since the cumulative losses already exceeded the cost of investment. If TGT reports profits subsequently, the Group resumes recognizing its share of those profits after its share of the profits equals the share of net losses not recognized. Total unrecognized share in net losses amounted to P300,943 and P295,352 as at December 31, 2025 and 2024, respectively.

10. Investments in Debt Instruments at Amortized Cost

On December 12, 2022, the Company entered into investment agreement with Bank of Commerce (BOC). The Company invested in debt instruments amounting to a total of P1,500,000 which bear an annual average interest rate of 6.90% and maturities up to seven years (Notes 4, 27, 31 and 32).

Interest income earned from investments in debt instruments at amortized cost amounted to P112,233, P111,446 and P117,564 in 2025, 2024, and 2023, respectively.

11. Property, Plant and Equipment - net

Property, plant and equipment consist of:

	Land and Land Improvements	Buildings and Improvements	Transportation Equipment	Machinery and Equipment	Furniture, Fixtures and Other Equipment	Leasehold Improvements	Capital Projects in Progress	Total
Cost								
January 1, 2024	P1,258,668	P2,683,662	P476,703	P9,429,427	P910,874	P136,499	P426,418	P15,322,251
Additions	2,132	252,320	24,522	104,358	149,202	3,551	1,420,461	1,956,546
Disposals/retirement	-	(801)	(7,546)	(17,444)	(24,182)	-	-	(49,973)
Reclassifications	7,291	14,662	16,422	62,860	9,845	3,447	(109,328)	5,199
December 31, 2024	1,268,091	2,949,843	510,101	9,579,201	1,045,739	143,497	1,737,551	17,234,023
Additions	40,264	229,002	290,590	92,458	89,527	2,315	454,966	1,199,122
Disposals/retirement	-	-	(5,889)	(2,384)	(2,934)	-	-	(11,207)
Reclassifications	144,123	127,824	3,753	110,658	108,034	12,450	(1,243,867)	(737,025)
December 31, 2025	1,452,478	3,306,669	798,555	9,779,933	1,240,366	158,262	948,650	17,684,913
Accumulated Depreciation								
January 1, 2024	303,765	1,484,206	354,722	7,155,326	596,376	28,114	-	9,922,509
Depreciation	11,375	91,568	48,603	390,478	104,815	14,516	-	661,355
Disposals/retirement	-	(760)	(7,546)	(17,427)	(24,182)	-	-	(49,915)
December 31, 2024	315,140	1,575,014	395,779	7,528,377	677,009	42,630	-	10,533,949
Depreciation	11,435	96,806	74,155	363,281	135,920	15,923	-	697,520
Disposals/retirement	-	-	(5,889)	(2,384)	(2,934)	-	-	(11,207)
December 31, 2025	326,575	1,671,820	464,045	7,889,274	809,995	58,553	-	11,220,262
Accumulated Impairment Losses								
December 31, 2024 and 2025	-	-	-	307,600	-	-	-	307,600
Carrying Amount								
December 31, 2024	P952,951	P1,374,829	P114,322	P1,743,224	P368,730	P100,867	P1,737,551	P6,392,474
December 31, 2025	P1,125,903	P1,634,849	P334,510	P1,583,059	P430,371	P99,709	P948,650	P6,157,051

In 2025, the Group reclassified its property, plant and equipment to investment property amounting to P737,025 (Note 13).

The Group has fully depreciated assets with cost amounting to P5,599,535 and P4,747,955 as at December 31, 2025 and 2024, respectively, which are still used in operations.

The Group sold various equipment for P5, P403 and P784 in 2025, 2024, and 2023, respectively, and accordingly recognized gains of the same amount included as part of "Gain on disposal/retirement of noncurrent assets - net" account in the consolidated statements of income in 2025, 2024 and 2023.

The carrying amount of certain property and equipment retired from use amounted to nil, P58 and nil as at December 31, 2025, 2024 and 2023, respectively, and accordingly recognized a loss for the same amount, included as part of "Gain on disposal/retirement of noncurrent assets - net" account in the consolidated statements of income.

Total depreciation recognized in the consolidated statements of income amounted to P697,520, P661,355 and P615,441 in 2025, 2024 and 2023, respectively (Notes 20, 21, 22 and 23). These amounts include annual amortization of capitalized interest amounting to P7,482, P7,802 and P6,933 in 2025, 2024 and 2023, respectively.

The Group has interest amounting to nil, P5,199 and P10,754 which was capitalized in 2025, 2024 and 2023, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization were 6.40% and 3.87% in 2024 and 2023, respectively. The capitalization rates are computed as the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period.

12. Right-of-Use Assets - net

The movements in right-of-use assets are as follows:

	Note	Land and Land Improvements	Buildings and Improvements	Total
Cost				
January 1, 2024		P26,925	P108,415	P135,340
Additions	28	-	48,239	48,239
Retirement		-	(26,551)	(26,551)
December 31, 2024		26,925	130,103	157,028
Additions	28	5,452	12,095	17,547
Retirement		(5,621)	(72,010)	(77,631)
December 31, 2025		26,756	70,188	96,944
Accumulated Depreciation				
January 1, 2024		7,481	77,081	84,562
Depreciation	23	4,954	28,322	33,276
Retirement		-	(26,342)	(26,342)
December 31, 2024		12,435	79,061	91,496
Depreciation	23	5,511	27,766	33,277
Retirement		(2,928)	(69,245)	(72,173)
December 31, 2025		15,018	37,582	52,600
Carrying Amount				
December 31, 2024		P14,490	P51,042	P65,532
December 31, 2025		P11,738	P32,606	P44,344

The Group recognized right-of-use assets for leases of office space, warehouse, factory facilities and parcels of land. The leases typically run for a period of 2 to 15 years. Some leases contain an option to renew the lease at the end of the lease term and are being subjected to reviews to reflect current market rentals. The renewal option provides operational flexibility in managing the leased asset portfolio and aligns the business needs of the Group. The Group retired some of the leased assets in which it recognized gain on termination of lease amounted to P3,954, P19 and P8,014 in 2025, 2024 and 2023, respectively, which is included in “Others” in “Other income - net” account in the consolidated statements of income (Note 26).

Total depreciation recognized in the consolidated statements of income amounted to P33,277, P33,276 and P37,971 in 2025, 2024 and 2023, respectively (Notes 20, 21, 22 and 23).

13. Investment Property - net

The movements in investment property are as follows:

	<i>Note</i>	2025	2024
Cost			
Balance at beginning of year		P -	P -
Reclassification	11	737,025	-
Balance at end of year		737,025	-
Accumulated Depreciation			
Balance at beginning of year		-	-
Depreciation	22, 23	26,992	-
Balance at end of year		26,992	-
Carrying amount		P710,033	P -

Investment property consists of buildings and improvements.

Depreciation expense, included as part of “General and administrative expenses” account in the consolidated statements of income, amounted to P26,992 in 2025 and nil in 2024 and 2023 (Notes 22 and 23).

Rent income earned from investment property amounted to P39,946 in 2025 and nil in 2024 and 2023, included as part of “Other income - net” account in the consolidated statements of income (Note 26). Direct costs related to investment property pertains to depreciation and real property taxes.

The fair value of investment property amounting to P737,025 as at December 31, 2025 has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

The fair value of investment property was determined by an external independent property appraiser having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The Group evaluated the fair value of the investment property based on the most recent appraisal in 2024 which approximates the fair value as at December 31, 2025, since there were no significant changes in the condition of the investment property and economic environment after a year.

Valuation Technique and Significant Unobservable Inputs

The valuation of investment property applied the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market date. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

14. Goodwill - net

GSMI acquired 100% of the outstanding capital stock of EPSBPI in 2012. EPSBPI, which is considered a cash-generating unit, is a company primarily engaged in the manufacturing and bottling of alcoholic and non-alcoholic beverages. The acquisition resulted in the recognition of goodwill amounting to P226,863.

In 2015, as a result of decline in operations resulting in lower sales forecast compared with previous years, the Group recognized impairment loss amounting to P100,000. Due to improvements in the operations of EPSBPI starting 2016 and the growth in volume requirements of GSMI, no additional impairment loss was recognized in 2025 and 2024.

The recoverable amount of goodwill has been determined based on a valuation using cash flow projections covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit. The determined growth rate is 3% and 4% in 2025 and 2024, respectively. This growth rate is consistent with the long-term average growth rate for the industry. The discount rates applied to after tax cash flow projections is 10.2% and 8.4% in 2025 and 2024, respectively. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium.

The recoverable amount of goodwill has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

The calculations of value in use are most sensitive to the following assumptions:

- *Gross Margins.* Gross margins are based on average values achieved in the period immediately before the budget period. These are increases over the budget period for anticipated efficiency improvements. Values assigned to key assumptions reflect past experience, except for efficiency improvement.
- *Discount Rates.* The Group uses the weighted-average cost of capital as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investments proposals.
- *Growth Rate.* Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. The terminal value growth rate used by the management ranges from 3% to 4% in 2025 and 2024.

15. Other Noncurrent Assets - net

Other noncurrent assets consist of:

	<i>Note</i>	2025	2024
Intangible assets - net		P17,063	P30,719
Security deposit	31, 32	493	493
Others	27	185,350	62,177
		P202,906	P93,389

The movements in intangible assets - net pertaining to computer software are as follows:

	<i>Note</i>	2025	2024
Cost			
Balance at beginning of year		P67,321	P53,531
Additions		-	13,790
Balance at end of year		P67,321	67,321
Accumulated Amortization			
Balance at beginning of year		36,602	25,739
Amortization	22, 23	13,656	10,863
Balance at end of year		50,258	36,602
Carrying Amount		P17,063	P30,719

Amortization expense, included as part of "General and administrative expenses" account in the consolidated statements of income amounted to P13,656, P10,863 and P10,887 in 2025, 2024 and 2023, respectively (Notes 22 and 23).

In 2023, the Group fully retired the deferred containers and recognized depreciation amounted to P1,764, which is included as part of "General and administrative expenses" account in the consolidated statements of income (Notes 22 and 23).

"Others" pertains to advances to suppliers for construction projects amounting to P185,075 and P61,898 as at December 31, 2025 and 2024, respectively, and lease receivables from related party amounting to P275 and P279 as at December 31, 2025 and 2024, respectively (Notes 27 and 31).

16. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	<i>Note</i>	2025	2024
Trade payables		P4,437,020	P4,097,923
Amounts owed to related parties	27	1,368,695	1,367,389
Dividends payable		39,856	24,134
Derivative liabilities	31, 32	10,422	5,034
Others		97,127	171,950
	31, 32	P5,953,120	P5,666,430

Trade payables are non-interest bearing and are generally on a 30 to 45-day term.

Others pertain to accrued employee benefits.

The methods and assumptions used to estimate the fair value of derivative liabilities are discussed in Note 32.

17. Loans Payable

On November 29, 2023, the Company obtained unsecured short-term peso-denominated borrowing from local bank for working capital requirements amounting to P1,000,000. The loan bears an interest rate of 6.40%. On January 30, 2024, the loan was fully paid by the Company.

Changes in liabilities arising from financing activities are as follows:

	<i>Note</i>	2024
Balance at beginning of year		P1,000,000
Changes from Financing Cash Flows		
Proceeds from loan		-
Interest expense	11	5,199
Payment of:		
Loan		(1,000,000)
Interest		(5,199)
Total Changes from Financing Cash Flows		(1,000,000)
Balance at end of year		P -

The interest on loans payable amounting to nil, P5,199 and P5,511 in 2025, 2024 and 2023, respectively, were capitalized to property, plant and equipment (Note 11).

The Group's exposure to interest rate and liquidity risks are discussed in Note 31.

18. Income Taxes

The components of income tax expense are shown below:

	2025	2024	2023
Current	P2,873,896	P2,392,569	P2,282,059
Deferred	(10,919)	(16,451)	36,961
	P2,862,977	P2,376,118	P2,319,020

The movements of net deferred tax assets and liabilities are accounted for as follows:

2025	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31
Equity reserve for retirement plan	P259,216	P -	P8,084	P267,300
Provision for impairment losses	182,834	-	-	182,834
Past service costs	82,768	14,853	-	97,621
Leases	38,069	222	-	38,291
Allowance for write-down of inventories	33,220	(150)	-	33,070
Various accruals	22,722	1,421	-	24,143
NOLCO	7,370	9	-	7,379
MCIT	6,022	4,936	-	10,958
Net defined retirement liability	4,686	(17,036)	-	(12,350)
Derivative liabilities - net	(1,031)	3,365	-	2,334
Unamortized capitalized borrowing costs	(4,032)	1,871	-	(2,161)
Unrealized foreign exchange loss (gain) - net	(6,752)	1,428	-	(5,324)
	P625,092	P10,919	P8,084	P644,095

2024	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31
Equity reserve for retirement plan	P213,350	P -	P45,866	259,216
Provision for impairment losses	182,834	-	-	182,834
Past service costs	81,387	1,381	-	82,768
Leases	36,559	1,510	-	38,069
Allowance for write-down of inventories	35,506	(2,286)	-	33,220
Various accruals	21,305	1,417	-	22,722
NOLCO	152	7,218	-	7,370
MCIT	42	5,980	-	6,022
Net defined retirement liability	8,328	(3,642)	-	4,686
Derivative liabilities - net	(3,524)	2,493	-	(1,031)
Unamortized capitalized borrowing costs	(4,683)	651	-	(4,032)
Unrealized foreign exchange loss (gain) - net	(8,481)	1,729	-	(6,752)
	P562,775	P16,451	P45,866	P625,092

As at December 31, 2025, the NOLCO of the Group that can be claimed as deduction from future taxable income are as follows:

Year Incurred	NOLCO	Expired	Utilized	Balance	Expiry Year
2022	P604	(P604)	P -	P -	2025
2023	156	-	-	156	2026
2024	28,884	-	-	28,884	2027
2025	655	-	-	655	2028
	P30,299	(P604)	P -	P29,695	

As at December 31, 2025, the MCIT of the Group that can be claimed as deduction from corporate income tax due are as follows:

Year Incurred	MCIT	Expired	Utilized	Balance	Expiry Year
2022	P5	(P5)	P -	P -	2025
2023	13	-	-	13	2026
2024	6,004	-	-	6,004	2027
2025	4,941	-	-	4,941	2028
	P10,963	(P5)	P -	P10,958	

The reconciliation between the statutory income tax rate on income before income tax and the Group's effective income tax rate is as follows:

	2025	2024	2023
Statutory income tax rate	25.00%	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subject to final tax	(0.35%)	(0.44%)	(0.27%)
Others	0.16%	0.11%	(0.01%)
Effective income tax rate	24.81%	24.67%	24.72%

The Group has applied the amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*, which provide a mandatory temporary exception from accounting for deferred taxes arising from Pillar Two income taxes. No deferred tax assets or liabilities have been recognized in relation to Pillar Two legislation.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Top Frontier Group operates. In line with the Top Frontier Group's assessment, in 2025 and 2024, the Group is not subject to any exposure as the Group does not operate in jurisdictions where Pillar Two legislation has been enacted or substantively enacted.

The Group will continue to monitor developments and will provide additional disclosures when the legislation becomes effective and the impact becomes reasonably estimable.

19. Equity

a. Capital Stock

Common Shares

The Company has 460,000,000 authorized common shares with par value of P1.00 per share.

The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company has a total of 609 and 615 stockholders as at December 31, 2025 and 2024, respectively.

The number of issued and outstanding shares of common stock are as follows:

	2025	2024
Issued shares	345,625,332	345,625,332
Less treasury shares	59,297,491	59,297,491
Outstanding shares	286,327,841	286,327,841

Preferred Shares

The Company has 100,000,000 authorized preferred shares with par value of P1.00 per share.

The holders of preferred shares are entitled to participate and receive annual dividends of P1.50 per share which may be cumulative and payable in arrears on December 31 of each year. In addition, the holders of preferred shares may receive a special annual dividend equal to the excess of the aggregate dividends paid or to be paid to common shareholders over P1.50 per preferred share per annum. The holders of preferred shares are entitled to vote in the same manner as the holders of common shares. The said preferred shares were not listed in The Philippine Stock Exchange, Inc.

The number of issued and outstanding shares of preferred stock are as follows:

	2025	2024
Issued shares	53,437,585	53,437,585
Less treasury shares	53,437,585	53,437,585
Outstanding shares	-	-

b. Treasury Shares

Treasury shares consist of:

	2025	2024	2023
Common	59,297,491	59,297,491	59,297,491
Preferred	53,437,585	53,437,585	53,437,585
	112,735,076	112,735,076	112,735,076

There were no movements in the number of shares held in treasury in 2025 and 2024.

c. Unappropriated Retained Earnings

The unappropriated retained earnings of the Company are restricted in the amount of P3,669,973 in 2025 and 2024, representing the cost of common and preferred shares held in treasury is restricted for appropriation.

The Company's adjusted unrestricted retained earnings per SEC Revised Securities Regulation Code Rule 68 exceeds its paid-in capital as at December 31, 2025.

d. Appropriated Retained Earnings

On November 10, 2021, the BOD approved the appropriation of P3,512,000 retained earnings of the Company. Of the said amount, P3,000,000 will be used for expansion of capacity to support increase in demand and P512,000 will be used for rehabilitation of the Company's existing facilities until 2027.

The Company has not made any other appropriation or restriction of its excess retained earnings as at December 31, 2025 and 2024.

e. *Dividend Declaration*

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

2025

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common-regular	March 5, 2025	March 20, 2025	April 4, 2025	P2.50
	April 30, 2025	May 30, 2025	June 6, 2025	2.50
	August 6, 2025	August 20, 2025	September 5, 2025	2.50
	November 5, 2025	November 20, 2025	December 5, 2025	2.50
Common-special	March 5, 2025	March 20, 2025	April 4, 2025	1.50
	April 30, 2025	May 30, 2025	June 6, 2025	1.50
	August 6, 2025	August 20, 2025	September 5, 2025	1.50
	November 5, 2025	November 20, 2025	December 5, 2025	1.50

2024

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common-regular	March 6, 2024	March 21, 2024	April 11, 2024	P0.75
	April 30, 2024	May 17, 2024	June 7, 2024	1.50
	August 6, 2024	August 22, 2024	September 6, 2024	1.50
	November 5, 2024	November 21, 2024	December 6, 2024	2.50
Common-special	March 6, 2024	March 21, 2024	April 11, 2024	1.75
	April 30, 2024	May 17, 2024	June 7, 2024	1.50
	August 6, 2024	August 22, 2024	September 6, 2024	1.50
	November 5, 2024	November 21, 2024	December 6, 2024	1.50

The Company makes regular declaration of cash dividends out of its unrestricted retained earnings in accordance with its dividend policy and as part of its capital management.

20. Cost of Sales

Cost of sales consist of:

	Note	2025	2024	2023
Taxes and licenses		P29,987,256	P27,481,064	P22,990,727
Inventories	7	17,202,283	17,140,685	15,454,336
Utilities and supplies		843,875	967,428	855,522
Personnel	24, 29	489,411	444,637	397,104
Depreciation and amortization	11, 12, 23	394,820	411,798	371,854
Repairs and maintenance		379,199	321,318	269,847
Outside services		305,926	279,513	253,062
Tolling fees		201,570	181,745	178,735
Insurance		10,852	4,250	3,989
Rent	28	1,633	1,502	2,096
Net provision for write-down of inventories to net realizable value	7	-	-	29,586
Others		30,454	36,333	27,958
		P49,847,279	P47,270,273	P40,834,816

21. Selling and Marketing Expenses

Selling and marketing expenses consist of:

	<i>Note</i>	2025	2024	2023
Advertising and promotions		P1,843,965	P1,732,341	P1,559,420
Freight, trucking and handling		1,349,356	1,320,660	1,149,900
Personnel	24, 29	494,784	479,662	418,885
Repairs and maintenance		123,281	104,628	93,813
Outside services		119,485	99,995	95,051
Rent	28	94,725	97,231	116,639
Depreciation and amortization	11, 12, 23	83,280	85,465	79,800
Utilities and supplies		77,293	76,567	69,884
Travel and transportation		63,650	60,792	44,060
Research		43,944	45,403	27,812
Corporate special program		18,615	18,400	36,881
Insurance		15,050	15,076	11,970
Others		10,519	11,819	11,851
		P4,337,947	P4,148,039	P3,715,966

22. General and Administrative Expenses

General and administrative expenses consist of:

	<i>Note</i>	2025	2024	2023
Personnel	24, 29	P1,142,598	P1,140,119	P1,002,892
Outside services	27	441,908	396,011	346,672
Taxes and licenses		319,255	251,891	191,585
Depreciation and amortization	11, 12, 13, 15, 23	293,345	208,231	214,409
Corporate special program		167,835	144,686	134,964
Repairs and maintenance		156,714	128,056	130,174
Insurance		94,902	97,834	93,651
Utilities and supplies		66,917	54,927	60,046
Travel and transportation		47,396	33,403	30,499
Rent	28	43,725	22,998	33,208
Research		7,900	9,100	13,242
Net reversal of impairment losses	6	-	-	(292)
Others		6,394	4,071	1,929
		P2,788,889	P2,491,327	P2,252,979

23. Depreciation and Amortization

Depreciation and amortization consist of:

	<i>Note</i>	2025	2024	2023
Property, plant and equipment	11	P697,520	P661,355	P615,441
Right-of-use assets	12	33,277	33,276	37,971
Investment property	13	26,992	-	-
Intangible assets	15	13,656	10,863	10,887
Deferred containers	15	-	-	1,764
		P771,445	P705,494	P666,063

Depreciation and amortization are distributed as follows:

	<i>Note</i>	2025	2024	2023
Cost of sales	20	P394,820	P411,798	P371,854
Selling and marketing expenses	21	83,280	85,465	79,800
General and administrative expenses	22	293,345	208,231	214,409
		P771,445	P705,494	P666,063

24. Personnel Expenses

Personnel expenses consist of:

	<i>Note</i>	2025	2024	2023
Salaries and wages		P1,261,398	P1,213,998	P1,126,363
Retirement costs	29	120,128	107,995	94,998
Other employee benefits		745,267	742,425	597,520
		P2,126,793	P2,064,418	P1,818,881

Personnel expenses are distributed as follows:

	<i>Note</i>	2025	2024	2023
Cost of sales	20	P489,411	P444,637	P397,104
Selling and marketing expenses	21	494,784	479,662	418,885
General and administrative expenses	22	1,142,598	1,140,119	1,002,892
		P2,126,793	P2,064,418	P1,818,881

25. Interest Expense and Other Financing Charges

Interest expense and other financing charges consist of:

	<i>Note</i>	2025	2024	2023
Interest on defined benefit obligation - net	29	P59,360	P55,461	P40,833
Bank charges		21,998	23,136	14,990
Interest on lease liabilities	28	4,226	4,339	5,218
		P85,584	P82,936	P61,041

26. Other Income - net

Other income consists of:

	<i>Note</i>	2025	2024	2023
Tolling fees - net		P317,910	P191,966	P327,089
Sale of scrap materials		62,311	42,465	47,357
Rent income	13, 28	40,118	172	172
Net derivative gain (loss)	32	(5,699)	(328)	2,000
Net foreign exchange gain (loss)	31	(25,260)	(6,294)	31,568
Income from transfer of rights		-	-	1,530,295
Others	12	22,004	37,723	99,501
		P411,384	P265,704	P2,037,982

The Group recognized income from transfer of intellectual property rights on Don Papa to a third party amounting to P1,530,295 in 2023.

Others consist of gain on lease modifications and insurance claims.

27. Related Party Disclosures

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

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at December 31:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	2025	P -	P -	P5	P -	On demand;	Unsecured;
	2024	-	-	5	-	non-interest bearing	no impairment
	2023	-	-	5	-		
Intermediate Parent Company	2025	149,606	316,727	8,110	11,428	On demand;	Unsecured;
	2024	12,783	271,038	10,939	19,441	non-interest bearing	no impairment
	2023	12,201	485,309	8,690	28,457		
Parent Company	2025	170	-	30	-	On demand;	Unsecured;
	2024	150	-	7	-	non-interest bearing	no impairment
	2023	150	-	9	-		
Under Common Control	2025	131,145	9,287,511	109,474	1,320,987	On demand;	Unsecured;
	2024	240,719	9,282,037	129,036	1,393,266	non-interest bearing	with impairment
	2023	301,252	8,790,094	140,876	1,348,616		
Joint Venture	2025	14,477	-	15	-	On demand;	Unsecured;
	2024	13,091	-	-	5,346	Interest bearing	with impairment
	2023	39,740	-	-	1,934		
Associate of the Intermediate Parent Company	2025	115,678	58,432	1,505,512	62,522	5 to 7 years; interest bearing	Unsecured;
	2024	111,897	-	1,500,104	-	On demand;	no impairment
	2023	117,960	-	1,500,040	-	On demand; non-interest bearing	Unsecured; no impairment
Others	2025	46	-	231	-	On demand;	Unsecured;
	2024	222	-	1,101	-	non-interest bearing	no impairment
	2023	521	-	1,184	-		
Total	2025	P411,122	P9,662,670	P1,623,377	P1,394,937		
Total	2024	P378,862	P9,553,075	P1,641,192	P1,418,053		
Total	2023	P471,824	P9,275,403	P1,650,804	P1,379,007		

- a. The Group, in the normal course of business, has significant transactions with related parties pertaining to purchases of containers and other packaging materials and sale of liquor and by-products. The sales to and purchases from related parties are made at normal market prices. There have been no guarantees provided or received for any amounts owed by and owed to related parties.
- b. The Group has entered into various lease agreements with related parties as a lessor and lessee (Notes 12, 13 and 28). Right-of-use assets and lease liabilities to related parties amounted to P22,739 and P26,242, respectively as at December 31, 2025 and P44,116 and P50,664, respectively as at December 31, 2024. Rent expense to related parties for short-term leases and leases of low-value assets recognized in profit or loss amounted to P47,926, P41,888 and P41,254 in 2025, 2024 and 2023, respectively. Amounts owed to related parties includes deferred rent income amounted to P7,817 and P8,886 as at December 31, 2025 and 2024, respectively. Amounts owed by related parties include lease receivables presented under "Other noncurrent assets - net" account in the consolidated statements of financial position which amounted to P275 and P279 as at December 31, 2025 and 2024, respectively (Note 15).
- c. Management fees paid to SMC amounting to P260,316, P214,363 and P203,939 in 2025, 2024 and 2023, respectively, are included in "Outside services" account under "General and administrative expenses" account in the consolidated statements of income (Note 22).
- d. TSML executed various promissory notes in favor of the Company. The details of which are as follows:
 - o Principal sum of THB250,000 together with interest of 5.50% per annum, which interest shall accrue on March 13, 2014.

- Principal sum of THB50,000 together with interest of 5.0% per annum, which interest shall accrue on September 2, 2013.
- Principal sum of THB25,000 together with interest of 5.0% per annum, which interest shall accrue on June 14, 2013.
- Principal sum of THB75,000 together with interest of 3.0% per annum, which interest shall accrue on September 6, 2011.
- Principal sum of THB75,000 together with interest of 3.0% per annum, which interest shall accrue on April 7, 2011.

The principal sum is due and payable in full on demand of the Company and the stipulated interest shall be payable every three months.

The receivables from TSML are included as part of “Non-trade receivables from related parties” under “Trade and other receivables - net” account in the consolidated statements of financial position (Note 6). Allowance for impairment losses pertaining to these non-trade receivables amounted to P540,216 as at December 31, 2025 and 2024 (Note 6).

The Company received interest amounting to P14,432, P13,091 and P39,740 in 2025, 2024 and 2023, respectively, recognized as part of “Interest income” account in the consolidated statements of income.

- e. Allowance for impairment losses pertaining to non-trade receivables of other related parties amounted to P132,203 as at December 31, 2025 and 2024 (Note 6).
- f. In 2022, the Group made investments in debt instruments at amortized cost to BOC interest rate of 6.90% and maturities up to seven years. Interest income earned from investments in debt instruments at amortized cost amounted to P112,233, P111,446 and P117,564 in 2025, 2024 and 2023, respectively (Notes 10, 31 and 32).
- g. The compensation of key management personnel of the Group, by benefit type, follows:

	Note	2025	2024	2023
Short-term employee benefits		P56,784	P70,062	P69,763
Retirement costs	29	9,286	18,807	16,045
		P66,070	P88,869	P85,808

28. Leasing Agreements

Group as Lessee

The Company leases various warehouse, parcels of land and office spaces under operating leases. These leases typically run for a period of 2 to 15 years. The Company has the option to renew the lease after the expiration of the lease term.

The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2025		
	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Within one year	P28,906	P2,395	P26,511
After one year but not more than five years	21,721	3,520	18,201
More than five years	3,711	298	3,413
	P54,338	P6,213	P48,125

	December 31, 2024		
	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Within one year	P36,264	P4,156	P32,108
After one year but not more than five years	38,165	4,927	33,238
More than five years	7,104	716	6,388
	P81,533	P9,799	P71,734

The Group recognized interest expense related to these leases amounting to P4,226, P4,339 and P5,218 in 2025, 2024 and 2023, respectively (Note 25).

Changes in lease liabilities arising from financing activities are as follows:

	Note	2025	2024
Balance at beginning of year		P71,734	P56,398
Changes from Financing Activities			
Interest expense	25	4,226	4,339
Payment of:			
Principal		(31,744)	(32,276)
Interest		(4,226)	(4,339)
Total Changes from Financing Activities		(31,744)	(32,276)
Other Changes		8,135	47,612
Balance at end of year		P48,125	P71,734

The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of equipment with low value. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

The total rent expenses relating to short-term leases and leases of low-value assets amounted to P140,083, P121,731 and P151,943 in 2025, 2024 and 2023, respectively (Notes 20, 21 and 22).

Rent expenses are recognized in the following line items in the consolidated statements of income:

	Note	2025	2024	2023
Cost of sales	20	P1,633	P1,502	P2,096
Selling and marketing expenses	21	94,725	97,231	116,639
General and administrative expenses	22	43,725	22,998	33,208
		P140,083	P121,731	P151,943

The Group had total cash outflows for above leases amounted to P176,053 and P158,346 in 2025 and 2024, respectively.

Group as Lessor

The Company has a lease agreement with a related party for the lease of office space located at San Miguel Properties Centre. The lease agreement provides an option to renew the lease at the end of the lease term and are being subjected to reviews, to reflect current market rentals.

DBI has a lease agreement with a related party for an insignificant portion of its land in Taloc, Bago City, Negros Occidental for a period of fifteen years from September 4, 2017 to September 3, 2032.

The future minimum lease receipts under non-cancellable operating leases are as follows:

	2025	2024
Within one year	P32,505	P176
After one year but not more than five years	70,407	798
After five years	399	624
	P103,311	P1,598

Rent income recognized in the consolidated statements of income amounted to P40,118 in 2025 and P172 in 2024 and 2023 (Notes 26 and 27).

29. Retirement Plans

The Company, DBI and EPSBPI have funded, noncontributory, defined benefit retirement plans (collectively, the Retirement Plans) covering all of their permanent employees. The Retirement Plans of the Group pay out benefits based on final pay. In 2021, the Group made amendments to its Retirement Plan in terms of the percentage of final pay based on the adjusted credited years of service. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2025. Valuations are obtained on a periodic basis.

The Retirement Plans of the Company, DBI and EPSBPI are registered with the Bureau of Internal Revenue (BIR) as tax-qualified plans under Republic Act No. 4917, as amended. The control and administration of the Group's Retirement Plans are vested in the Board of Trustees of each Retirement Plan. Two of the members of the Board of Trustees of the Group's Retirement Plan who exercises voting rights over the shares and approve material transactions is an employee/officer of the Group. The Retirement Plans' accounting and administrative functions are undertaken by the Retirement Funds Office of SMC.

The following table shows a reconciliation of the net defined benefit retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefit Retirement Obligation		Net Defined Benefit Retirement Liability	
	2025	2024	2025	2024	2025	2024
Balance at beginning of year	P1,508,846	P1,386,604	(P2,554,684)	(P2,267,495)	(P1,045,838)	(P880,891)
Recognized in Profit or Loss						
Current service costs	-	-	(120,128)	(107,995)	(120,128)	(107,995)
Interest expense	-	-	(156,377)	(148,918)	(156,377)	(148,918)
Interest income	97,017	93,457	-	-	97,017	93,457
	97,017	93,457	(276,505)	(256,913)	(179,488)	(163,456)
Recognized in Other Comprehensive Income						
Actuarial gains (losses) arising from:						
Experience adjustments	-	-	(24,269)	(67,142)	(24,269)	(67,142)
Changes in financial assumptions	-	-	71,727	(71,365)	71,727	(71,365)
Changes in demographic assumptions	-	-	(13,133)	(775)	(13,133)	(775)
Return on plan assets excluding interest income	(66,664)	(44,177)	-	-	(66,664)	(44,177)
	(66,664)	(44,177)	34,325	(139,282)	(32,339)	(183,459)
Others						
Contributions	245,206	181,968	-	-	245,206	181,968
Benefits paid	(92,349)	(109,006)	92,349	109,006	-	-
	152,857	72,962	92,349	109,006	245,206	181,968
Balance at end of year	P1,692,056	P1,508,846	(P2,704,515)	(P2,554,684)	(P1,012,459)	(P1,045,838)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement costs recognized in profit or loss by GSMI amounted to P160,642, P146,305 and P120,838 in 2025, 2024 and 2023, respectively, while those charged by DBI amounted to P14,844, P13,699 and P12,025 in 2025, 2024 and 2023, respectively, and for EPSBPI amounted to P4,002, P3,452 and P2,968 in 2025, 2024 and 2023, respectively (Notes 24 and 25).

The retirement costs are recognized in the following line items:

	Note	2025	2024	2023
Cost of sales	20	P26,387	P23,192	P20,275
Selling and marketing expenses	21	24,459	22,413	20,156
General and administrative expenses	22	69,282	62,390	54,567
Interest expense and other financing charges	25	59,360	55,461	40,833
	24, 25	P179,488	P163,456	P135,831

Retirement liabilities recognized by GSMI amounted to P941,402 and P967,689 as at December 31, 2025 and 2024, respectively, while those recognized by DBI amounted to P58,366 and P65,267 as at December 31, 2025 and 2024, respectively, and by EPSBPI amounted to P12,691 and P12,882 as at December 31, 2025 and 2024, respectively.

The carrying amounts of the Group's retirement plan approximate fair values as at December 31, 2025 and 2024.

The Group's plan assets consist of the following:

	In Percentages	
	2025	2024
Investments in marketable securities	79.93	84.29
Investments in pooled funds:		
Fixed income portfolio	5.97	7.41
Others	14.10	8.30
	100.00	100.00

Investments in Marketable Securities

As of December 31, 2025, the plan assets of the Group's Retirement Plans include the following plan assets:

- 3,027,610 common shares, 778,470 Subseries "2-I", 166,800 Subseries "2-L", 693,400 Subseries "2-N", 326,800 Subseries "2-O", 774,700 Subseries "2-P", 21,000 Subseries "2-Q", 226,300 Subseries "2-S", 1,020,000 Subseries "2-T" and 1,041,000 Subseries "2-U" preferred shares of SMC with fair market value per share of P82.00, P74.50, P79.00, P80.50, P81.00, P77.00, P77.80, P77.80, P76.50 and P76.00, respectively;
- Investment in SMC bonds amounting to P271,611;
- 5,260 common shares of Top Frontier with fair market value per share of P61.00;
- 80,000 common shares of GSMI with fair market value per share of P295.00;
- 3,834,000 common shares of San Miguel Brewery Inc. (SMB) with fair market value per share of P20.00;

- 9,294,100 common shares, 49,160 Subseries “3-B”, 5,010 Subseries “4-A”, 1,000 Subseries “4-B”, 56,000 Subseries “4-C”, 28,000 Subseries “4-D” and 30,000 Subseries “4-E” preferred shares of Petron Corporation (Petron) with fair market value per share of P2.48, P1,005.00, P1,010.00, P1,000.00, P1,009.00, P998.00 and P1,015.00, respectively;
- Investment in Petron bonds amounting to P38,813;
- 1,648,770 common shares of SMFB with fair market value per share of P55.00;
- Investment in SMC Global Power Holdings Corp. (SMC Global) bonds amounting to P109,815;
- Investment in SMC Tollways Corporation bonds amounting to P12,547; and
- 100,700 common shares of BOC with fair market value per share of P9.20.

As of December 31, 2024, the plan assets of the Group’s Retirement Plans include the following plan assets:

- 2,616,570 common shares, 149,070 Subseries “2-F”, 778,470 Subseries “2-I”, 220,700 Subseries “2-J”, 575,000 Subseries “2-K”, 166,800 Subseries “2-L”, 693,400 Subseries “2-N” and 326,800 Subseries “2-O” preferred shares of SMC with fair market value per share of P86.00, P73.30, P72.25, P71.90, P70.00, P77.65, P79.70 and P82.30, respectively;
- Investment in SMC bonds amounting to P270,050;
- 5,260 common shares of Top Frontier with fair market value per share of P63.10;
- 80,000 common shares of GSML with fair market value per share of P275.00;
- 3,834,000 common shares of SMB with fair market value per share of P20.00;
- 9,294,100 common shares, 49,160 Subseries “3-B”, 1,000 Subseries “4-B”, 56,000 Subseries “4-C”, 28,000 Subseries “4-D” and 30,000 Subseries “4-E” preferred shares of Petron with fair market value per share of P2.43, P1,030.00, P1,020.00, P1,043.00, P1,050.00 and P1,050.00, respectively;
- Investment in Petron bonds amounting to P75,310;
- 1,648,770 common shares of SMFB with fair market value per share of P52.75;
- Investment in SMFB bonds amounting to P33,876;
- Investment in SMC Global bonds amounting to P103,063;
- Investment in SMC Tollways Corporation bonds amounting to P14,000;
- 100,600 common shares of BOC with fair market value per share of P6.75; and
- Investment in BOC bonds amounting to P24,991.

The Group’s Retirement Plans recognized gain (loss) on the investment in marketable securities of SMC and its subsidiaries amounting to P10,337 and (P10,826) in 2025 and 2024, respectively.

Dividend income from the investment in marketable securities amounted to P45,778 and P35,726 in 2025 and 2024, respectively.

Interest income from the investment in marketable securities amounted to P32,933 and P29,981 in 2025 and 2024, respectively.

Investments in Pooled Funds

Investments in pooled funds were established mainly to put together a portion of the funds of the Retirement Plans of the Group to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

The Board of Trustees approved the percentage of asset to be allocated to fixed income instruments and equities. The Retirement Plans have set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The Board of Trustees may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

No investments in pooled funds in stock trading portfolio were investments in shares of stock of SMC and its subsidiaries in 2025 and 2024.

Approximately 16.07% and 13.64% of the Retirement Plans' investments in pooled funds in fixed income portfolio include investments in shares of stock of SMC and its subsidiaries as at December 31, 2025 and 2024, respectively.

Others

Others include the Retirement Plans' cash and cash equivalents and receivables which earn interests.

The Group is not required to pre-fund the future defined benefits payable under the Retirement Plans before they become due. For this reason, the amount and timing of contributions to the Retirement Plans are at the Group's discretion. However, in the event a benefit claim arises and the Retirement Plans are insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Retirement Plans.

The Board of Trustees reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefit retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation. The Group is expected to contribute P251,005 to the Retirement Plans in 2026.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefit retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefit retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefit retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefit retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) to the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefit retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2025	2024
Discount rate	6.48 - 6.53	6.04 - 6.13
Salary increase rate	5.00	5.00

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit retirement obligation is 9.67 and 10.37 years as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below, respectively:

	Defined Benefit Retirement Obligation			
	2025		2024	
	1 Percent Increase	1 Percent Decrease	1 Percent Increase	1 Percent Decrease
Discount rate	(P160,664)	P184,089	(P153,381)	P175,393
Salary increase rate	185,018	(164,270)	175,602	(156,303)

In 2025 and 2024, the Group's transaction relating to the Retirement Plans pertain to the contributions for the period. The Group has no outstanding payables with the plan assets as at December 31, 2025 and 2024.

30. Basic and Diluted Earnings Per Share

Basic and Diluted Earnings Per Share is computed as follows:

	2025	2024	2023
Net income available to common shares (a)	P8,676,836	P7,256,874	P7,045,867
Weighted average number of common shares outstanding (in thousands) - basic and diluted (b)	286,328	286,328	286,328
Basic and Diluted Earnings Per Share (a/b)	P30.30	P25.34	P24.61

31. Financial Risk and Capital Management, Objectives and Policies

Objectives and Policies

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

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

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

The principal non-trade-related financial instruments of the Group include cash and cash equivalents, investment in debt instruments at amortized cost, derivative instruments and other noncurrent liabilities. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, lease receivable, security deposit, accounts payable and accrued expenses and lease liabilities arise directly from and are used to facilitate its daily operations.

The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

The BOD oversees that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key business risks, which will guide the BOD in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

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 (the “Committee”) to, among others, enhance its oversight capability over the Group’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations; and be responsible for the oversight of the Group’s enterprise risk management system to ensure its functionality and effectiveness.

The Committee also has the responsibility to assist the BOD in ensuring that there is an effective and integrated risk management process in place to guide the BOD in arriving at well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities. In relation to this, the Committee has the following duties and responsibilities, among others: a) develop a formal enterprise risk management plan which contains common language or register of risks, well-defined risk management goals, objectives and oversight, uniform processes of assessing risks and developing strategies to manage prioritized risks, designing and implementing risk management strategies, and continuing assessments to improve risk strategies, processes and measures; b) oversee the implementation of the enterprise risk management plan; c) evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness; d) advise the BOD on its risk appetite levels and risk tolerance limits; and e) review at least annually the Group’s risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Group.

Internal Audit assists the Committee in its oversight role. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the 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 borrowings and investment securities. Investment securities acquired or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investment securities acquired or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

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

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

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

Interest Rate Risk Table

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

December 31, 2025	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years
Financial Asset					
Investment in debt instruments at amortized cost	P -	P -	P -	P1,500,000	P -
Interest rate	-	-	-	6.90%	-
December 31, 2024	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years
Financial Asset					
Investment in debt instruments at amortized cost	P -	P -	P -	P -	P1,500,000
Interest rate	-	-	-	-	6.90%

Foreign Currency Risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.

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

	December 31, 2025		December 31, 2024	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	\$753	P44,240	\$3,386	P195,842
Trade and other receivables	26	1,539	585	33,855
Liabilities				
Accounts payable and accrued expenses	-	-	(2,022)	(116,977)
Foreign Currency-denominated Monetary Assets and Liabilities				
	\$779	P45,779	\$1,949	P112,720

The Group reported net gain (loss) on foreign exchange amounting to (P25,260), (P6,294) and P31,568 in 2025, 2024 and 2023, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 26). 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	
December 31, 2025	58.790
December 31, 2024	57.845
December 31, 2023	55.370

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

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

December 31, 2025	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P753)	(P565)	P753	P565
Trade and other receivables	(26)	(20)	26	20
	(P779)	(P585)	P779	P585

December 31, 2024	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P3,386)	(P2,540)	P3,386	P2,540
Trade and other receivables	(585)	(439)	585	439
Accounts payable and accrued expenses	2,022	1,517	(2,022)	(1,517)
	(P1,949)	(P1,462)	P1,949	P1,462

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

Liquidity Risk

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

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

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

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

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	P15,002,489	P15,002,489	P15,002,489	P -	P -	P -
Trade and other receivables - net*	2,166,594	2,166,594	2,166,594	-	-	-
Lease receivable (included under "Other noncurrent assets - net" account)	275	275	-	275	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	1,085	1,085	1,085	-	-	-
Investment in debt instruments at amortized cost	1,500,000	1,725,679	87,687	87,687	1,550,305	-
Security deposit (included under "Other noncurrent assets - net" accounts)	493	493	-	493	-	-
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities and deferred rent income**)	5,934,881	5,934,881	5,934,881	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	10,422	10,422	10,422	-	-	-
Lease liabilities (including current portion)	48,125	54,338	28,906	7,886	13,835	3,711

* Excluding tax certificate receivables amounted to P70,461 as at December 31, 2025.

**Deferred rent income amounted to P7,817 as at December 31, 2025.

December 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P11,330,931	P11,330,931	P11,330,931	P -	P -	P -
Trade and other receivables - net*	1,830,717	1,830,717	1,830,717	-	-	-
Lease receivable (included under "Other noncurrent assets - net" account)	279	279	-	279	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	9,158	9,158	9,158	-	-	-
Investment in debt instruments at amortized cost	1,500,000	1,817,020	3,654	87,687	1,408,135	317,544
Security deposit (included under "Other noncurrent assets - net" accounts)	493	493	-	493	-	-
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities and deferred rent income**)	5,652,510	5,652,510	5,652,510	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	5,034	5,034	5,034	-	-	-
Lease liabilities (including current portion)	71,734	81,533	36,264	23,695	14,470	7,104

* Excluding tax certificate receivables amounted to P68,419 as at December 31, 2024.

**Deferred rent income amounted to P8,886 as at December 31, 2024.

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. 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 factors that may influence the credit risk of the Group's customer base.

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

Investment in Debt Instruments

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

Credit Quality

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised 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 were 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, investment in debt instruments at amortized cost 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, lease receivable and security deposit.

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.

	Note	2025	2024
Cash and cash equivalents*	5	P14,998,999	P11,327,421
Trade and other receivables - net**	6	2,166,594	1,830,717
Lease receivable	15	275	279
Investment in debt instruments at amortized cost	10	1,500,000	1,500,000
Derivative assets	8	1,085	9,158
Security deposit	15	493	493
		P18,667,446	P14,668,068

*Excluding cash on hand amounted to P3,490 and P3,510 as at December 31, 2025 and 2024, respectively.

**Excluding tax certificate receivables amounted to P70,461 and P68,419 as at December 31, 2025 and 2024, respectively.

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 ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	December 31, 2025				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial Assets at FVPL	Total
Cash and cash equivalents*	P14,998,999	P -	P -	P -	P14,998,999
Trade and other receivables**	-	2,166,594	682,567	-	2,849,161
Lease receivable	-	275	-	-	275
Derivative assets	-	-	-	1,085	1,085
Investment in debt instruments at amortized cost	1,500,000	-	-	-	1,500,000
Security deposit	-	493	-	-	493

* Excluding cash on hand amounted to P3,490 as at December 31, 2025.

**Excluding tax certificate receivables amounted to P70,461 as at December 31, 2025.

	December 31, 2024				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial Assets at FVPL	Total
Cash and cash equivalents*	P11,327,421	P -	P -	P -	P11,327,421
Trade and other receivables**	-	1,830,717	682,567	-	2,513,284
Lease receivable	-	279	-	-	279
Derivative assets	-	-	-	9,158	9,158
Investment in debt instruments at amortized cost	1,500,000	-	-	-	1,500,000
Security deposit	-	493	-	-	493

* Excluding cash on hand amounted to P3,510 as at December 31, 2024.

**Excluding tax certificate receivables amounted to P68,419 as at December 31, 2024.

The aging of receivables is as follows:

December 31, 2025	Trade	Non-trade	Amounts Owed by Related Parties	Total*
Current	P1,704,524	P64,546	P62,619	P1,831,689
Past due:				
1 - 30 days	305,997	88	4,444	310,529
31 - 60 days	2,475	-	2,251	4,726
61 - 90 days	302	517	626	1,445
Over 90 days	8,160	25,093	667,519	700,772
	P2,021,458	P90,244	P737,459	P2,849,161

*Excluding tax certificate receivables amounted to P70,461 as at December 31, 2025.

December 31, 2024	Trade	Non-trade	Amounts Owed by Related Parties	Total*
Current	P1,398,872	P92,396	P66,189	P1,557,457
Past due:				
1 - 30 days	231,719	369	4,342	236,430
31 - 60 days	3,816	1,062	3,100	7,978
61 - 90 days	968	267	12,380	13,615
Over 90 days	4,480	23,401	669,923	697,804
	P1,639,855	P117,495	P755,934	P2,513,284

*Excluding tax certificate receivables amounted to P68,419 as at December 31, 2024.

Various collaterals for trade receivables such as bank guarantees, letters of credit and time deposit 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 (Note 4). There are no significant changes in the credit quality of the counterparty during the year.

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

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

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

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 defines capital as paid-in capital stock, additional paid-in capital and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and equity reserves are excluded from capital for purposes of capital management.

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.

32. Financial Assets and Financial Liabilities

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

	December 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P15,002,489	P15,002,489	P11,330,931	P11,330,931
Trade and other receivables - net*	2,166,594	2,166,594	1,830,717	1,830,717
Derivative assets (included under "Prepaid expenses and other current assets" account)	1,085	1,085	9,158	9,158
Investment in debt instruments at amortized cost	1,500,000	1,500,000	1,500,000	1,500,000
Security deposit	493	493	493	493
Lease receivable	275	275	279	279
Financial Liabilities				
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent income**)	5,934,881	5,934,881	5,652,510	5,652,510
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	10,422	10,422	5,034	5,034

*Excluding tax certificate receivables amounted to P70,461 and P68,419 as at December 31, 2025 and 2024, respectively.

**Deferred rent income amounted to P7,817 and P8,886 as at December 31, 2025 and 2024, respectively.

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, Lease Receivable, Investment in Debt Instruments at Amortized Cost and Security Deposit. 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 investment in debt instruments at amortized cost, lease receivable and security deposit, 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. Fair values for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

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

Derivative Financial Instruments

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

Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include 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 profit or loss. Details are as follows:

Embedded Currency Forwards

The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US\$26,744 and US\$19,441 as at December 31, 2025 and 2024, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders and sales agreements. The embedded forwards are not clearly and closely related to their respective host contracts. The net fair value of these embedded currency forwards amounted to (P9,337) and P4,124 as at December 31, 2025 and 2024, respectively.

The Group recognized marked-to-market gains (losses) from embedded derivatives amounting to (P5,699), (P328) and P2,000 in 2025, 2024 and 2023, respectively (Note 26).

Fair Value Changes on Derivatives

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

	Note	2025	2024
Balance at beginning of year		P4,124	P14,096
Net change in fair value of non-accounting hedges	26	(5,699)	(328)
		(1,575)	13,768
Less fair value of settled instruments		7,762	9,644
Balance at end of year		(P9,337)	P4,124

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 (Note 3).

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

	December 31, 2025			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P -	P1,085	P1,085	P -	P9,158	P9,158
Financial Liabilities						
Derivative liabilities	-	(10,422)	(10,422)	-	(5,034)	(5,034)

The Group has no financial instruments valued based on Level 1 and Level 3 as at December 31, 2025 and 2024. In 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33. Events After the Reporting Date

a. Declaration of Cash Dividends

On March 5, 2026, the BOD approved the declaration of regular and special cash dividends to all common shareholders of record as of March 23, 2026 amounting to P2.50 and P1.50 per common share, respectively. Cash dividends for common shares, both regular and special, are payable on April 10, 2026.

b. Impact of Israel-United States (US)-Iran Conflict

On February 28, 2026, the joint attack of US and Israel on Iran has caused immediate spikes in oil prices. The quick reaction of the market was due to the disruption of global oil supply following the sudden closure of the Strait of Hormuz, which is the only sea passage from the Persian Gulf to the open sea wherein 20% of global oil pass through daily. As uncertainty loomed in the market, oil prices remained very volatile, reaching historic highs. In response to these developments, the Group has undertaken measures to mitigate potential supply disruptions. These include actively pursuing alternative sources of oil in the market through its strategic and long-term business partners. In light of the evolving situation, management continues to monitor developments and their potential impact on the Group's financial position.

These developments represent non-adjusting events after the reporting date, as the conditions arose subsequent to December 31, 2025 and did not exist at the reporting date. Accordingly, these events do not affect the amounts recognized in the consolidated financial statements as at and for the year ended December 31, 2025. Considering the high level of uncertainty at the moment, the Group is unable to reliably estimate the financial impact of the ongoing war on the Group's carrying amount of assets and liabilities, and financial performance for the next financial year.

34. Other Matters

a. Contingencies

The Group is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group. No provision was recognized as at December 31, 2025 and 2024.

The following are the material pending legal proceedings to which the Company is a party to:

- Tax Cases Pending with the Court of Tax Appeals (CTA)

Commissioner of Internal Revenue vs. Ginebra San Miguel Inc.
CTA En Banc Case No. 3235

Ginebra San Miguel Inc. vs. Commissioner of Internal Revenue
CTA Case No. 11052
CTA Third Division

This case is a judicial claim for refund of alleged deficiency taxes paid under protest by GSMI in connection with its removals of alcohol products for the period covering January 23, 2020 to February 9, 2020, in the aggregate amount of P66,370.

On July 22, 2020, GSMI received a Notice of Discrepancy dated July 6, 2020 issued by the BIR (the "Original NOD"), which enjoined GSMI to pay alleged deficiency excise taxes in the amount of P39,579, inclusive of interests, for the period covering January 27, 2020 to February 9, 2020.

On August 6, 2020, GSMI submitted to the BIR its Letter-Reply to the Original NOD, where it emphasized that it is not liable to pay the alleged deficiency excise tax liability, and thus, requested its cancellation and withdrawal.

On October 13, 2020, GSMI received from the BIR a Letter dated September 18, 2020 with an attached Amended Notice of Discrepancy, which modified the amount of the alleged deficiency excise tax liability to P71,710, inclusive of interests, for the period covering January 23, 2020 to February 9, 2020.

On October 28, 2020, GSMI submitted to the BIR its Letter-Reply to the Amended NOD, where it reiterated its position that it is not liable for the alleged deficiency excise taxes.

On November 11, 2020, GSMI received from the BIR a Letter dated November 6, 2020 which reiterated the finding of alleged deficiency excise tax under the Amended NOD.

On December 29, 2020, GSMI paid under protest the amount of P66,370, representing the deficiency excise tax portion under the Amended NOD, through the BIR Electronic Filing and Payment System (eFPS).

On January 8, 2021, GSMI submitted to the BIR a Letter-Reply to the BIR's Letter dated November 6, 2020. GSMI reiterated its position that it is not liable for the alleged deficiency excise tax liability under the Amended NOD and informed the BIR that it paid under protest the amount of P66,370 through eFPS on December 29, 2020. In the same Letter-Reply, GSMI explained that with respect to the assessed penalties from the alleged late payment of the deficiency excise tax, it would avail the remedies available under Revenue Regulations No. 13-2001, as amended.

On July 16, 2021, GSMI received a copy of Letter of Authority (LOA) No. LOA-121-2021-00000109 dated July 1, 2021 issued by the BIR, authorizing its revenue officers to examine GSMI's books of accounts and other accounting records for all internal revenue taxes except for value-added tax for taxable year 2020.

On August 3, 2021, GSMI filed with the CIR an administrative claim for refund of the erroneously or illegally collected deficiency excise tax for the period covering January 23, 2020 to February 9, 2020, in the amount of P66,370, which GSMI paid under protest on December 29, 2020.

On March 7, 2022, the BIR issued a letter notifying GSMI on the transmittal of the entire docket to CIR's Legal Service Division for its resolution and issuance of a clarificatory ruling on the administrative claim for refund.

Prior to the expiry of the two-year statutory period to file judicial action for the recovery of erroneously or illegally collected internal revenue taxes, GSMI filed a Petition for Review with the CTA on December 28, 2022 pursuant to Section 204(C) and 229, Tax Code, and Section 3(a), Rule 8, Revised Rules of the Court of Tax Appeals (RRCTA) in order to preserve its right to claim by judicial action its claims for refund of its erroneously or illegally collected deficiency excise taxes, in connection with its removals of alcohol products for the period covering January 23, 2020 to February 9, 2020.

The case was docketed as CTA Case No.11052, and was raffled to the CTA's First Division. In a Resolution dated May 29, 2023, the CTA First Division ordered the transfer of the case to the CTA Third Division.

Upon service of Summons to the CIR and the filing of the CIR's Answer dated March 24, 2023, pre-trial conference was held on July 26, 2023. Pursuant to the CTA's Order, the parties filed their Joint Stipulation of Facts and Issues on August 29, 2023. Pre-trial was terminated upon the issuance of the CTA's Pre-Trial Order on September 5, 2023.

GSMI presented its lone witness during the hearing on October 4, 2023. At the same hearing, the CTA ordered GSMI to file its Formal Offer of Evidence (FOE) within 10 days therefrom, or not later than October 13, 2023.

GSMI filed its FOE on October 13, 2023. Respondent CIR filed his Comment with Manifestation on GSMI's FOE on November 17, 2023. Respondent CIR's counsel manifested that they will no longer present testimonial evidence since there was no report of the investigation on GSMI's refund claim forwarded to their office.

On January 25, 2024, GSMI received the CTA's Resolution dated January 23, 2024, which admitted its Exhibits "P-1" to "P-17" and "P-19" to "P-21", inclusive of sub-markings. Moreover, the CTA's Resolution noted the manifestation of Respondent CIR that he will no longer present evidence, constraining the CTA to direct the parties to submit their respective memorandum within thirty (30) days from receipt of the Resolution.

GSMI filed its Memorandum on February 23, 2024. In a Resolution dated March 7, 2024, the CTA noted the filing of GSMI's Memorandum. On April 2, 2024, GSMI received the Minute Resolution of the CTA dated March 22, 2024, noting that the CIR failed to file his Memorandum, and thus the Court deemed the case submitted for decision.

On March 21, 2025, the CTA Third Division rendered a Decision granting the Petition for Review. In the Decision, the CTA ordered the CIR to refund or issue a tax credit certificate in favor of GSMI amounting to P66,370, representing erroneously and illegally collected basic excise tax on the removals of alcohol for the period from January 23, 2020 to February 9, 2020.

On April 10, 2025, the CIR filed a Motion for Reconsideration of the CTA's Decision. On April 25, 2025, GSMI received a copy of CIR's Motion, which sought the reversal and setting aside of the Decision, and prayed for the issuance of a new one denying or dismissing GSMI's Petition for Review for lack of merit and/or failure to exhaust administrative remedies. On May 14, 2025, GSMI filed its Comment to the CIR's Motion for Reconsideration.

In its Resolution dated September 9, 2025, the CTA Third Division resolved to deny the CIR's Motion for Reconsideration (Re: Decision dated March 21, 2025) for lack of merit. Thus, the Decision promulgated on March 21, 2025 was affirmed.

On October 6, 2025, the CIR filed his Petition for Review dated September 24, 2025 with the CTA En Banc, and the same was docketed as CTA EB No. 3235. On November 20, 2025, GSMI received CTA En Banc's Resolution dated November 15, 2025, directing GSMI to file its comment or opposition to the CIR's Petition for Review. In compliance, GSMI filed its Comment on December 1, 2025.

The case is still pending resolution.

- Tax Cases Pending with the Supreme Court (SC)

Ginebra San Miguel Inc. vs. Commissioner of Internal Revenue
SC G.R. No. 271363 and 275174
CTA En Banc Case No. 2544 and 2555 (Consolidated)
CTA Case Nos. 8953 and 8954 (Consolidated) - Third Division

These cases pertain to GSMI's Claims for Refund with the BIR, in the amount of P581,708 in Case No. 8953, and P133,551 in Case No. 8954, or in the total amount of P715,259, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the periods from January 1, 2013 up to May 31, 2013 in Case No. 8953, and from January 8, 2013 up to March 31, 2013 in Case No. 8954.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on said ethyl alcohol.

After several hearings and presentation of evidence, both parties filed their respective Formal Offers of Evidence.

On July 28, 2020, The CTA Third Division rendered its Decision and denied GSMI's Petition for Review. GSMI received the said Decision on August 24, 2020, for which it timely filed a Motion for Reconsideration on the aforementioned Decision on September 2, 2020, to which the Commissioner of Internal Revenue filed its Opposition.

The CTA Third Division issued an Amended Decision dated February 1, 2021 which partially granted GSMI's Motion for Reconsideration and ruled that GSMI is entitled to a partial refund of its erroneously and excessively paid excise taxes in the amount of P319,755 out of its original claim of P715,259.

GSMI and CIR subsequently filed Motions for Reconsideration on the aforesaid Amended Decision and Oppositions to each other's Motion for Reconsideration. In a Resolution dated October 28, 2021, the CTA Third Division denied for lack of merit GSMI's Motion for Reconsideration and CIR's Motion for Partial Reconsideration of the Amended Decision.

On January 4, 2022, GSMI elevated to the CTA En Banc the Decision dated July 28, 2020, Amended Decision dated February 1, 2021, and Resolution dated October 28, 2021 of the CTA Third Division, by way of a Petition for Review, which was docketed as CTA E.B. No. 2555.

Earlier, the CIR also filed a Petition for Review with the CTA En Banc elevating thereto the Amended Decision dated February 1, 2021 and Resolution dated October 28, 2021 of the CTA Third Division and the same was docketed as CTA E.B. No. 2544.

On March 28, 2022, the CTA En Banc ordered the Parties to file their respective Comments/Oppositions to the Petitions for Review. On April 7, 2022, GSMI filed a Motion for Extension of Time to File Comment on the Petition for Review in CTA EB No. 2544.

On April 21, 2022, GSMI filed its Comment on the Petition for Review in CTA EB No. 2544. On May 30, 2022, the Court En Banc promulgated a Resolution which denied GSMI's Motion for Extension and submitted the Petitions for Review for decision. On June 13, 2022, GSMI filed its Motion for Reconsideration assailing the said Resolution.

On October 4, 2022, the Court En Banc promulgated a Resolution which set aside the May 30, 2022 Resolution insofar as the Petitions for Review were submitted for decision. The Resolution likewise directed the CIR to file a Comment to GSMI's Motion for Reconsideration, to which the CIR failed despite due notice.

On January 18, 2023, the CTA En Banc granted GSMI's Motion for Extension of Time to File Comment on the Petition for Review in CTA E.B. No. 2544 and admitted GSMI's Comment as part of the records of the case.

In a Decision dated January 18, 2024 received by GSMI on January 23, 2024, the CTA En Banc denied both the Petitions for Review of GSMI and the CIR, and affirmed the Amended Decision of the CTA Third Division dated October 28, 2021 awarding GSMI a partial refund of P319,755 only.

GSMI had fifteen (15) days from January 23, 2024, or until February 7, 2024, within which to file a Petition for Review on Certiorari with the Supreme Court. On January 30, 2024, GSMI filed a Motion for Extension of Time to File Petition for Review on Certiorari, praying for an extension of thirty (30) days from February 7, 2024, or until March 8, 2024 within which to file a Petition for Review on Certiorari.

On March 4, 2024, GSMI filed with the Supreme Court a Petition for Review on Certiorari dated March 1, 2024, and the same was docketed as SC G.R. No. 271363. The CIR likewise filed its Petition for Review on Certiorari and the same was docketed as SC G.R. No. 275174.

These cases are still pending resolution.

Ginebra San Miguel Inc. vs. Commissioner of Internal Revenue
SC G.R. No. 257839 - *Third Division*
CTA En Banc Case No. 2308
CTA Case No. 9059 - *Second Division*

This case pertains to GSMI's Claim for Refund with the BIR, in the total amount of P26,243, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the period from June 1, 2013 up to July 31, 2013.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on the said ethyl alcohol.

After presentation of its testimonial and documentary evidence, GSMI filed its Formal Offer of Evidence and Supplemental Offer of Evidence, which were all admitted by the CTA. BIR's presentation of evidence was set to January 23, 2019.

In a decision dated February 6, 2020, the CTA denied GSMI's Claim for refund for insufficiency of evidence. On February 20, 2020, GSMI filed a Motion for Reconsideration of the said Decision. However, the Motion for Reconsideration was denied by the CTA on June 9, 2020. On August 28, 2020, GSMI elevated the case to the CTA En Banc by way of a Petition for Review.

In a Decision dated November 10, 2021, the CTA En Banc denied the Petition for Review filed by GSMI. The Decision dated February 6, 2020 and the Resolution dated June 9, 2020 of the CTA Second Division were affirmed.

On December 10, 2021, GSMI elevated the Decision of the CTA En Banc to the Supreme Court by way of a Petition for Review, which was docketed as SC G.R. No. 257839.

In its Resolution dated July 14, 2025, which GSMI received on November 11, 2025, the Supreme Court deferred action on this case. In its Resolution dated August 27, 2025, which GSMI received on November 13, 2025, the Supreme Court resolved to consolidate G.R. No. 257839, "Ginebra San Miguel Inc. vs. Commissioner of Internal Revenue", with G.R. No. 271363, "Ginebra San Miguel Inc. vs. Commissioner of Internal Revenue" and G.R. No. 275174, "Commissioner of Internal Revenue vs. Ginebra San Miguel Inc.", considering that all the cases arose from the same antecedent facts, involve the same parties, and raise interrelated issues.

These cases are still pending resolution.

b. Commitments

The outstanding purchase commitments of the Group amounted to P13,404,254 (US\$228,002), P10,433,507 (US\$180,370) and P9,736,102 (US\$175,837) as at December 31, 2025, 2024 and 2023, respectively.

c. Foreign Exchange Rates

The foreign exchange rates used in translating the Thai Baht accounts of foreign joint ventures to Philippine peso were closing rates of P1.859 and P1.687 in 2025 and 2024, respectively, for consolidated statements of financial position accounts; and average rates of P1.750, P1.627 and P1.601 in 2025, 2024 and 2023, respectively, for income and expense accounts.

R.G. Manabat & Co.



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Internet www.home.kpmg/ph
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REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
Ginebra San Miguel Inc.
3rd and 6th Floors, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the separate financial statements of Ginebra San Miguel Inc. (the "Company"), as at and for the years ended December 31, 2025 and 2024, on which we have rendered our report dated April 13, 2026.

Our audits were made for the purpose of forming an opinion on the separate financial statements of the Company taken as a whole. The supplementary information in the Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024
and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the separate financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.

Maria Arleene C. Yu
MARIA ARLEENE C. YU

Partner

CPA License No. 0108855

SEC Accreditation No. 108855-SEC, Group A, valid for five (5) years

covering the audit of 2021 to 2025 financial statements

Tax Identification No. 225-068-761

BIR Accreditation No. 08-000745-041-2023

Issued October 9, 2023, valid until October 9, 2026

PTR No. MKT 10764424

Issued January 5, 2026 at Makati City

April 13, 2026

Makati City, Metro Manila

Schedule 1

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

GINEBRA SAN MIGUEL INC.
3rd and 6th Floors, San Miguel Properties Centre
St. Francis Street, Ortigas Center, Mandaluyong City

Unappropriated Retained Earnings, beginning of the reporting period		P15,028,221
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period		4,581,245
Unappropriated Retained Earnings, as adjusted		10,466,976
Add: Net Income for the current year		8,609,168
Adjusted Net Income		8,609,168
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	P16,411	
Net movement in deferred tax asset and deferred tax liability related to same transaction - lease arrangement	467	
Sub-total		16,878
Total Retained Earnings, end of the reporting period available for dividend		P19,039,266

R.G. Manabat & Co.



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Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
Ginebra San Miguel Inc.
3rd and 6th Floor, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ginebra San Miguel Inc. and Subsidiaries (the "Group") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, on which we have rendered our report dated April 13, 2026.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management. Such additional components include:

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

Maria Arleene C. Yu
MARIA ARLEENE C. YU

Partner

CPA License No. 0108855

SEC Accreditation No. 108855-SEC, Group A, valid for five (5) years

covering the audit of 2021 to 2025 financial statements

Tax Identification No. 225-068-761

BIR Accreditation No. 08-000745-041-2023

Issued October 9, 2023, valid until October 9, 2026

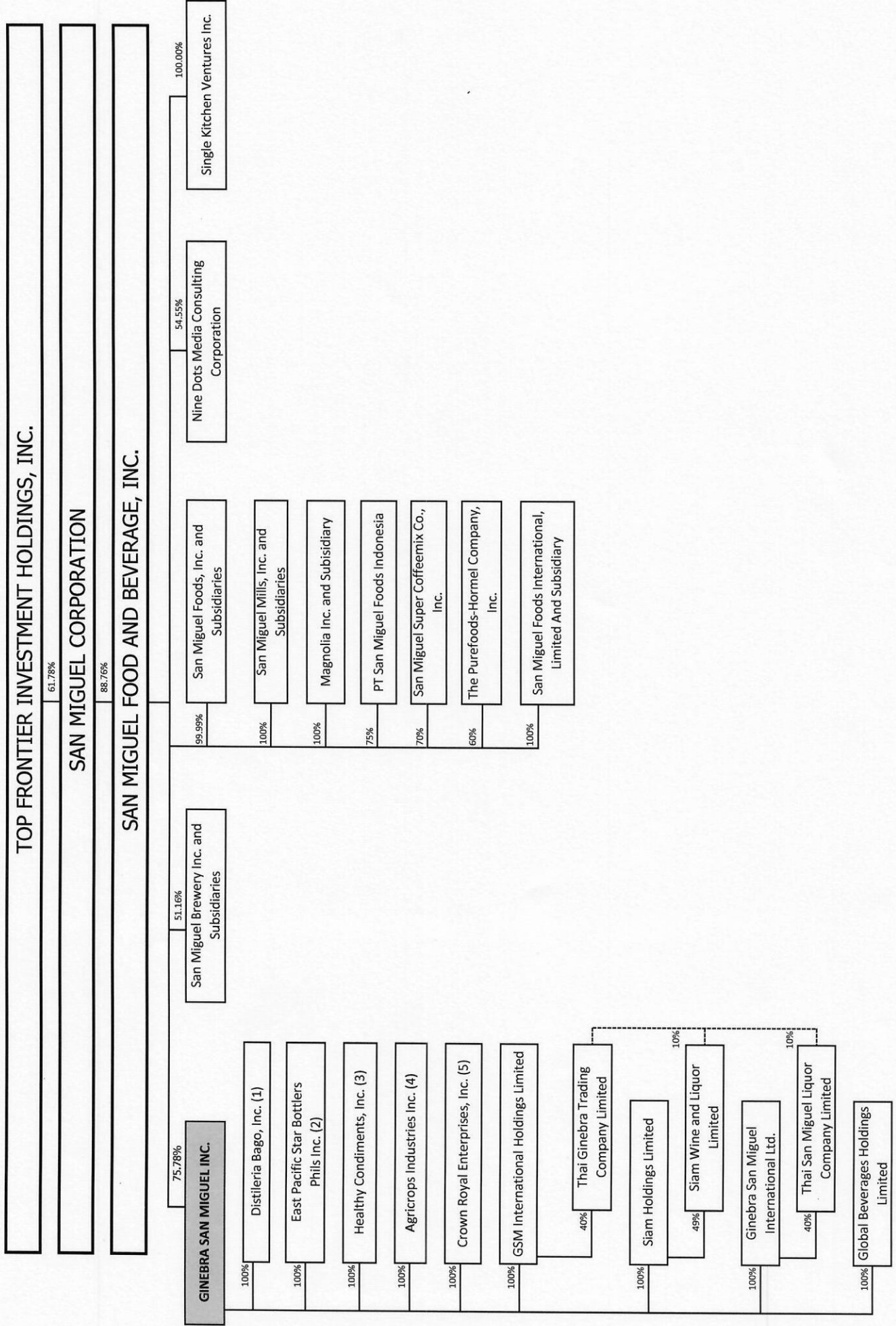
PTR No. MKT 10764424

Issued January 5, 2026 at Makati City

April 13, 2026

Makati City, Metro Manila

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES GROUP STRUCTURE



- (1) Incorporated on March 12, 1992 with primary purpose includes manufacturing, production, tolling, processing, marketing and distillation of alcohol.
- (2) On January 27, 2012, GSMI acquired 100% of the outstanding capital stock of EPSBPI.
- (3) Incorporated on January 31, 2008 with a primary purpose of manufacturing, selling and distributing vinegar, other sauce products, condiments and related ingredients.
- (4) Incorporated on September 14, 2000 and started its commercial operations on February 3, 2017.
- (5) Incorporated on March 16, 2001 and started its commercial operations in December 2025.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FORM 17-A, Item 7**

December 31, 2025

Page No.

Consolidated Financial Statements

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Report of Independent Auditors	
Consolidated Statements of Financial Position	
for the years ended December 31, 2025 and 2024	
Consolidated Statements of Income	
for the years ended December 31, 2025, 2024 and 2023	
Consolidated Statements of Comprehensive Income	
for the years ended December 31, 2025, 2024 and 2023	
Consolidated Statements of Changes in Equity	
for the years ended December 31, 2025, 2024 and 2023	
Consolidated Statements of Cash Flows	
for the years ended December 31, 2025, 2024 and 2023	
Notes to the Consolidated Financial Statements	

Supplementary Schedules

Report of Independent Auditors on Supplementary Schedules

A. Financial Assets	ANNEX 68-J-1
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	Not applicable
C. Amounts Receivable/Payable from Related Parties which are Eliminated during the Consolidation of Financial Assets	ANNEX 68-J-3
D. Indebtedness to Affiliates and Related Parties (Long-term Loans from Related Companies)	Not applicable
E. Guarantees of Securities of Other Issuers	Not applicable
F. Capital Stock	ANNEX 68-J-7

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule A. Financial Assets
 December 31, 2025
(In Thousands)

Name of Issuing Entity / Description of Each Issue	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Dec. 31, 2025	Income Received and Accrued
Cash and cash equivalents	P 15,002,489	P 15,002,489	P (707,558)
Trade and other receivables - net	2,166,594	2,166,594	-
Derivative assets	1,085	1,085	-
Investment in debt instruments at amortized cost	1,500,000	1,500,000	(112,233)
Security deposit	493	493	-
	P 18,670,661	P 18,670,661	P (819,791)

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule C. Amounts Payable to Related Parties which are Eliminated
during the Consolidation of Financial Liabilities
December 31, 2025
(In Thousands)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	TOTAL	CURRENT NONCURRENT	ENDING BALANCE
Distileria Bago, Inc.	P (80,781)	P (1,375,201)	1,346,300	P -	P (109,682)	P (104,845)	P (4,837) P (109,682)
East Pacific Star Bottlers Phils Inc.	(65,093)	(537,670)	530,780	-	(71,983)	(71,983)	- (71,983)
Crown Royal Enterprises, Inc.	(93,750)	(110)	-	-	(93,860)	(110)	(93,750) (93,860)
	<u>P (239,624)</u>	<u>P (1,912,981)</u>	<u>P 1,877,080</u>	<u>P -</u>	<u>P (275,525)</u>	<u>P (176,938)</u>	<u>P (98,587) P (275,525)</u>

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule F. Capital Stock
As of December 31, 2025

Title of Issue	Number of shares Authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Preferred shares	100,000,000	-	-	-	-	-
Common shares	460,000,000	286,327,841	-	216,972,000	148,850	69,206,991
	560,000,000	286,327,841	-	216,972,000	148,850	69,206,991

R.G. Manabat & Co.



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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Ginebra San Miguel Inc.
3rd and 6th Floor, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ginebra San Miguel Inc. and Subsidiaries (the "Group") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, on which we have rendered our report dated April 13, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas and calculations, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

R.G. MANABAT & CO.


MARIA ARLEENE C. YU
Partner

CPA License No. 0108855
SEC Accreditation No. 108855-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 225-068-761
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PTR No. MKT 10764424
Issued January 5, 2026 at Makati City

April 13, 2026
Makati City, Metro Manila

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and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

Schedule 3

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that Ginebra San Miguel Inc. and Subsidiaries (the Group) uses. Analyses are employed by comparisons and measurements based on the financial data as of December 31, 2025 and 2024 for liquidity, solvency and profitability ratios and for the periods ending December 31, 2025 and 2024 for operating efficiency ratios.

	December 31	
	2025	2024
Liquidity:		
Current Ratio	3.13	2.89
Acid Test Ratio	2.08	1.76
Solvency:		
Debt to Equity Ratio	0.36	0.39
Asset to Equity Ratio	1.36	1.39
Solvency Ratio	3.79	3.55
Profitability:		
Return on Stockholders' Equity	33%	36%
Return on Assets	25%	24%
Net Profit Margin	13%	12%
Interest Rate Coverage Ratio	126.38	106.93
Operating Efficiency:		
Volume Growth	1%	9%
Revenue Growth	8%	17%
Operating Margin	15%	14%

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

KPI	Formula
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Acid Test ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Prepaid taxes and other current assets}}{\text{Current Liabilities}}$
Debt-to-equity ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Stockholders' Equity}}$
Asset-to-equity ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Stockholders' Equity}}$
Solvency ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Total Liabilities (Current + Noncurrent)}}$
Return on stockholders' Equity	$\frac{\text{Net Income}}{\text{Total Stockholders' Equity}}$
Return on assets	$\frac{\text{Net Income}}{\text{Total Assets (Current + Noncurrent)}}$
Net profit margin	$\frac{\text{Net Income}}{\text{Net Sales}}$
Interest rate coverage ratio	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Volume Growth	$\left(\frac{\text{Sum of all Business' Volume}}{\text{Prior Period Volume}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLES
AS OF DECEMBER 31, 2025

Audited

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	Current	< 30 days past due	30 - 60 days past due	60 - 90 days past due	Over 90 days past due
a). Trade Receivables	2,042,321	1,717,038	307,927	2,475	302	14,579
Less: Allowance for Doubtful Accounts	(9,768)	-	-	-	-	(9,768)
NET TRADE RECEIVABLES	2,032,553	1,717,038	307,927	2,475	302	4,811
b). Non-Trade Receivables	806,840	114,651	2,602	2,251	1,143	686,193
Less: Allowance for Doubtful Accounts	(672,799)	-	-	-	-	(672,799)
NET NON-TRADE RECEIVABLES	134,041	114,651	2,602	2,251	1,143	13,394
NET RECEIVABLES	2,166,594	1,831,689	310,529	4,726	1,445	18,205

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED
INFORMATION
December 31, 2025 and 2024

	2025	2024
Total Audit Fees	P7,618,380	P7,618,380
Non-audit services fees:		
Other assurance services	400,000	-
Tax services	-	-
All other services	380,920	380,920
Total Non-audit Fees	780,920	380,920
Total Audit and Non-audit Fees	P8,399,300	P7,999,300

Annex "B-1"

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

3 rd		a	n	d		6 th		F	l	o	o	r	s	,		S	a	n	
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(Business Address: No. Street City/Town/Province)

Ariel I. Victoria

Contact Person

(632) 8841-5100

Company Telephone

Number

1	2
---	---

Month

3	1
---	---

Day

SEC FORM 17-Q (1 st Qtr 2026)
--

FORM TYPE

--	--

Month

--	--

Day

Annual Meeting

--

Secondary License Type, If Applicable

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Dept. Requiring this Doc.
Number/Section

--

Amended

Articles

--

Total No. of Stockholders
Foreign

--

Total Amount of Borrowings

--

Domestic

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I. D.

Cashier

STAMPS

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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 **March 31, 2026**
2. Commission identification number **142312**
3. BIR Tax Identification No. **000-083-856-00000**
4. Exact name of issuer as specified in its charter: **GINEBRA SAN MIGUEL INC.**
PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization:
6. Industry Classification Code: (SEC use only)
**3RD and 6TH FLOORS, SAN MIGUEL PROPERTIES CENTRE,
ST. FRANCIS STREET, ORTIGAS CENTER
MANDALUYONG CITY** **1550**
Postal Code
7. Address of issuer's principal office **1550**
Postal Code
(632) 8841-5100
8. Issuer's telephone number, including area code
N.A.
9. 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
- 11.

**Outstanding Capital Stock and Amount of Debt
Outstanding as of March 31, 2026**

COMMON SHARES	286,327,841
PREFERRED SHARES	-
	286,327,841
 TOTAL LIABILITIES	 Php 12,014,711

12. Are any or all of the securities listed on a Stock Exchange?
Yes [/] No []
If yes, state name of such Stock Exchange and the class/es of securities listed therein.
THE PHILIPPINE STOCK EXCHANGE, INC. - Common
13. 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 12 months (or for such shorter period the registrant was required to file such reports)
Yes [/] No []
 - b.) has been subject to such filing requirements for the past 90 days
Yes [/] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of Ginebra San Miguel Inc. and its subsidiaries as of and for the period ended March 31, 2026 (with comparative figures as of December 31, 2025 and for the period ended March 31, 2025) and Selected Notes to the Consolidated Financial Statements are attached hereto as **Annex "A"**.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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

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

NONE

SIGNATURES

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

Issuer **GINEBRA SAN MIGUEL INC.**

Signature and Title 
Ariel I. Victoria
OIC - Chief Finance Officer
juv

Date April 30, 2026

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2026 AND DECEMBER 31, 2025
(In Thousands)

	Note	2026 Unaudited	2025 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	6, 7	P17,850,264	P15,002,489
Trade and other receivables - net	3, 6, 7	1,804,364	2,237,055
Inventories - net		8,319,984	7,509,951
Prepaid expenses and other current assets	3, 6, 7	1,888,004	1,208,415
Total Current Assets		29,862,616	25,957,910
Noncurrent Assets			
Investment in debt instruments at amortized cost	3, 6, 7	1,500,000	1,500,000
Property, plant and equipment - net	2	6,086,003	6,157,051
Investment property - net	3	702,663	710,033
Right-of-use assets - net	3	35,938	44,344
Goodwill - net		126,863	126,863
Deferred tax assets - net		593,326	644,095
Other noncurrent assets - net	3, 6, 7	265,490	202,906
Total Noncurrent Assets		9,310,283	9,385,292
		P39,172,899	P35,343,202
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	3, 6, 7	P8,828,930	P5,953,120
Income and other taxes payable		2,133,728	2,317,666
Lease liabilities - current portion	3, 6	20,805	26,511
Total Current Liabilities		10,983,463	8,297,297
Noncurrent Liabilities			
Retirement liabilities		1,012,459	1,012,459
Lease liabilities - net of current portion	3, 6	18,789	21,614
Total Noncurrent Liabilities		1,031,248	1,034,073
Total Liabilities		12,014,711	9,331,370
Equity			
Capital stock		399,063	399,063
Additional paid-in capital		2,539,454	2,539,454
Equity reserves		(801,898)	(801,898)
Retained earnings:			
Appropriated		3,512,000	3,512,000
Unappropriated	5	25,179,542	24,033,186
Treasury stock		(3,669,973)	(3,669,973)
Total Equity		27,158,188	26,011,832
		P39,172,899	P35,343,202

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

CERTIFIED CORRECT:



ARIEL I. VICTORIA


OIC - Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Thousands, Except Per Share Data)

	<i>Note</i>	2026 Unaudited	2025 Unaudited
SALES	3	P16,727,469	P16,269,709
COST OF SALES		12,215,800	12,187,048
GROSS PROFIT		4,511,669	4,082,661
SELLING AND MARKETING EXPENSES		(893,122)	(922,108)
GENERAL AND ADMINISTRATIVE EXPENSES		(789,646)	(696,353)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		(21,875)	(20,485)
INTEREST INCOME		237,493	225,226
OTHER INCOME (CHARGES) - Net		(1,224)	141,271
INCOME BEFORE INCOME TAX		3,043,295	2,810,212
INCOME TAX EXPENSE		751,626	698,168
NET INCOME / TOTAL COMPREHENSIVE INCOME		P2,291,669	P2,112,044
Basic and diluted earnings per share	4	P8.00	P7.38
Cash dividends declared per common share	5	P4.00	P4.00

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

CERTIFIED CORRECT:



ARIEL I. VICTORIA
OIC - Chief Finance Officer

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GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Thousands)

	Note	Capital Stock		Additional Paid-in Capital	Equity Reserve for Retirement Plan	Retained Earnings		Treasury Stock		Total
		Common	Preferred			Appropriated	Unappropriated	Common	Preferred	
As of January 1, 2026 (Audited)		P345,625	P53,438	P2,539,454	(P801,898)	P3,512,000	P24,033,186	(P1,947,198)	(P1,722,775)	P26,011,832
Net income / total comprehensive income		-	-	-	-	-	2,291,669	-	-	2,291,669
Cash dividends and distribution on common shares	5	-	-	-	-	-	(1,145,313)	-	-	(1,145,313)
As of March 31, 2026 (Unaudited)		P345,625	P53,438	P2,539,454	(P801,898)	P3,512,000	P25,179,542	(P1,947,198)	(P1,722,775)	P27,158,188
As of January 1, 2025 (Audited)		P345,625	P53,438	P2,539,454	(P777,643)	P3,512,000	P19,937,595	(P1,947,198)	(P1,722,775)	P21,940,496
Net income / total comprehensive income		-	-	-	-	-	2,112,044	-	-	2,112,044
Cash dividends and distribution on common shares		-	-	-	-	-	(1,145,313)	-	-	(1,145,313)
As of March 31, 2026 (Unaudited)		P345,625	P53,438	P2,539,454	(P777,643)	P3,512,000	P20,904,326	(P1,947,198)	(P1,722,775)	P22,907,227

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

CERTIFIED CORRECT:


ARIEL I. VICTORIA
OIC - Chief Finance Officer

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GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Thousands)

	<u>2026</u>	<u>2025</u>
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P3,043,295	P2,810,212
Adjustments for:		
Depreciation and amortization	200,167	176,814
Net derivative loss (gain)	57,427	(43,519)
Retirement expense	31,148	31,118
Interest expense and other financing charges	21,875	20,485
Net unrealized foreign exchange loss (gain)	(14,915)	18
Interest income	(237,493)	(225,226)
Operating income before working capital changes	3,101,504	2,769,902
Decrease (increase) in:		
Trade and other receivables	434,097	474,406
Inventories	(917,443)	(984,768)
Prepaid taxes and other current assets	(621,859)	(642,644)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,800,875	1,624,618
Other taxes payable	(129,269)	117,698
Cash generated from operations	3,667,905	3,359,212
Interest expense and other financing charges paid	(6,415)	(5,593)
Contribution to retirement plan	(251,005)	(42,777)
Income taxes paid	(628,110)	(41,431)
Net cash flows provided by operating activities	2,782,375	3,269,411
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	236,169	222,035
Additions to property, plant and equipment	(108,497)	(84,977)
Increase in other noncurrent assets	(67,430)	(14,900)
Net cash flows provided by investing activities	60,242	122,158
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Lease liabilities:		
Principal	(8,530)	(7,479)
Interest	(785)	(1,217)
Cash dividends	(360)	(47)
Net cash flows used in financing activities	(9,675)	(8,743)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	14,833	(34)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,847,775	3,382,792
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,002,489	11,330,931
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P17,850,264	P14,713,723

CERTIFIED CORRECT:



ARIEL I. VICTORIA

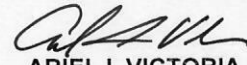
OIC - Chief Finance Officer

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
MARCH 31, 2026 (UNAUDITED)
(In Thousands)

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	Current	< 30 days past due	30 - 60 days past due	61 - 90 days past due	Over 90 days past due
Trade Receivables	P1,626,829	P1,565,192	P35,222	P1,726	P7,869	P16,820
Non-trade Receivables	793,839	87,392	2,721	2,044	4,865	696,817
Total	2,420,668	1,652,584	37,943	3,770	12,734	713,637
Less: Allowance for doubtful accounts	(682,567)	-	-	-	-	(682,567)
NET RECEIVABLES*	P1,738,101	P1,652,584	P37,943	P3,770	P12,734	P31,070

*Excluding tax certificate receivables amounted to P66,263 as at March 31, 2026.

CERTIFIED CORRECT:



ARIEL I. VICTORIA

OIC - Chief Finance Officer



GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Per Share Data)

1. Summary of Material Accounting Policy Information

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (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 April 30, 2026.

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

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

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

Adoption of Amendments to Standards

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards, of which the following amendments are relevant to the Group:
 - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.

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

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

New and Amendments to Standards Not Yet Adopted

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

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

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

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

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

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

2. Property, Plant and Equipment

Property, plant and equipment consist of:

March 31, 2026 and December 31, 2025

	Land and Land Improvements	Buildings and Improvements	Transportation Equipment	Machinery and Equipment	Furniture, Fixtures and Other Equipment	Leasehold Improvements	Capital Projects in Progress	Total
Cost								
January 1, 2025 (Audited)	P1,268,091	P2,949,843	P510,101	P9,579,201	P1,045,739	P143,497	P1,737,551	P17,234,023
Additions	40,264	229,002	290,590	92,458	89,527	2,315	454,966	1,199,122
Disposals / Retirement	-	-	(5,889)	(2,384)	(2,934)	-	-	(11,207)
Reclassifications	144,123	127,824	3,753	110,658	108,034	12,450	(1,243,867)	(737,025)
December 31, 2025 (Audited)	1,452,478	3,306,669	798,555	9,779,933	1,240,366	158,262	948,650	17,684,913
Additions	-	743	14,188	12,344	-	-	81,222	108,497
Disposals / Retirement	-	-	-	-	(6)	-	-	(6)
Reclassifications	-	-	13,908	1,903	2,668	4,334	(22,813)	-
March 31, 2026 (Unaudited)	1,452,478	3,307,412	826,651	9,794,180	1,243,028	162,596	1,007,059	17,793,404
Accumulated Depreciation								
January 1, 2025 (Audited)	315,140	1,575,014	395,779	7,528,377	677,009	42,630	-	10,533,949
Depreciation	11,435	96,806	74,155	363,281	135,920	15,923	-	697,520
Disposals / Retirement	-	-	(5,889)	(2,384)	(2,934)	-	-	(11,207)
December 31, 2025 (Audited)	326,575	1,671,820	464,045	7,889,274	809,995	58,553	-	11,220,262
Depreciation	2,932	26,353	25,608	83,443	36,616	4,589	-	179,541
Disposals / Retirement	-	-	-	-	(2)	-	-	(2)
March 31, 2026 (Unaudited)	329,507	1,698,173	489,653	7,972,717	846,609	63,142	-	11,399,801
Accumulated Impairment Losses								
December 31, 2025	-	-	-	307,600	-	-	-	307,600
Carrying Amount								
December 31, 2025 (Audited)	P1,125,903	P1,634,849	P334,510	P1,583,059	P430,371	P99,709	P948,650	P6,157,051
March 31, 2026 (Unaudited)	P1,122,971	P1,609,239	P336,998	P1,513,863	P396,419	P99,454	P1,007,059	P6,086,003

Depreciation and amortization charged to operations amounted to P179,541 and P165,972 for the periods ended March 31, 2026 and 2025, respectively.

3. Related Party Disclosure

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

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

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

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions																																																																																											
Ultimate Parent Company*	2026	P -	P -	P -	P -	On demand; non-interest bearing	Unsecured; no impairment																																																																																											
	2025	-	-	5	-			Intermediate Parent Company**	2026	330	80,394	6,991	12,863	On demand; non-interest bearing	Unsecured; no impairment	2025	149,606	316,727	8,110	11,428	Parent Company***	2026	25	-	98	867,888	On demand; non-interest bearing	Unsecured; no impairment	2025	170	-	30	-	Under Common Control	2026	32,387	2,420,877	54,063	1,052,045	On demand; non-interest bearing	Unsecured; with impairment	2025	131,145	9,287,511	109,474	1,320,987	Joint Venture	2026	15,548	-	9	-	On demand; interest bearing	Unsecured; with impairment	2025	14,477	-	15	-	Associate of the Intermediate Parent Company	2026	30,806	-	1,508,464	249	5 to 7 years interest bearing On demand; non-interest bearing	Unsecured; no impairment	2025	115,678	58,432	1,505,512	62,522	Others	2026	-	-	59	-	On demand; non-interest bearing	Unsecured; no impairment	2025	46	-	231	-	Total	2026	P79,096	P2,501,271	P1,569,684	P1,933,045			Total	2025	P411,122	P9,662,670	P1,623,377
Intermediate Parent Company**	2026	330	80,394	6,991	12,863	On demand; non-interest bearing	Unsecured; no impairment																																																																																											
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	2025	14,477	-	15	-			Associate of the Intermediate Parent Company	2026	30,806	-	1,508,464	249	5 to 7 years interest bearing On demand; non-interest bearing	Unsecured; no impairment	2025	115,678	58,432	1,505,512	62,522	Others	2026	-	-	59	-	On demand; non-interest bearing	Unsecured; no impairment	2025	46	-	231	-	Total	2026	P79,096	P2,501,271	P1,569,684	P1,933,045			Total	2025	P411,122	P9,662,670	P1,623,377	P1,394,937																																																			
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	2025	115,678	58,432	1,505,512	62,522			Others	2026	-	-	59	-	On demand; non-interest bearing	Unsecured; no impairment	2025	46	-	231	-	Total	2026	P79,096	P2,501,271	P1,569,684	P1,933,045			Total	2025	P411,122	P9,662,670	P1,623,377	P1,394,937																																																																
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	2025	46	-	231	-			Total	2026	P79,096	P2,501,271	P1,569,684	P1,933,045			Total	2025	P411,122	P9,662,670	P1,623,377	P1,394,937																																																																													
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*Top Frontier Investment Holdings, Inc. (TF) is the Ultimate Parent Company of the Group.

**San Miguel Corporation (SMC) is the Intermediate Parent Company of the Group.

***San Miguel Food and Beverage, Inc. (SMFB) is the Parent Company of the Group.

- Amounts owed by related parties consist of current and noncurrent receivables.
- The amounts owed by joint venture pertains to receivables from Thai San Miguel Liquor Company Limited (TSML) and are included as part of "Non-trade receivables from related parties" under "Trade and other receivables - net" account in the consolidated statement of financial position. Allowance for impairment losses pertaining to these receivables amounted to P540,216 as at March 31, 2026.
- Amounts owed by related party include investments in debt instruments at amortized cost to Bank of Commerce amounting to a total of P1,500,000 which bear an annual average interest rate of 6.90% and maturities up to seven years.
- Amounts owed to related parties consist of trade payables and lease liabilities.

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom GSML 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.

4. Basic and Diluted Earnings Per Share (EPS)

Basic and Diluted EPS is computed as follows:

	March 31	
	2026	2025
Net income available to common shares (a)	P2,291,669	P2,112,044
Weighted average number of common shares outstanding (in thousands) - basic and diluted (b)	286,328	286,328
Basic and Diluted Earnings Per Share (a/b)	P8.00	P7.38

5. Cash Dividends

The BOD approved the declaration and payment of the following cash dividends to common stockholders as follows:

2026

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common - regular	March 5, 2026	March 23, 2026	April 10, 2026	P2.50
Common - special	March 5, 2026	March 23, 2026	April 10, 2026	1.50

2025

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common - regular	March 5, 2025	March 20, 2025	April 4, 2025	P2.50
Common - special	March 5, 2025	March 20, 2025	April 4, 2025	1.50

6. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

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

- Market Risk (Interest Rate Risk and Foreign 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, investment in debt instruments at amortized cost and derivative instruments and other noncurrent liabilities. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, lease receivable, security deposit, accounts payable and accrued expenses and lease liabilities arise directly from and are used to facilitate its daily operations.

The BOD oversees that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key business risks, which will guide the BOD in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

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 (the "Committee") to, among others, enhance its oversight capability over the Group's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations; and be responsible for the oversight of the Group's enterprise risk management system to ensure its functionality and effectiveness.

The Committee also has the responsibility to assist the BOD in ensuring that there is an effective and integrated risk management process in place to guide the BOD in arriving at well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities. In relation to this, the Committee has the following duties and responsibilities, among others: a) develop a formal enterprise risk management plan which contains common language or register of risks, well-defined risk management goals, objectives and oversight, uniform processes of assessing risks and developing strategies to manage prioritized risks, designing and implementing risk management strategies, and continuing assessments to improve risk strategies, processes and measures; b) oversee the implementation of the enterprise risk management plan; c) evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness; d) advise the BOD on its risk appetite levels and risk tolerance limits; and e) review at least annually the Group's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Group.

Internal Audit assists the Committee in its oversight role. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the 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 to investment securities. Investment securities acquired expose the Group to fair value interest rate risk. On the other hand, investment securities acquired at variable rates expose the Group to cash flow interest rate risk.

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

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

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

Interest Rate Risk Table

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

March 31, 2026	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 7 Years
Financial Asset					
Investment in debt instruments at amortized cost	P -	P -	P -	P1,500,000	P -
Interest rate	-	-	-	6.90%	-

December 31, 2025	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 7 Years
Financial Asset					
Investment in debt instruments at amortized cost	P -	P -	P -	P1,500,000	P -
Interest rate	-	-	-	6.90%	-

Foreign Currency Risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.

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

	March 31, 2026		December 31, 2025	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	\$5,328	P323,647	\$753	P44,240
Trade and other receivables	0.37	23	26	1,539
Foreign currency-denominated monetary assets	\$5,328.37	P323,670	\$779	P45,779

The Group reported net gain on foreign exchange amounting to P14,242 and P784 for the periods ended March 31, 2026 and 2025, respectively, with the translation of its foreign currency-denominated assets. These mainly resulted from the movements of the Philippine peso against the United States (US) dollar as shown in the following table:

	US Dollar to Philippine Peso
March 31, 2026	60.748
December 31, 2025	58.790
March 31, 2025	57.210
December 31, 2024	57.845

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

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

March 31, 2026	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P5,328)	(P3,996)	P5,328	P3,996
Trade and other receivables	(0.37)	(0.28)	0.37	0.28
	(P5,328.37)	(P3,996.28)	P5,328.37	P3,996.28

December 31, 2025	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P753)	(P565)	P753	P565
Trade and other receivables	(26)	(20)	26	20
	(P779)	(P585)	P779	P585

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

Liquidity Risk

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

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

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

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

March 31, 2026	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P17,850,264	P17,850,264	P17,850,264	P -	P -	P -
Trade and other receivables - net*	1,738,101	1,738,101	1,738,101	-	-	-
Lease receivable (included under "Other noncurrent assets - net" account)	272	272	-	272	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	553	553	553	-	-	-
Investment in debt instruments at amortized cost	1,500,000	1,707,411	69,419	87,687	1,550,305	-
Security deposit (included under "Other noncurrent assets - net" accounts)	493	493	-	493	-	-
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities and deferred rent income**)	8,761,285	8,761,285	8,761,285	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	59,874	59,874	59,874	-	-	-
Lease liabilities (including current portion)	39,594	43,999	21,782	5,995	12,964	3,258

*Excluding tax certificate receivables amounted to P66,263 as at March 31, 2026.

**Deferred rent income amounted to P7,771 as at March 31, 2026.

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	P15,002,489	P15,002,489	P15,002,489	P -	P -	P -
Trade and other receivables - net*	2,166,594	2,166,594	2,166,594	-	-	-
Lease receivable (included under "Other noncurrent assets - net" account)	275	275	-	275	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	1,085	1,085	1,085	-	-	-
Investment in debt instruments at amortized cost	1,500,000	1,725,679	87,687	87,687	1,550,305	-
Security deposit (included under "Other noncurrent assets - net" accounts)	493	493	-	493	-	-
Financial Liabilities						
Accounts payable and accrued expenses (excluding derivative liabilities and deferred rent income**)	5,934,881	5,934,881	5,934,881	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	10,422	10,422	10,422	-	-	-
Lease liabilities (including current portion)	48,125	54,338	28,906	7,886	13,835	3,711

*Excluding tax certificate receivables amounted to P70,461 as at December 31, 2025.

**Deferred rent income amounted to P7,817 as at December 31, 2025.

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. 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 factors that may influence the credit risk of the Group's customer base.

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

Investment in Debt Instruments

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

Credit Quality

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

The credit quality of financial assets is being managed by the Group using internal credit ratings. Credit quality of the financial assets were 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 investment in debt instruments at amortized cost 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, lease receivable and security deposit.

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

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

	March 31, 2026	December 31, 2025
Cash and cash equivalents*	P17,847,524	P14,998,999
Trade and other receivables - net**	1,738,101	2,166,594
Lease receivable	272	275
Investment in debt instruments at amortized cost	1,500,000	1,500,000
Derivative assets	553	1,085
Security deposit	493	493
	P21,086,943	P18,667,446

*Excluding cash on hand amounted to P2,740 and P3,490 as at March 31 2026 and December 31, 2025, respectively.

**Excluding tax certificate receivables amounted to P66,263 and P70,461 as at March 31, 2026 and December 31, 2025, respectively.

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

	March 31, 2026				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Financial Assets at FVPL	Total
Cash and cash equivalents*	P17,847,524	P -	P -	P -	P17,847,524
Trade and other receivables**	-	1,738,101	682,567	-	2,420,668
Lease receivable	-	272	-	-	272
Derivative assets	-	-	-	553	553
Investment in debt instruments at amortized cost	1,500,000	-	-	-	1,500,000
Security deposit	-	493	-	-	493

* Excluding cash on hand amounted to P2,740 as at March 31, 2026.

**Excluding tax certificate receivables amounted to P66,263 as at March 31, 2026.

	December 31, 2025				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Financial Assets at FVPL	Total
Cash and cash equivalents)*	P14,998,999	P -	P -	P -	P14,998,999
Trade and other receivables**	-	2,166,594	682,567	-	2,849,161
Lease receivable	-	275	-	-	275
Derivative assets	-	-	-	1,085	1,085
Investment in debt instruments at amortized cost	1,500,000	-	-	-	1,500,000
Security deposit	-	493	-	-	493

* Excluding cash on hand amounted to P3,490 as at December 31, 2025.

**Excluding tax certificate receivables amounted to P70,461 as at December 31, 2025.

The aging of receivables is as follows:

March 31, 2026	Trade	Non-trade	Amounts Owed by Related Parties	Total*
Current	P1,563,715	P79,722	P9,147	P1,652,584
Past due:				
1 - 30 days	36,499	358	1,086	37,943
31 - 60 days	1,578	208	1,984	3,770
61 - 90 days	296	552	11,886	12,734
Over 90 days	10,152	29,166	674,319	713,637
	P1,612,240	P110,006	P698,422	P2,420,668

**Excluding tax certificate receivables amounted to P66,263 as at March 31, 2026.*

December 31, 2025	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P1,704,524	P64,546	P62,619	P1,831,689
Past due:				
1 - 30 days	305,997	88	4,444	310,529
31 - 60 days	2,475	-	2,251	4,726
61 - 90 days	302	517	626	1,445
Over 90 days	8,160	25,093	667,519	700,772
	P2,021,458	P90,244	P737,459	P2,849,161

**Excluding tax certificate receivables amounted to P70,461 as at December 31, 2025.*

Various collaterals for trade receivables such as bank guarantees, letters of credit and time deposit 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.

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 and investment in debt instruments at amortized cost are placed with reputable entities with high quality external credit ratings.

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

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

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 defines capital as paid-in capital stock, additional paid-in capital and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and equity reserves are excluded from capital for purposes of capital management.

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.

7. Financial Assets and Financial Liabilities

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

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

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities at fair value through profit or loss (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, fair value through other comprehensive income (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.

The Group has no financial assets at FVOCI as at March 31, 2026 and December 31, 2025.

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

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

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income.

The Group's derivative assets that are not designated as cash flow hedge 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 accounting hedge are recognized in other comprehensive income.

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

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

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

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

Impairment of Financial Assets

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

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

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

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

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

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

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

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

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

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

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

	March 31, 2026		December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P17,850,264	P17,850,264	P15,002,489	P15,002,489
Trade and other receivables - net*	1,738,101	1,738,101	2,166,594	2,166,594
Derivative assets (included under "Prepaid expenses and other current assets" account)	553	553	1,085	1,085
Investment in debt instruments at amortized cost	1,500,000	1,500,000	1,500,000	1,500,000
Security deposit	493	493	493	493
Lease receivable	272	272	275	275
Financial Liabilities				
Accounts payable and accrued expenses (excluding derivative liabilities and deferred rent income**)	8,761,285	8,761,285	5,934,881	5,934,881
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	59,874	59,874	10,422	10,422

*Excluding tax certificate receivables amounted to P66,263 and P70,461 as at March 31, 2026 and December 31, 2025, respectively.

**Deferred rent income amounted to P7,771 and P7,817 as at March 31, 2026 and December 31, 2025, respectively.

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, Lease Receivable, Investment in Debt Instruments at Amortized Cost and Security Deposit. 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 investment in debt instruments at amortized cost, lease receivable and security deposit, 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. Fair values for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

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

Derivative Financial Instruments

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

Derivative Instruments not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include 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:

Embedded Currency Forwards

The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US\$31,868 and US\$26,744 as at March 31, 2026 and December 31, 2025, respectively. These non-financial contracts consist mainly of foreign currency denominated purchase orders and sales agreements. The embedded forwards are not clearly and closely related to their respective host contracts. The net fair value of these embedded currency forwards amounted to (P59,321) and (P9,337) as at March 31, 2026 and December 31, 2025, respectively.

The Group recognized marked-to-market gains (losses) from embedded derivatives amounting to (P57,427) and P43,519 for the periods ended March 31, 2026 and 2025, respectively.

Fair Value Measurements

The Group measures a number of 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 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 circumstance and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

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

For the purpose of the 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 Group's derivative assets and derivative liabilities amounting to P553 and (P59,874), respectively as at March 31, 2026, and P1,085 and (P10,422), respectively as at December 31, 2025, are valued based on Level 2. The Group has no financial instruments valued based on Level 1 and Level 3. During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

8. Other Matters

- a. There are 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.
- b. There were no material changes in estimates of amounts reported in prior financial years.
- c. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.
- 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 operation.
- e. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current interim period.
- f. The effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period, except for the outstanding derivative transactions entered by the Group as at March 31, 2026.
- h. The Group's material commitments for capital expenditure projects have been approved during the current year but are still ongoing and not yet completed as at March 31, 2026. These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to next quarter until its completion. The fund to be used for these projects will come from available cash from operations.

9. Event After the Reporting Date*Declaration of Cash Dividends*

On April 30, 2026, the BOD approved the declaration of regular and special cash dividends to all common shareholders of record as of May 19, 2026 amounting to P2.50 and P2.00 per common share, respectively. Cash dividends for common shares, both regular and special are payable on June 5, 2026.



GINEBRA SAN MIGUEL INC.

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

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of Ginebra San Miguel Inc. ("the Parent Company") and its subsidiaries (collectively referred to as the "Group") for the three-year period ended December 31, 2025. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2025. All necessary adjustments to present fairly the Group's consolidated financial position as of December 31, 2025 and the financial performance and cash flows for the year ended December 31, 2025 and for all the other periods presented, have been made.

I. BASIS OF PREPARATION

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

<u>Items</u>	<u>Measurement Basis</u>
Financial assets at fair value through profit or loss (FVPL)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the functional currency of the Company. All financial information are rounded off to the nearest million (000,000), except when otherwise indicated.

II. FINANCIAL PERFORMANCE

2025 vs 2024

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	Percentage	2025	2024
	<i>(In Thousands)</i>					
Sales	P67,353,900	P62,505,408	P4,848,492	8%	100%	100%
Cost of Sales	49,847,279	47,270,273	2,577,006	5%	74%	76%
Gross Profit	17,506,621	15,235,135	2,271,486	15%	26%	24%
Selling and Marketing Expenses	(4,337,947)	(4,148,039)	(189,908)	5%	(6%)	(7%)
General and Administrative Expenses	(2,788,889)	(2,491,327)	(297,562)	12%	(4%)	(4%)
Interest Expense and Other Financing Charges	(85,584)	(82,936)	(2,648)	3%	0%	1%
Interest Income	834,223	854,110	(19,887)	(2%)	1%	1%
Gain on Disposal/Retirement of Noncurrent Assets - Net	5	345	(340)	(99%)	0%	0%
Other Income - Net	411,384	265,704	145,680	55%	1%	1%
Income Before Income Taxes	11,539,813	9,632,992	1,906,821	20%	17%	16%
Income Tax Expense	2,862,977	2,376,118	486,859	20%	4%	4%
Net Income	P8,676,836	P7,256,874	P1,419,962	20%	13%	12%

The Group delivered a solid financial performance for the year ended December 2025. Revenues reached P67,354 million, up from P62,505 million in 2024, driven by price adjustments and a modest increase in sales volume. Lower raw material costs, strengthened by diversified sourcing and enhanced recovery yields, helped improve margins, but this was partly offset by the higher excise tax rate versus last year. As a result, gross profit amounted to P17,507 million, a 15% increase from P15,235 million in 2024.

Selling and marketing expenses increased to P4,338 million from P4,148 million, largely reflecting higher advertising and promotional activities aimed at supporting brand visibility and market reach.

General and administrative expenses likewise increased to P2,789 million from P2,491 million, reflecting higher depreciation charges from property acquisitions during the year, along with higher taxes and outside services.

Gain on disposal or retirement of noncurrent assets, attributable to the sale of retired transportation equipment, declined to P5 thousand from P345 thousand.

Other income increased to P411 million from P266 million last year, primarily driven by net tolling revenues, and rental income from newly acquired properties.

Income tax expense increased by 20% to P2,863 million from P2,376 million, consistent with the higher taxable income reported during the year.

With the steady revenue growth and continued cost efficiencies, the Group reported consolidated net income of P8,677 million, surpassing last year's P7,257 million.

2024 vs 2023

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	Percentage	2024	2023
	<i>(In Thousands)</i>					
Sales	P62,505,408	P53,638,569	P8,866,839	17%	100%	100%
Cost of Sales	47,270,273	40,834,816	6,435,457	16%	76%	76%
Gross Profit	15,235,135	12,803,753	2,431,382	19%	24%	24%
Selling and Marketing Expenses	(4,148,039)	(3,715,966)	(432,073)	12%	(7%)	(7%)
General and Administrative Expenses	(2,491,327)	(2,252,979)	(238,348)	11%	(4%)	(4%)
Interest Expense and Other Financing Charges	(82,936)	(61,041)	(21,895)	36%	1%	0%
Interest Income	854,110	552,354	301,756	55%	1%	1%
Gain on Disposal / Retirement of Noncurrent Assets - Net	345	784	(439)	(56%)	0%	0%
Other Income (Charges) - Net	265,704	2,037,982	(1,772,278)	(87%)	1%	4%
Income Before Income Taxes	9,632,992	9,364,887	268,105	3%	16%	17%
Income Tax Expense	2,376,118	2,319,020	57,098	2%	4%	4%
Net Income	P7,256,874	P7,045,867	P211,007	3%	12%	13%

In year 2024, the company demonstrated a robust performance with revenues reaching P62,505 million, a 17% increase from P53,639 million in year 2023, fueled by the overall volume growth and price increases. This growth in revenue was accompanied by a 16% rise in the cost of sales, which amounted to P47,270 million compared to P40,835 million in the previous year as a result of higher excise tax and input costs.

Selling and administrative expenses saw an 11% rise from P6,639 million compared to P5,969 million last year mainly due to higher advertising and promotion, delivery and marketing expenses and personnel cost.

Interest expense and other financing charges increased significantly by 36%, from P61 million in 2023 to P83 million in 2024 driven by higher interest expense on defined benefit obligation.

On the other hand, interest income posted a substantial increase of 55%, rising from P552 million last year to P854 million this year, brought by the higher yield on money market placements.

The Group's gain (net) from the disposal or retirement of noncurrent assets, which dropped by 56%, from P784 thousand in 2023 to P345 thousand in 2024 was attributable to the lower proceeds from the sale of retired transportation equipment.

Other income (charges) - net also saw a significant decline of 87%, from P2,038 million last year to P266 million this year, because of the one-time income from the sale of rights in the Don Papa brand in 2023.

With the sustained revenue growth coupled with effective cost management, the Group's consolidated net income for the year 2024 was at P7,257 million, a 3% increase from P7,046 million in 2023.

III. FINANCIAL POSITION

2025 vs 2024

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	Percentage	2025	2024
<i>(In Thousands)</i>						
ASSETS						
Current Assets						
Cash and cash equivalents	P15,002,489	P11,330,931	P3,671,558	32%	42%	37%
Trade and other receivables - net	2,237,055	1,899,136	337,919	18%	6%	6%
Inventories	7,509,951	7,606,929	(96,978)	(1%)	21%	25%
Prepaid expenses and other current assets	1,208,415	892,247	316,168	35%	4%	3%
Total Current Assets	25,957,910	21,729,243	4,228,667	19%	73%	71%
Noncurrent Assets						
Investments in debt instruments at amortized cost	1,500,000	1,500,000	-	0%	4%	5%
Property, plant and equipment - net	6,157,051	6,392,474	(235,423)	(4%)	18%	21%
Investment property - net	710,033	-	710,033	100%	2%	-
Right-of-use assets - net	44,344	65,532	(21,188)	(32%)	0%	0%
Goodwill - net	126,863	126,863	-	0%	0%	0%
Deferred tax assets - net	644,095	625,092	19,003	3%	2%	2%
Other noncurrent assets - net	202,906	93,389	109,517	117%	1%	0%
Total Noncurrent Assets	9,385,292	8,803,350	581,942	7%	27%	29%
	P35,343,202	P30,532,593	P4,810,609	16%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	P5,953,120	P5,666,430	P286,690	5%	17%	19%
Income and other taxes payable	2,317,666	1,808,095	509,571	28%	6%	6%
Lease liabilities - current portion	26,511	32,108	(5,597)	(17%)	0%	0%
Total Current Liabilities	8,297,297	7,506,633	790,664	11%	23%	25%
Noncurrent Liabilities						
Retirement liabilities	1,012,459	1,045,838	(33,379)	(3%)	3%	3%
Lease liabilities - net of current portion	21,614	39,626	(18,012)	(45%)	0%	0%
Total Noncurrent Liabilities	1,034,073	1,085,464	(51,391)	(5%)	3%	3%
Total Liabilities	9,331,370	8,592,097	739,273	9%	26%	28%
Equity						
Capital stock	399,063	399,063	-	0%	1%	1%
Additional paid-in capital	2,539,454	2,539,454	-	0%	7%	9%
Equity reserves	(801,898)	(777,643)	(24,255)	3%	(2%)	(3%)
Retained earnings:						
Appropriated	3,512,000	3,512,000	-	0%	10%	12%
Unappropriated	24,033,186	19,937,595	4,095,591	21%	68%	65%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(10%)	(12%)
Total Equity	26,011,832	21,940,496	4,071,336	19%	74%	72%
	P35,343,202	P30,532,593	P4,810,609	16%	100%	100%

The Group's current assets increased to P25,958 million from P21,729 million, driven mainly by higher cash and cash equivalents, which rose to P15,002 million from P11,331 million, supported by strong cash sales and collection of receivables.

Trade and other receivables grew to P2,237 million from P1,899 million, reflecting higher receivables from modern trade customers.

Prepaid expenses and other current assets increased to P1,208 million from P892 million primarily due to higher prepaid excise taxes.

Right-of-use assets decreased to P44 million from P66 million due to depreciation during the period.

Investment property amounted to P710 million, representing properties acquired during the year that generated rental income, compared with none in the previous year.

Other noncurrent assets rose to P203 million from P93 million, driven by higher advances to suppliers for construction projects.

Accounts payable and accrued expenses increased to P5,953 million from P5,666 million, reflecting higher payables during the year.

Income and other taxes payable increased to P2,318 million from P1,808 million, driven by higher VAT, income tax, and withholding tax payables.

Current lease liabilities posted a 17% decrease driven by amortization, partially offset by the transfer of the current portion from noncurrent lease liabilities. Conversely, noncurrent lease liabilities dropped by 45% as the corresponding current portion was reclassified to current.

Unappropriated retained earnings amounted to P24,033 million, up by 21% from P19,938 million last year. The increase was primarily due to the net income amounting to P8,677 million which was offset by the dividends declared by the Group amounting P4,581 million.

2024 vs 2023

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	Percentage	2024	2023
(In Thousands)						
ASSETS						
Current Assets						
Cash and cash equivalents	P11,330,931	P9,881,018	P1,449,913	15%	37%	36%
Trade and other receivables - net	1,899,136	1,577,836	321,300	20%	6%	6%
Inventories	7,606,929	8,083,201	(476,272)	(6%)	25%	29%
Prepaid expenses and other current assets	892,247	817,344	74,903	9%	3%	3%
Total Current Assets	21,729,243	20,359,399	1,369,844	7%	71%	73%
Noncurrent Assets						
Investments in debt instruments at amortized cost	1,500,000	1,500,000	-	0%	5%	5%
Property, plant and equipment - net	6,392,474	5,092,142	1,300,332	26%	21%	18%
Right-of-use assets - net	65,532	50,778	14,754	29%	0%	0%
Goodwill - net	126,863	126,863	-	0%	0%	0%
Deferred tax assets - net	625,092	562,775	62,317	11%	2%	2%
Other noncurrent assets - net	93,389	75,848	17,541	23%	0%	0%
Total Noncurrent Assets	8,803,350	7,408,406	1,394,944	19%	29%	27%
	P30,532,593	P27,767,805	P2,764,788	10%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	P -	P1,000,000	(P1,000,000)	(100%)	0%	4%
Accounts payable and accrued expenses	5,666,431	5,694,109	(27,678)	0%	19%	21%
Income and other taxes payable	1,808,095	1,736,095	72,000	4%	6%	6%
Lease liabilities - current portion	32,108	25,796	6,312	24%	0%	0%
Total Current Liabilities	7,506,634	8,456,000	(949,366)	(11%)	25%	31%
Noncurrent Liabilities						
Retirement liabilities	1,045,838	880,891	164,947	19%	3%	3%
Lease liabilities - net of current portion	39,626	30,602	9,024	29%	0%	0%
Total Noncurrent Liabilities	1,085,464	911,493	173,971	19%	3%	3%
Total Liabilities	8,592,098	9,367,493	(775,395)	(8%)	28%	34%
Equity						
Capital stock	399,063	399,063	-	0%	1%	1%
Additional paid-in capital	2,539,454	2,539,454	-	0%	9%	9%
Equity reserves	(777,643)	(640,050)	(137,593)	21%	(3%)	(2%)
Retained earnings:						
Appropriated	3,512,000	3,512,000	-	0%	12%	12%
Unappropriated	19,937,594	16,259,818	3,677,776	23%	65%	59%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(12%)	(13%)
Total Equity	21,940,495	18,400,312	3,540,183	19%	72%	66%
	P30,532,593	P27,767,805	P2,764,788	10%	100%	100%

The Group saw a 7% increase in current assets, totaling P21,729 million in 2024 compared to P20,359 million in 2023. This growth was driven by a 15% increase in cash and cash equivalents, which rose to P11,331 million, brought by the Group's strong performance in 2024.

Trade and other receivables also increased by 20% to P1,899 million as compared with last year's P1,578 million mainly due to higher modern trade sales.

Inventories slightly decreased by 6%, from P8,083 million in 2023 to P7,607 million in 2024, driven by lower finished good inventory, offset by higher materials and supplies as a result of alcohol and flavors stock build up.

Prepaid expenses and other current assets grew by 9%, reaching P892 million from P817 million last year due to higher prepaid taxes, partially offset by lower derivative assets, advances to employees and prepaid insurance.

Property, plant, and equipment - net increased significantly by 26%, from P5,092 million in 2023 to P6,392 in 2024 brought by the acquisition of new offices at SMPC and the Bauan Alcohol depot.

Right-of-use assets - net grew by 29%, reaching P66 million from last year's P51 million, owing to the valuation of new right-of-use assets. This also led to a rise in both current and noncurrent lease liabilities by 24% and 29%, respectively.

Deferred tax assets rose from P563 million in 2023 to P625 million in 2024 resulting from the additional reserves for retirement.

Other noncurrent assets - net were up by 23% to P93 million compared to P76 million in 2023 as a result of higher advances to suppliers, net of progress billing payments.

The Group settled its short-term loan amounting to P1,000 million in 2024.

Retirement liabilities saw a 19% increase, amounting to P1,046 million from P881 million last year from the recognition of the 2024 additional pension cost.

Equity reserves rose to P778 million brought about by the additional recognition for retirement benefit plan.

The Group's net income growth led to a 23% rise in unappropriated retained earnings for 2024, net of the dividend declaration.

IV. Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	December 31	
	2025	2024
	<i>(in Millions)</i>	
Net cash flows provided by operating activities	P8,645	P7,105
Net cash flows used in investing activities	(498)	(1,136)
Net cash flows used in financing activities	(4,470)	(4,512)

Net cash flows provided by operating activities consist of income before income tax for the period and the effect of changes in current assets and certain current liabilities, and others.

Net cash flows used in investing activities include the following:

	December 31	
	2025	2024
	<i>(in Millions)</i>	
Interest received	P824	P848
Increase in other noncurrent assets and others	-	(13)
Additions in advances to suppliers	(123)	(15)
Additions to property, plant and equipment	(1,199)	(1,956)

Major components of net cash flows used in financing activities are as follows:

	December 31	
	2025	2024
	<i>(in Millions)</i>	
Payments of lease liabilities	(P36)	(P37)
Payments of short-term borrowings	-	(1,000)
Cash dividends paid	(4,434)	(3,475)

The effect of exchange rate changes on cash and cash equivalents amounted to (P5.7) million and (P6.9) million for the periods ended December 31, 2025 and 2024, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures used by the Group. Analyses are employed by comparisons and measurements based on the financial data as of the periods indicated below.

KPI	As of December 31, 2025	As of December 31, 2024
Liquidity: Current Ratio	3.13	2.89
Solvency: Debt to Equity Ratio	0.36	0.39
Asset to Equity Ratio	1.36	1.39
Profitability: Return on Average Equity	36%	36%
Interest Rate Coverage Ratio	126.38	106.93

	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
Operating Efficiency: Volume Growth	1%	9%
Revenue Growth	8%	17%
Operating Margin	15%	14%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
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	$\frac{\text{Net Income}}{\text{Average Equity}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Volume Growth	$\left(\frac{\text{Sum of All Businesses' Volume}}{\text{Prior Period Volume}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

VI. OTHER MATTERS

a. *Commitments*

The outstanding purchase commitments of the Group amounted to US\$228 million (P13,404 million), as at December 31, 2025.

b. *Contingencies*

The Group is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group. No provision was recognized as at December 31, 2025 and 2024.

c. *Foreign Exchange Rates*

The foreign exchange rates used in translating the Thai Baht accounts of foreign joint ventures to Philippine peso were closing rates of P1.859 and P1.687 in 2025 and 2024, respectively, for consolidated statements of financial position accounts; and average rates of P1.750, P1.627 and P1.601 in 2025, 2024 and 2023, respectively, for income and expense accounts.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

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

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

I. FINANCIAL PERFORMANCE

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

	March		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2026	2025	Amount	Percentage	2026	2025
<i>(In Thousands)</i>						
Sales	P16,727,469	P16,269,709	P457,760	3%	100%	100%
Cost of Sales	12,215,800	12,187,048	28,752	0%	73%	75%
Gross Profit	4,511,669	4,082,661	429,008	11%	27%	25%
Selling and Marketing Expenses	(893,122)	(922,108)	(28,986)	(3%)	(5%)	(6%)
General and Administrative Expenses	(789,646)	(696,353)	93,293	13%	(5%)	(4%)
Interest Expense and Other Financing Charges	(21,875)	(20,485)	1,390	7%	(0%)	(0%)
Interest Income	237,493	225,226	12,267	5%	1%	1%
Other Income (Charges) - net	(1,224)	141,271	(142,495)	(101%)	(0%)	1%
Income Before Income Taxes	3,043,295	2,810,212	233,083	8%	18%	17%
Income Tax Expense	751,626	698,168	53,458	8%	4%	4%
Net Income	P2,291,669	P2,112,044	P179,625	9%	14%	13%

The Group started 2026 on a stable position, posting consolidated net income of P2,292 million in the first quarter, up 9% from P2,112 million in the same period last year.

Consolidated sales increased to P16,727 million in the first quarter from P16,270 million in the same period last year, due to increase in selling prices implemented in the first quarter.

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

Selling and administrative expenses increased by 4% to P1,683 million from P1,618 million, mainly due to higher delivery, personnel-related, and depreciation expenses.

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

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

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

Income tax expense increased by 8% to P752 million for the first quarter from P698 million in the same period last year, reflecting higher taxable income.

As a result of the foregoing, the Group recorded consolidated net income of P2,292 million for the first quarter, up 9% from P2,112 million in the same period last year.

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

	March		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	Percentage	2025	2024
<i>(In Thousands)</i>						
Sales	P16,269,709	P15,116,977	P1,152,732	8%	100%	100%
Cost of Sales	12,187,048	11,393,889	793,159	7%	75%	75%
Gross Profit	4,082,661	3,723,088	359,573	10%	25%	25%
Selling and Marketing Expenses	(922,108)	(803,500)	118,608	15%	(6%)	(5%)
General and Administrative Expenses	(696,353)	(641,664)	54,689	9%	(4%)	(4%)
Interest Expense and Other Financing Charges	(20,485)	(20,138)	347	2%	(0%)	(1%)
Gain on Disposal / Retirement of Noncurrent Assets	-	95	(95)	(100%)	0%	0%
Interest Income	225,226	189,206	36,020	19%	1%	1%
Other Income - Net	141,271	90,081	51,190	57%	1%	1%
Income Before Income Tax	2,810,212	2,537,168	273,044	11%	17%	17%
Income Tax Expense	698,168	630,294	67,874	11%	4%	4%
Net Income	P2,112,044	P1,906,874	205,170	11%	13%	13%

Consolidated revenues climbed to P16,270 million, reflecting an 8% rise from last year's P15,117 million, primarily due to an increase in selling price effected in February. The cost of sales increased by 7%, reaching P12,187 million from P11,394 million, driven by higher input costs and excise taxes. The increase in selling price more than offset the impact of higher input costs resulting to a 10% increase in gross profit.

Selling and administrative expenses registered a 12% increase from P1,445 million to P1,618 million mainly driven by higher advertising and promotional expenses and delivery and marketing.

There was no gain on disposal or retirement of noncurrent assets as of March 2025 as opposed to last year's gain of P95 thousand.

Interest income jumped to P225 million, a 19% increase from last year's P189 million as a result of higher money market placement.

Other income rose significantly by 57% from P90 million to P141 million on account of marked-to-market gain on derivatives amounting to P51 million.

The Group's consolidated net income for the first quarter of 2025 posted an 11% increase from P1,907 million to P2,112 million versus first quarter of 2024.

II. FINANCIAL POSITION

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

	March	December	Horizontal Analysis		Vertical Analysis	
	2026	2025	Increase (Decrease) Amount	Percentage	2026	2025
<i>(In Thousands)</i>						
ASSETS						
Current Assets						
Cash and cash equivalents	P17,850,264	P15,002,489	P2,847,775	19%	46%	42%
Trade and other receivables - net	1,804,364	2,237,055	(432,691)	(19%)	5%	6%
Inventories - net	8,319,984	7,509,951	810,033	11%	21%	21%
Prepaid expenses and other current assets	1,888,004	1,208,415	679,589	56%	4%	4%
Total Current Assets	29,862,616	25,957,910	3,904,706	15%	76%	73%
Noncurrent Assets						
Investments in debt instruments at amortized cost	1,500,000	1,500,000	-	0%	4%	4%
Property, plant and equipment - net	6,086,003	6,157,051	(71,048)	(1%)	16%	18%
Investment property - net	702,663	710,033	(7,370)	(1%)	2%	2%
Right-of-use assets - net	35,938	44,344	(8,406)	(19%)	0%	0%
Goodwill - net	126,863	126,863	-	0%	0%	0%
Deferred tax assets - net	593,326	644,095	(50,769)	(8%)	2%	2%
Other noncurrent assets - net	265,490	202,906	62,584	31%	0%	1%
Total Noncurrent Assets	9,310,283	9,385,292	(75,009)	(1%)	24%	27%
	P39,172,899	P35,343,202	P3,829,697	11%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	P8,828,930	P5,953,120	P2,875,810	48%	23%	17%
Income and other taxes payable	2,133,728	2,317,666	(183,938)	(8%)	5%	6%
Lease liabilities - current portion	20,805	26,511	(5,706)	(22%)	0%	0%
Total Current Liabilities	10,983,463	8,297,297	2,686,166	32%	28%	23%
Noncurrent Liabilities						
Retirement liabilities	1,012,459	1,012,459	-	0%	3%	3%
Lease liabilities - net of current portion	18,789	21,614	(2,825)	(13%)	0%	0%
Total Noncurrent Liabilities	1,031,248	1,034,073	(2,825)	0%	3%	3%
Total Liabilities	12,014,711	9,331,370	2,683,341	29%	31%	26%
Equity						
Capital stock	399,063	399,063	-	0%	1%	1%
Additional paid-in capital	2,539,454	2,539,454	-	0%	6%	7%
Equity reserves	(801,898)	(801,898)	-	0%	(2%)	(2%)
Retained earnings:						
Appropriated	3,512,000	3,512,000	-	0%	9%	10%
Unappropriated	25,179,542	24,033,186	1,146,356	5%	64%	68%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(9%)	(10%)
Total Equity	27,158,188	26,011,832	1,146,356	4%	69%	74%
	P39,172,899	P35,343,202	P3,829,697	11%	100%	100%

The Group started the year on a steady footing, maintaining a solid financial position, with total assets increasing by 11% to P39,173 million as of the end of the first quarter, from P35,343 million a year earlier.

Cash and cash equivalents increased by 19% to P17,850 million from P15,002 million last year, driven by conversion of receivables to cash.

Trade and other receivables decreased by 19% to P1,804 million from P2,237 million, as December ending balances are normally higher given the holiday sales.

Inventories increased by 11% to P8,320 million from P7,510 million, as a result of higher finished goods and material inventories.

Prepaid expenses and other current assets increased by 56% to P1,888 million from 1,208 million on account of higher excise tax and other prepaid expenses.

Right-of-use assets decreased by 19% to P36 million from P44 million last year due to depreciation.

Deferred tax assets (DTA) decreased by 8% to P593 million from P644 million, because of lower DTA portion related to retirement costs and payment of sickness and vacation leave credits.

Other noncurrent assets increased by 31% to P265 million from P203 million, mostly due to the capitalization of computer software related to the implementation of an enterprise resource planning system.

Accounts payable and accrued expenses increased by 48% to P8,829 million from P5,953 million, mainly due to the timing of excise tax payments and the accrual of dividends declared in March 2026.

Income and other taxes payable decreased by 8% to P2,134 million from P2,318 million driven by lower VAT payable and the payment of annual income tax during the quarter.

Lease liabilities decreased by 22% to P21 million from P27 million as a result of amortization, partially offset by reclassification from noncurrent to current liabilities.

Lease liabilities - noncurrent portion decreased by 13% to P19 million from P22 million due to reclassification to current liabilities.

Unappropriated retained earnings increased by 5% as a result of net income for the period partially offset by dividend declaration.

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

	March	December	Horizontal Analysis		Vertical Analysis	
	2025	2024	Amount	Percentage	2025	2024
ASSETS						
Current Assets						
Cash and cash equivalents	P14,713,723	P11,330,931	P3,382,792	30%	42%	37%
Trade and other receivables - net	1,427,936	1,899,136	(471,200)	(25%)	4%	6%
Inventories - net	8,653,661	7,606,929	1,046,732	14%	25%	25%
Prepaid expenses and other current assets	1,356,948	892,247	464,701	52%	4%	3%
	26,152,268	21,729,243	4,423,025	20%	75%	71%
Noncurrent Assets						
Investments in joint ventures	1,500,000	1,500,000	-	0%	5%	5%
Property, plant and equipment - net	6,311,479	6,392,474	(80,995)	(1%)	18%	21%
Right-of-use assets - net	57,713	65,532	(7,819)	(12%)	0%	0%
Goodwill - net	126,863	126,863	-	0%	0%	0%
Deferred tax assets - net	583,641	625,092	(41,451)	(7%)	2%	3%
Other noncurrent assets - net	105,264	93,389	11,875	13%	0%	0%
	8,684,960	8,803,350	(118,390)	(1%)	25%	29%
	P34,837,228	P30,532,593	P4,304,635	14%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	P8,418,006	P5,666,429	2,751,577	49%	24%	19%
Income and other taxes payable	2,401,901	1,808,095	593,806	33%	7%	6%
Lease liabilities - current portion	32,626	32,108	518	2%	0%	0%
	10,852,533	7,506,632	3,345,901	45%	31%	25%
Noncurrent Liabilities						
Retirement liabilities	1,045,838	1,045,838	-	0%	3%	3%
Lease liabilities - net of current portion	31,630	39,626	(7,996)	(20%)	0%	0%
	1,077,468	1,085,464	(7,996)	(1%)	3%	3%
	11,930,001	8,592,096	3,337,905	39%	34%	28%
Equity						
Capital stock	399,063	399,063	-	0%	1%	1%
Additional paid-in capital	2,539,454	2,539,454	-	0%	8%	8%
Equity reserves	(777,643)	(777,643)	-	0%	(3%)	(3%)
Retained earnings:						
Appropriated	3,512,000	3,512,000	-	0%	12%	12%
Unappropriated	20,904,326	19,937,596	966,730	5%	60%	66%
Treasury stock	(3,669,973)	(3,669,973)	-	0%	(12%)	(12%)
	22,907,227	21,940,497	966,730	4%	66%	72%
	P34,837,228	P30,532,593	P4,304,635	14%	100%	100%

As of March 2025, the Group's financial position continue to strengthen with a total asset of P34,837 million, reflecting a 14% increase from P30,533 million in December 2024. This growth was primarily driven by a surge in cash and cash equivalents or 30% increase to P14,714 million from P11,331 million, on account of higher cash sales and higher collection of modern trade receivables.

Trade and other receivables declined by 25% to P1,428 million driven by the collection of modern trade receivables, partially offset by higher receivables from internal counterparties.

Inventories rose by 14%, from P7,607 million to P8,654 million due to higher materials and finished goods inventory level, as the company increased the inventory of molasses on account of lower prices.

Prepaid expense and other current assets saw a significant increase of 52% to P1,357 million mainly from higher prepaid excise tax, input tax, derivative asset and unamortized prepaid taxes and licenses.

Right-of-use assets were down by 12% to P58 million due to depreciation.

Deferred tax assets amounted to P584 million from P625 million, attributable to the payment of accrued sickness / vacation leave and amortization of past service cost.

Other noncurrent assets were up by P12 million on account of higher advances to suppliers.

Accounts payable and accrued expenses amounted to P8,418 million, mainly from higher outstanding trade payables and first quarter dividend declaration accrued in March 2025 and paid in April 2025.

Income and other taxes payable posted an increase of 33% or P594 million predominantly due to higher payables on income tax, VAT and withholding tax.

Noncurrent lease liabilities went down by P8 million due to reclassification from noncurrent to current.

III. Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	March 31	
	2026	2025
	<i>(In Millions)</i>	
Net cash flows provided by operating activities	P2,782	P3,269
Net cash flows provided by investing activities	60	122
Net cash flows used in financing activities	(10)	(9)

Net cash flows provided by operating activities consist of income before income tax for the period and the effect of changes in current assets and certain current liabilities, and others.

Net cash flows used in investing activities include the following:

	March 31	
	2026	2025
	<i>(In Millions)</i>	
Interest received	P236	P222
Additions to property, plant and equipment	(108)	(85)
Increase in other noncurrent assets	(67)	(15)

Major components of net cash flows used in financing activities are as follows:

	March 31	
	2026	2025
	<i>(In Millions)</i>	
Payments of:		
Lease liabilities	(P9)	(P9)
Cash dividends	(1)	(0)

The effect of exchange rate changes on cash and cash equivalents amounted to P15 million and (P0.034) million for the periods ended March 31, 2026 and 2025, respectively.

IV. KEY PERFORMANCE INDICATORS

The following are the major performance measures used by the Group. Analyses are employed by comparisons and measurements based on the financial data for the periods indicated below.

KPI	March 31, 2026	December 31, 2025
Liquidity:		
Current Ratio	2.72	3.13
Solvency:		
Debt to Equity Ratio	0.44	0.36
Asset to Equity Ratio	1.44	1.36
Profitability:		
Return on Average Equity	34%	36%
Interest Rate Coverage Ratio	444.20	126.38

KPI	Period Ended March 31	
	2026	2025
Operating Efficiency:		
Volume Growth	(3%)	1%
Revenue Growth	3%	8%
Operating Margin	17%	15%

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

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
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	$\frac{\text{Net Income}^*}{\text{Average Equity}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Volume Growth	$\left(\frac{\text{Sum of All Businesses' Volume}}{\text{Prior Period Volume}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

*Annualized for quarterly reporting.

Annex "D"

**MINUTES OF THE
REGULAR STOCKHOLDERS' MEETING
OF GINEBRA SAN MIGUEL INC.¹
May 29, 2025 | Thursday | 2:00 P.M.**

The Regular Stockholders' Meeting of the Company ("Meeting") was conducted via remote communication and livestreamed at the Company's website: <http://www.ginebrasanmiguel.com>. Stockholders of record at the close of business hours on April 25, 2025 were entitled to vote at this Meeting and validated ballots and proxies were considered for purposes of determining the quorum and voting results. These are in accordance with the Notice of the Meeting and the Information Statement of the Company that were distributed to the stockholders and posted in the Company's website and in the PSE Edge.

Directors Present:

Ramon S. Ang – Chairman of the Meeting
Cecile L. Ang
John Paul L. Ang
Leo S. Alvez
Aurora T. Calderon
Gabriel S. Claudio
Francis H. Jardeleza
Aurora S. Lagman – Independent Director
Martin S. Villarama, Jr. – Independent Director

In attendance:

Ferdinand K. Constantino, SMC and GSMI Advisor
Virgilio S. Jacinto, GSMI Corporate Secretary
and Compliance Officer
Cynthia M. Baroy, GSMI OIC-General Manager
Ariel I. Victoria, GSMI OIC- Treasurer/ Chief Finance Officer
Heinrici D. Legaspi, Chief Audit Executive
Francis Joseph A. Cruz, GSMI General Counsel
and Assistant Corporate Secretary
Christine Angelica D. Felix, GSMI Associate Legal Counsel
and Assistant Corporate Secretary
Kristina Garcia, Investor Relations Officer
Delfin Jude G. Uy, Business Planning Development Manager
Lucy Claire H. Lim, Business Planning and Investor Relations Manager
Josefino U. Manuel, Information Systems Technology Manager
Arleene C. Yu, Partner, R.G. Manabat & Co.

Management Committee Members:

Jaime P. Factor
Teodorico T. Lasin
Lewisito D. Leonillo
Cris Philip S. Marquez
Allan P. Mercado
Eileen C. Miranda
Ronald Rudolf C. Molina
Saturnino G. Pajarillo, Jr.

For the list of Stockholders Attendees, please see Annex "A".

¹ Subject to the approval of the stockholders in the next Stockholders' Meeting.

I. NATIONAL ANTHEM AND INVOCATION

The Corporate Secretary, Atty. Virgilio S. Jacinto, requested everyone to rise for the singing of the National Anthem and to remain standing for the Invocation to be led by Atty. Francis Joseph A. Cruz, General Counsel of the Company. Atty. Cruz delivered the invocation.

II. CALL TO ORDER/CERTIFICATION OF NOTICE AND QUORUM

The President, Mr. Ramon S. Ang, acting as Chairman of the Meeting, presided and called the Meeting to order. Atty. Jacinto recorded the minutes of the proceedings.

Atty. Jacinto confirmed that notices were duly sent to the stockholders of record of the Company and that there was a quorum for the meeting.

He notified the assembly that there were present in the Meeting, in person or by proxy, which was validated with the assistance of the Company's stock transfer agent, SMC Stock Transfer Service Corporation, about 82.43% of the outstanding capital stock of the Company. Atty. Jacinto confirmed, for the record, proxies for 82.38% of the outstanding capital stock of the Company were issued in favor of and held by the Chairman, Ramon S. Ang, authorizing him to vote for the election of directors and the approval of all corporate acts that required the conformity of the stockholders as provided in the Agenda of the Meeting. Finally, he stated that voting shall be made in accordance with the procedure set forth in the Information Statement that has been made available in the Company's website and in the PSE Edge (Please see Annex "B").

Atty. Jacinto acknowledged the attendance of the following directors, namely:

1. Ramon S. Ang
2. Cecile L. Ang
3. John Paul L. Ang
4. Leo S. Alvez
5. Aurora T. Calderon
6. Gabriel S. Claudio
7. Francis H. Jardeleza
8. Aurora S. Lagman – Independent Director
9. Martin S. Villarama, Jr. – Independent Director

He also acknowledged the attendance of the Company's officers led by its OIC-General Manager, Ms. Cynthia M. Baroy. The presence of the representative of R.G. Manabat & Co., the Company's external auditor for 2024, was also acknowledged.

Atty. Jacinto advised the stockholders that an open forum will follow the presentation of the Annual Report for 2024. He also informed the assembly that questions sent to the Company's dedicated email address for the Meeting will be entertained.

Finally, Atty. Jacinto presented the full Agenda of the Meeting and informed the stockholders that the rationale for each agenda item could be found in the Information Statement.

III. APPROVAL OF THE MINUTES OF THE REGULAR STOCKHOLDERS' MEETING HELD ON May 30, 2024

The Chairman presented the first item in the Agenda which was the approval of the Minutes of the Regular Stockholders' Meeting held on May 30, 2024. He informed the stockholders that a copy of the draft Minutes is attached to the Information Statement and posted in the Company's website.

On motion duly made and seconded and there being no objection, the following resolution was approved by the stockholders present and/or represented:

Resolution No. 2025-05-29-01

“RESOLVED, that the Minutes of the Regular Stockholders’ Meeting of Ginebra San Miguel Inc. held on May 30, 2024, be approved.”

IV. PRESENTATION OF THE 2024 ANNUAL REPORT

The Chairman proceeded to the next item in the agenda. He requested the OIC-General Manager of the Company, Ms. Cynthia M. Baroy, to present the Annual Report for 2024.

Ms. Baroy presented to the stockholders the Company’s Annual Report for 2024. A copy of his report is attached as Annex “C”.

During the open forum, the questions below were raised and answered. Questions submitted in advance through the dedicated email address stated in the Information Statement were first presented.

*From Edwin Raphael Tobias of Muntinlupa City:
You've had impressive results in 2024. What drove GSMI's performance despite the highly competitive industry and continuously rising cost of raw materials?*

Mr. Ang responded: “Alam niyo ang Ginebra is the undisputed most popular hard liquor drink in the Philippines kanya di na po kaya dapat magtaka diyan.”

*From Sandy Arcebucho of Calamba Laguna:
Maraming salamat po pagbigay ng mataas na dibidendo. Magpapatuloy pa ba ang pagbibigay ng dibidendo hanggang sa katapusan ng taon?*

Mr. Ang answered: “Yes, dahil maganada ang takbo ng kumpanya nararapat lamang na i-share namin sa stockholders ang kinikita ng kumpanya.”

As there were no other questions, a stockholder moved to close the open forum, and to approve and ratify the Annual Report for 2024, as presented.

On motion duly made and seconded, and there being no objection, the following resolution was approved by the stockholders present and/or represented:

Resolution No. 2025-05-29-02

“RESOLVED, that the open forum of stockholders be closed and that the Annual Report for 2024, as presented, be approved.”

V. RATIFICATION OF ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND THE CORPORATE OFFICERS

The Chairman proceeded to the next item in the Agenda, which was the ratification of all acts and proceedings of the Board of Directors and Corporate Officers since the Regular Stockholders' Meeting held on May 30, 2024 until the date of this Meeting. He informed the assembly that the list of the acts and proceedings for ratification was shown on the screen for reference.

A copy of the list of the acts and proceedings is attached as Annex “D”.

On motion duly made and seconded, and there being no objection, the following resolution was approved by the stockholders present and/or represented:

Resolution No. 2025-05-29-03

“RESOLVED, that all acts, resolutions, and proceedings of the Board of Directors and Corporate Officers of the Company since the Regular Stockholders’ Meeting held on May 30, 2024 until the date of this meeting, as reflected in the minutes of the meetings of the Board of Directors, as well as financial statements and records of the Company be approved, confirmed and ratified.”

VI. ELECTION OF DIRECTORS

The Chairman requested Atty. Jacinto to read the names of the nominees for election to the Board of Directors of the Company for 2025.

Atty. Jacinto informed the assembly that the qualifications of the nominees were evaluated and favorably recommended to the Board by the Corporate Governance Committee during its meeting held on March 5, 2025. He added that the names of the nominees were included in the Information Statement and presented on the screen. Atty. Jacinto read the names of the nominees, namely:

1. Mr. Ramon S. Ang
2. Ms. Cecile L. Ang
3. Mr. John Paul L. Ang
4. Mr. Leo S. Alvez
5. Ms. Aurora T. Calderon
6. Mr. Gabriel S. Claudio
7. Mr. Francis H. Jardeleza
8. Ms. Aurora S. Lagman – Independent Director
9. Mr. Martin S. Villarama, Jr. – Independent Director

Atty. Jacinto also informed the stockholders that the Information Statement provides that the nominees for election as independent directors of the company are Ms. Aurora S. Lagman and Mr. Martin S. Villarama, Jr. This is in accordance with the mandatory requirement of the Securities and Exchange Commission for the election of independent directors.

A stockholder moved that balloting be dispensed with and that all the nominees be considered unanimously elected as Directors of the Company. The motion having been duly made and seconded, and there being no objection, the following resolution was approved by the stockholders present and/or presented:

Resolution No. 2025-05-29-04

“RESOLVED, that balloting be dispensed with and the nominees presented earlier be considered unanimously elected as Directors of the Company”

The Chairman, on behalf of Management, welcomed the newly-elected Directors of the Company and said that their expertise would be of great help to the Company and its success.

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman proceeded to the next item in the agenda, which was the appointment of External Auditor, and requested the Corporate Secretary, to

present the recommendation of the Audit and Risk Oversight Committee (the "Committee") on the matter.

Atty. Jacinto informed the stockholders that after deliberation and evaluation by the Committee, during its meeting on March 5, 2025, the Committee favorably recommended the reappointment of the auditing firm of R.G Manabat & Co. as the External Auditor of the Company for the fiscal year 2025.

The Chairman requested Director Martin S. Villarama, Jr. to confirm the appointment of the External Auditor, and Director Villarama confirmed the recommendation.

On motion duly made and seconded, and there being no objection, the following resolution was approved by the stockholders present and/or represented:

Resolution No. 2025-05-29-05

"RESOLVED, that the auditing firm of R.G. Manabat & Co. be designated as External Auditor of the Company for the fiscal year 2025."

VIII. ADJOURNMENT

The Chairman asked if there were any other matters or business that the stockholders intend to present to the assembly. No other matters were presented during the meeting.

On motion duly made and seconded and there being no objection, the following resolution was approved by the stockholders present and/or represented:

Resolution No. 2025-05-29-06

"RESOLVED, that the 2025 Regular Stockholders' Meeting of the Company be adjourned."

A copy of the voting results for each agenda item, including approving, dissenting, and abstaining votes for each agenda item is attached as Annex "E".

ATTESTED BY:



VIRGILIO S. JACINTO
Corporate Secretary

Annex "A"

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Ginebra San Miguel Inc.
PROXY VOTING MODULE
List of Stockholder Attendees

PAGE 1

BALLOT NUMBER	ATTENDEE NAME	SHARES
	ANG*RAMON S.	5,000
	ANG*JOHN PAUL L.	5,000
	ANG*CECILE L.	5,000
	ALVEZ*LEO	5,000
	CALDERON*AURORA T.	5,000
	CLAUDIO*GABRIEL	5,000
	JARDELEZA*FRANCIS H.	5,000
	LAGMAN*AURORA SANTIAGO	5,000
	VILLARAMA, JR.*MARTIN S.	5,000
	BAROY*CYNTHIA M.	30,000
	CORTEZ*MONINA N.	30,000
	LIOANAG*ROSALINA A.	1,500
	TAMAYO*ESTRELLA M.	30,000
	VICTORIA, ARIEL I. (LODGED)	800
	CALUYA, JOEL R. (LODGED)	50
	LASIN*TEODORICO T.	6,500
	MAGISAN*ESTRELLA R.	5,000
TOTAL NO. OF ATTENDEES	: 17	
TOTAL NO. OF SHARES WITH BALLOT	: 0	
TOTAL NO. OF SHARES W/OUT BALLOT	: 148,850	
TOTAL NO. OF SHARES	: 148,850	

*** END OF REPORT ***

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Ginebra San Miguel Inc.
 PROXY VOTING MODULE
 Voting Instructions (Grouped by Entry Date)
 May 23, 2025

ENTRY DATE	PX FORM	SH NUMBER	STOCKHOLDER NAME	ASSIGNED SHARES	PX GROUP	VOTING INSTRUCTIONS
05/23/2025	0000001	000000074706	SAN MIGUEL FOOD AND BEVERAGE, INC.	216,972,000	01	YYYY
05/23/2025	0000002	PCD0000000034	CITIBANK N.A.	10,820,250	01	YYYY
05/23/2025	0000003	PCD0000000043	DEUTSCHE BANK MANILA-CLIENTS A/C	406,498	01	YYYY
05/23/2025	0000004	PCD0000000043	DEUTSCHE BANK MANILA-CLIENTS A/C	35,230	01	YYAY
05/23/2025	0000005	PCD0000000141	THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS ACCT.	3,664,696	01	YYYY
05/23/2025	0000006	PCD0000000132	STANDARD CHARTERED BANK	3,980,610	01	YYYY

TOTAL PROXIES : 6
 TOTAL SHARES ASSIGNED : 235,879,284
 TOTAL UNASSIGNED SHARES : 4,732,504
 TOTAL PROXIES SUPERCEDED : 0
 TOTAL SHARES SUPERCEDED : 0

*** END OF REPORT ***

GINEBRA SAN MIGUEL INC.
Regular Stockholders' Meeting - May 29, 2025
Record Date - April 25, 2025
Ballot, Proxy and Attendance Report (Preliminary)

Voting by Proxy (with submitted proxy form)	No. Of Common Shares	% VS O/S Common
San Miguel Food and Beverage Inc.	216,972,000	75.78%
Citibank NA (lodged)	10,820,250	3.78%
Deutsche Bank AG (lodged)	441,728	0.15%
Standard Chartered Bank (lodged)	3,980,610	1.39%
HSBC	3,664,696	1.28%
WITH PROXY TOTAL	235,879,284	82.38%
Attending person (registered)		
Directors		
Ramon S. Ang	5,000	
John Paul L. Ang	5,000	
Leo S. Alvez	5,000	
Aurora T. Calderon	5,000	
Gabriel S. Claudio	5,000	
Francis H. Jardeleza	5,000	
Cecile L. Ang	5,000	
Aurora S. Lagman	5,000	
Martin S. Villarama, Jr.	5,000	
Sub-total	45,000	0.02%
Officers		
Cynthia M. Baroy	30,000	
Monina V. Cortez	30,000	
Rosalina A. Lioanag	1,500	
Teodorico T. Lasin	6,500	
Estrella M. Tamayo	35,000	
Ariel I. Victoria	800	
Joel R. Caluya	50	
Sub-total	103,850	0.04%
IN PERSON TOTAL	148,850	0.05%
TOTAL ATTENDING STOCKHOLDERS IN PERSON OR BY PROXY	236,028,134	82.43%
Others *	50,299,707	17.57%
Total Outstanding Shares	286,327,841	100.00%

* No submitted proxy, ballot and/or documents for registration

Annex "B"

VOTING PROCEDURES

All stockholders as of April 25, 2025 shall have the right to vote during the 2025 RSM. Each of the said stockholders shall be entitled to one (1) vote for each share of stock (whether common or preferred) in his name in the books of the Company. However, in the election of directors, the nine (9) nominees with the greatest number of votes will be elected directors. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected.

The approval of proposals or matters submitted to a vote will require an affirmative vote of the stockholders representing the majority of the shares of stock present or represented by proxy at the meeting.

Counting of the proxy and ballots will be the method by which votes will be counted. The Corporate Secretary, with the assistance of the Company's stock transfer agent, SMC Stock Transfer Service Corporation, is authorized to count any votes cast for the said meeting.

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Annex “C”

2024 ANNUAL REPORT TO THE STOCKHOLDERS

Fellow stockholders, ladies, and gentlemen, good afternoon.

Despite headwinds from rising raw material costs, higher excise taxes, and modest industry growth, 2024 was a landmark year for Ginebra San Miguel Inc. For the first time in our long history, we crossed the 50-million cases mark in sales—an achievement that affirms the strength of our brands and the effectiveness of our strategy. We closed the year with 50.6 million cases sold, up 9% from the previous year—more than double our volume just over a decade ago. This marked our 11th consecutive year of growth and cemented our leadership in the local spirits industry.

We navigated cost pressures such as excise taxes and higher input costs through disciplined supply chain efficiencies. This enabled us to deliver a record net income of Php7.3 billion, 3% higher than in 2023. Excluding the one-time gain from selling the rights to Don Papa Rum in 2023, net income would have risen by 23%.

This performance was driven by a combination of targeted brand-building campaigns, on-ground marketing, and improved distribution. These helped ensure that our brands stayed relevant and top-of-mind for both our core drinkers and newer market segments we aim to serve.

Our *‘Lamang ang may Tapang’* campaign resonated deeply with our target audience, Filipino workers, generating 66 million social media views in the first six weeks, 29% higher than the 2023 campaign. The ad earned us our seventh Catholic Mass Media’s Best TV Ad-Branded award since 2019. We believe this helped fuel an 8% volume increase of our flagship Ginebra San Miguel.

In the Visayas and Mindanao, our new *‘Kuldisyon sa naay Ambisyon’* campaign for Vino Kulafu hit a record 8.6 million views in just six weeks and helped reverse the brand’s decline in volumes, with a 17% recovery year on year.

GSM Blue maintained strong appeal among younger drinkers, supported by the *‘Choose What’s True 2.0’* ad and the launch of its Lychee Martini variant, driving an 11% increase in volumes for the brand.

These above-the-line marketing campaigns were complemented by consumer promos led by the nationwide *‘Lamang ang Panalo’* for Ginebra San Miguel and GSM Blue; the regional *‘Kul-disyong Panalo’* for Vino Kulafu in VisMin, and the first-ever *‘Primera Klaseng Ride’* for Primera Light Brandy in select Luzon and Visayas districts where the brand is gaining traction.

Our decision to localize and customize communications to the needs and preferences of specific geographical markets, has opened more markets for us. This is especially true for VisMin, where our volumes surged 14% from the previous year. Our localized events, such as Ginumanfest concerts and fiesta activations proved to be more immersive and engaging for customers. At the Kaisa festival in Tarlac City, for instance, we drew a crowd of 60,000 attendees, which was the highest gathering for a GSMI concert event. We also focused on delivering experiential marketing especially in high-growth districts in the Visayas and Mindanao regions, through house-to-house sampling and trade penetration activities.

We expanded distribution of Freedom Island Light Rum in VisMin. And to cater to the high-end segment, we have introduced Archangel Reserve Premium Dry Gin in the Greater Manila Area.

To serve newly developed markets, we rapidly widened our distribution. We accelerated our expansion to new markets and improved accuracy in the development of new sales routes where they are needed.

The combined benefits of our brand building and market-development efforts helped push up volumes, amid an increase in selling prices for our products. This adjustment sufficiently covered the hikes in excise tax and input costs.

As a result, revenues reached Php62.5 billion, 17% higher than the previous year, as gross profit improved 19% to Php15.2 billion. Selling and administrative expenses of Php6.6 billion increased by 11% mainly due to intensified market development efforts. Income from operations jumped 26% to Php8.6 billion. Net income hit Php7.3 billion, surpassing last year's level by 3%.

We also continued our commitment to minimize our company's environmental impacts. Aligned with our parent San Miguel Corporation's "Water-for-All" program, we reduced use of scarce water by 7.7 billion liters since 2017. Plastic use declined by 208 metric tons since 2023 through packaging modification of Vino Kulafu. We also installed our first solar panels at our Sta. Barbara facility, cutting carbon emissions by an estimated equivalent of 21.5 metric tons in its first year.

Looking ahead, we aim to build on the strong momentum of our localization strategy. Initial gains were modest, but 2024 proved the model's effectiveness, and we're committed to scaling it further. We focus on strengthening brand equity, deepening market development, and cushioning the effects of a necessary price increase implemented this February due to rising costs and taxes.

In the first quarter, GSMI sales volume improved 1% year-on-year. With more localized execution of our consumer promo, 'Ginstanalo sa One Ginebra Nation' in March and intensified recruitment programs for GSM Blue, we expect a boost in consumption.

Higher selling prices lifted revenues by 8% to Php16.3 billion, and enhancements in our supply chain helped gross profit improve by 10% to Php4.1 billion. Selling and administrative expenses rose by 10% mostly on account of the renewed push for GSM Blue and broadened market development executions. Income from operations improved 8% to Php2.5 billion, while net income grew 11% to Php2.1 billion.

On behalf of the Board, I thank our shareholders, employees, partners, and customers, for your continued trust and support. Our 190-year heritage stands as a symbol of resilience and "tapang". May it continue to inspire us to build a stronger Ginebra San Miguel. This is our way of igniting the Filipino spirit to aspire for better, now and for future generations.

Maraming salamat po, at magandang hapon po sa inyong lahat.

Annex “D”

Acts and Proceedings of the Board of Directors and Corporate Officers for Ratification by the Stockholders:

1. Election of officers, chairpersons and members of the Board Committees and Lead Independent Director of the Company
2. Designation and approval of depository banks, authorized signatories and limits for corporate transactions of the Company with the depository banks
3. Declaration of regular and special dividends to holders of common shares of the Company
4. Approval of the SEC Form 17-Q (Quarterly Reports) of the Company for 2024
5. Promotion of Ms. Harriet Cecilia C. Austero and Mr. Joel R. Caluya, to Assistant Vice President
6. Ratification and confirmation of the appointments of the following:
 - a. Ms. Cynthia M. Baroy as Officer-in-Charge of the Office of the General Manager.
 - b. Mr. Ariel I. Victoria as Officer-in-Charge of the Office of the Chief Finance Officer/Treasurer
7. Approval of the amendments to the Whistle Blowing Policy of the Company
8. Approval of the Amendments to the General Board Resolution of the Company
9. Approval of the 2025 Budget
10. Approval of the audited separate and consolidated financial statements of the Company for 2024
11. Approval of the 2025 Outsourcing Plan, 2025 Audit Plan, and the amendments to the Company’s Charter of Internal Audit
12. Approval of the Quality Assurance Improvement Program (QAIP) Assessment Activity
13. Approval of the amendments to the Audit Committee Charter
14. Approval of the material related party transactions of the Company for 2025
15. Approval of the recommendation of the Audit and Risk Oversight Committee to appoint R. G. Manabat & Co. as External Auditor of the Company for fiscal Year 2025 and their appointment for non-audit services
16. Election of Mr. John Paul L. Ang as Director of the Company to serve the unexpired term of Mr. Francisco S. Alejo III
17. Approval of the recommendation of the Corporate Governance Committee to present the nominees for Directors of the Company for election by the stockholders during the Regular Stockholders’ Meeting to be held on May 29, 2025
18. Approval of the authority of the Compliance Officer to accomplish and submit the Company’s 2024 SEC Form Integrated Annual Corporate Governance Report (I-ACGR)
19. Approval of the Schedule and Agenda of the 2025 Regular Stockholders’ Meeting
20. Approval of SEC Form 17-Q (Quarterly Report) of the Company for the 1st Quarter of 2025
21. Approval of the engagement of an additional outsourced service provider to provide internal audit services
22. Designation and approval of additional authorized signatories for corporate transactions of the Company

Annex "E"

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Ginebra San Miguel Inc.
PROXY VOTING MODULE
Stockholders' Meeting Vote Canvassing Results

PAGE 1

NOM. NO.	NOMINEE	VOTES
1	RAMON S. ANG	235,331,364
2	CECILE L. ANG	231,430,070
3	JOHN PAUL L. ANG	231,108,460
4	LEO S. ALVEZ	231,430,070
5	AURORA T. CALDERON	231,108,460
6	GABRIEL S. CLAUDIO	231,430,070
7	FRANCIS H. JARDELEZA	231,430,070
8	AURORA S. LAGMAN	235,366,594
9	MARTIN S. VILLARAMA	235,694,934
Total votes registered		2,122,913,556
Total votes counted for election of board nominees		2,094,330,092
Total uncast votes for election of board nominees		28,583,464

RES. NO.	RESOLUTION	SHARES VOTED	% TO TOTAL O.S.
2	Approval of the Minutes of the Regular Stockholders' Meeting held on May 30, 2024	235,879,284	82.381%
	For	235,879,284 -	82.381%
	Against	0 -	0.000%
	Abstain	0 -	0.000%
3	Presentation of the Annual Report of the Company for the year ended December 31, 2024	235,879,284	82.381%
	For	235,879,284 -	82.381%
	Against	0 -	0.000%
	Abstain	0 -	0.000%
4	Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers	235,879,284	82.381%
	For	235,844,054 -	82.369%
	Against	0 -	0.000%
	Abstain	35,230 -	0.012%
5	Appointment of R.G. Manabat & Co. as External Auditor of the Company for 2025	235,879,284	82.381%
	For	235,879,284 -	82.381%
	Against	0 -	0.000%
	Abstain	0 -	0.000%

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Ginebra San Miguel Inc.
PROXY VOTING MODULE
Stockholders' Meeting Vote Canvassing Results

PAGE 2

SUMMARY REPORT		% TO
		TOTAL O.S.
OUTSTANDING COMMON SHARES	286,327,841	
OUTSTANDING PREFERRED SHARES	0	
TOTAL OUTSTANDING SHARES AS OF RECORD DATE	286,327,841	
TOTAL SHARES IN ATTENDANCE :		
Attending proxy assignees	235,879,284	
Attending stockholders	148,850	
	236,028,134	82.433%
LESS :		
Invalidated / knocked-off / Uncast shares - Proxy Assignees	0	
Knock-off by attending stockholder	0	
Invalidated shares - Stockholders	0	
Uncast shares of stockholders	148,850	
TOTAL SHARES/VOTES COUNTED	235,879,284	82.381%
NOTE:		
Total no. of stockholders in attendance		17
Total no. of stockholder with ballots		0

*** END OF REPORT ***