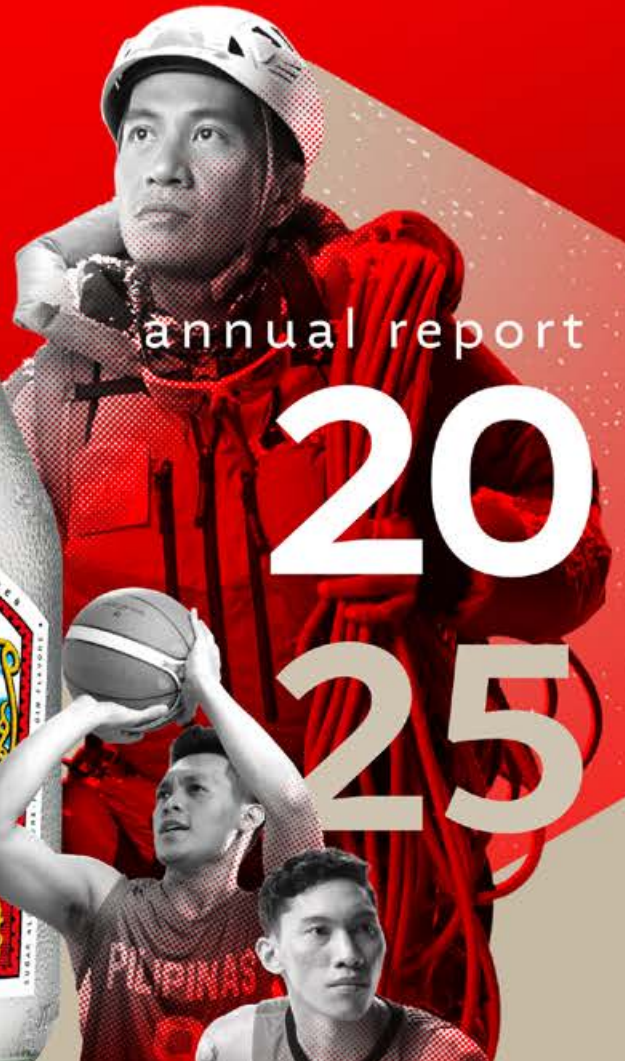


# TATAK NG TAPANG

TATAK GINEBRA



annual report

# 20 25



# TATAK NG TAPANG

TATAK GINEBRA

For generations, Ginebra San Miguel has stood for *tapang*.

This year, the brand brings that idea closer to home, moving beyond symbols to spotlight real people whose courage is lived, not imagined.

Through authentic stories of individuals who have faced setbacks, and in honoring real scars and real triumphs, Ginebra continues to reflect the grit, resilience, and heart of the Filipino spirit.



## Contents

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3	Financial Highlights
4	Message to Stockholders
6	Defining the Spirit of Tatak Ginebra

---

11	Our Brands
23	Sustainability Highlights

---

41	Board of Directors
42	Corporate Governance
51	Report of the Audit and Risk Oversight Committee
52	Statement of Management's Responsibility for Consolidated Financial Statements

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53	Report of Independent Auditors
57	Financial Statements
63	Notes to Consolidated Financial Statements

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## Financial Highlights

### Net Revenue

2025  
₱ **67.4** B ▲

2024  
₱ **62.5** B

### Net Income

2025  
₱ **8.7** B ▲

2024  
₱ **7.3** B

### Basic Earnings Per Share\*

2025  
₱ **30.30** ▲

2024  
₱ **25.34**

### Stockholders' Equity

2025  
₱ **26.0** B ▲

2024  
₱ **21.9** B

### Stockholders' Equity Per Share\*

2025  
₱ **90.85** ▲

2024  
₱ **76.63**

\*Based on the number of shares outstanding at the end of each year

## Message to Stockholders

**In 2025, Ginebra San Miguel Inc. delivered its 12th consecutive year of volume growth, reaching a record of 51 million cases. This translated to sales revenue of ₱67.4 billion, 8% higher than the previous year, underscoring the sustained strength of our brands and the enduring trust of our consumers.**

We achieved this in what was a challenging operating environment. The liquor industry contracted amid a slower economy, particularly in the second half of the year. Despite these headwinds, we stayed focused and disciplined in execution, ultimately expanding our market share—further reinforcing our leadership in the domestic industry.

Driven by record volumes and improved pricing, income from operations rose to ₱10.4 billion, 21% higher than in 2024. This growth was realized even as we increased investments in market development and absorbed higher depreciation and administrative costs. As a result, net income reached ₱8.7 billion, up 20% year-on-year.

A key contributor to this performance was our flagship brand's "*Kabayani Kita sa One Ginebra Nation*" campaign. Together with the "*Ginstanalo sa One Ginebra Nation*" consumer promotion, the campaign strengthened brand equity and drove a 3% increase in volumes. It also enabled us to defend our leadership in Luzon while expanding our presence across the Visayas and Mindanao.

Our other brands continued to build momentum. *Vino Kulafu* sustained its growth through the award-winning "*Kul-disyon sa Naay Ambisyon*" campaign and its accompanying consumer promotion, which drove volume by another 3% increase. *GSM Blue* remained a strong choice among younger consumers, while *Primera Light Brandy* expanded its base, delivering a 9% increase in volumes.

Looking ahead to 2026, we remain cautiously optimistic. While geopolitical developments and macroeconomic pressures may continue to weigh on consumer sentiment, we are confident in the resilience of our business. We will focus on sustaining growth, strengthening our supply chain, and deepening our market leadership.

We have begun rolling out new campaigns to sustain consumption and strengthen brand relevance. "*Tatak ng Tapang, Tatak Ginebra*" will anchor our flagship brand, supported by high-impact promotions. *Vino Kulafu* will build further on "*Kul-disyon sa Naay Ambisyon*," while *GSM Blue's* "*Sa Una Pa Lang, Masarap Na 'To*" campaign



**Ramon S. Ang**  
President

## **“We stayed focused and disciplined in execution, ultimately expanding our market share—further reinforcing our leadership in the domestic industry.”**

is designed to evoke nostalgia and reinforce its easy-to-enjoy positioning.

At the same time, we are enhancing how we engage our consumers. We will continue to localize communications—particularly in the Visayas and Mindanao—to build stronger regional affinity. In urban centers, we are refining the Ginumanfest concert series to better align with the evolving preferences of younger consumers. Our digital platforms and the “Gin-Is-In” campaign will remain central to elevating the category and broadening its appeal.

We are also introducing new products that will further strengthen our portfolio and open up new growth opportunities. These innovations are the result of deliberate work to anticipate changing consumer tastes and expand into higher-value segments. In parallel, we are rolling out a more focused strategy to grow our premium brands, including expanding their presence in upscale outlets and improving visibility in key consumption channels.

Our distribution strategy will likewise become more targeted and responsive. We are tailoring our approach to the specific needs of each market, expanding our dealer network, activating new selling routes, and redeploying resources to better serve underserved areas.

To support this growth, we continue investing in our supply chain. Key initiatives include modernizing bottling lines, expanding our second-hand bottle-washing network, improving port access at our distillery, and increasing alcohol storage capacity. These investments are essential for ensuring supply reliability, boosting efficiency, and supporting long-term scalability.



**Cynthia M. Baroy**  
OIC – General Manager

Fellow stockholders, 2025 was a milestone year—marked by record sales and profitability, achieved under challenging conditions. As we move forward, we will stay disciplined, build on what is working, and ensure that this momentum continues to deliver real, long-term value for your company.

**Ramon S. Ang**  
President

**Cynthia M. Baroy**  
OIC – General Manager

# FORGED IN COURAGE

## Defining the Spirit of Tatak Ginebra

Ginebra San Miguel Inc. (GSMI) has stood as a symbol of Filipino resilience, courage, and overcoming odds.

**In 2026, the company takes this legacy a step further with its most compelling campaign yet—“Tatak ng Tapang, Tatak Ginebra.”**

Building on years of storytelling that honors the Filipino spirit, this campaign marks a meaningful evolution: from celebrating the ideas of heroism to recognizing real-life triumphs of individuals whose courage is etched in the very scars they carry.

Launched digitally in the final week of December 2025 to welcome the new year, the campaign signals a shift in narrative direction. While past initiatives highlighted the collective strength of everyday Filipinos, “Tatak ng Tapang” brings the spotlight closer—focusing on authentic, deeply personal stories of perseverance. It is a campaign grounded in reality, where courage is not imagined, but lived.

At its core, “Tatak ng Tapang, Tatak Ginebra” reinforces a powerful and universal message: *lahat tayo may tatak ng tapang*. Every Filipino carries within him a mark of courage forged

through struggles, sacrifices, and victories both big and small. These marks, whether visible or unseen, define who we are and what we overcome.

The “Tatak ng Tapang” campaign introduces four individuals whose journeys embody grit, discipline, and determination. Their stories are real, raw, and deeply inspiring. In the world of sports, Sonny Estil’s journey from hardship to professional basketball exemplifies determination. Once playing in ill-fitting borrowed shoes, he endured physical discomfort and economic challenges to hone his skills. His persistence paid off when he became a first-round pick for Barangay Ginebra in the 2025 draft, carrying with him the marks of every struggle he overcame.

Visual artist Auggie Fontanilla tells a different story of courage—one rooted in passion and self-belief. Leaving behind a stable career, he pursued graffiti art despite financial uncertainty. Painting Manila’s streets by night and working by day, he persevered through hardship until his art gained recognition. Today, his murals stand as bold expressions of identity and bravery.



'Tatak ng Tapang' brand ambassadors (clockwise, from top): Visual artist Auggie Fontanilla, Mt. Everest mountaineer Miguel Mapalad, Gin Kings player Sonny Estil, and women billiards champion Chezka Centeno.





(Clockwise, from top) Cocktails served during the 2025 World Gin Day celebration; roving bar highlights the aviation-inspired theme of the event; GSMI Mancom together with 'Gin Is In' brand ambassadors on stage.



Archangel Reserve Premium Dry Gin took center stage during the launch of the Ferrari 12Cilindri. The event was hosted by brand ambassador and gin enthusiast Paolo Abrera.

Then there is Chezka Centeno, a world champion in billiards, whose story is defined by resilience and focus. With a modest start in billiard halls in Zamboanga, often as the only female competitor, she faced repeated losses early in her career. Yet through discipline and determination, she rose to international prominence, ultimately claiming the Women’s World 10-Ball Championship title in 2023 and 2025.

Completing the lineup is mountaineer Miguel Mapalad, who represents the pinnacle of human endurance. His journey to the summit of Mount Everest—as the 7th Filipino to achieve this feat—was marked by years of relentless training, physical pain, and mental fortitude. Every step he took toward the top of the world—to show that a Filipino can make it happen—left a mark on his hands and body; proof of the courage required to pursue a dream that few dare to attempt.

Together, these four individuals embody what the campaign stands for: courage that does not retreat, perseverance that does not falter, and a spirit that continues to fight—no matter the odds.

**“Forged in courage and carried with pride, the brand stands tall—taas ang noo sa mundo—showcasing that Filipino excellence in gin can compete with, and even rival, the finest in the world.”**

**Taking the Filipino Spirit to the World**

Much like how mountaineer Miguel Mapalad proved that Filipinos can stand shoulder to shoulder with the world’s best, GSMI continues to embody that same courage as it expands its presence on the global stage. Forged in courage and carried with pride, the brand stands tall—taas ang noo sa mundo—showcasing that Filipino excellence in gin can compete with, and even rival, the finest in the world.

Guided by its “Tatak ng Tapang” campaign, GSMI transforms this

courage into immersive brand experiences that go beyond the bottle: bringing its bold, distinctly Filipino spirit to life through world-class events and premium collaborations.

The 2025 World Gin Day celebration, themed “Your World of Gin Experience,” transformed the Manila Diamond Hotel into an aviation-themed journey through global flavors and Filipino craftsmanship.

The World of Gin event unfolded through three immersive chapters that showcased Ginebra as a world-class spirit. Opening with “World of Adventure – Gin is Cool,” guests explored the

Cool Botanica exhibit, where gin's refreshing character came to life through discussions and curated cocktails. This was followed by "World of Excellence – Gin is Clear," which highlighted the brand's craftsmanship and global recognition through insights into the distillation process and testimonials from industry experts. The experience culminated in "World of Celebration – Gin is Versatile," where guests enjoyed creative mixes and discovered gin's adaptability across lifestyles, reinforcing the overarching message that Ginebra Gin is "Cool, Clear, and Versatile."

Meanwhile, 1834 Premium Distilled Gin sustained its momentum in the premium spirits category, earning recognition at the Manila Gin Festival 2025 as one of the most popular gins, where it garnered 1st runner-up honors. Its booth secured 2nd runner-up in the premium brand category. Its innovative cocktail offerings and distinctly Filipino flavor profile continue to captivate both local and international audiences.

Further elevating its premium portfolio, Archangel Reserve Premium Dry Gin took center stage at the exclusive launch of Ferrari 12Cilindri in San Juan City. This collaboration underscored GSMI's growing presence in luxury spaces, aligning its premium products with sophistication, craftsmanship, and global appeal.

These initiatives demonstrate GSMI's ability to balance tradition with innovation—honoring its heritage while continuously redefining the gin experience for modern consumers, and proving that Filipino excellence—when driven by courage—can truly rise to the world stage.

### Showcasing Fearlessness in Every Frame

Ginebra's iconic Calendar Girl tradition continues to evolve and empower, proving that courage can come vividly to life through six powerful images that celebrate strength, authenticity, and self-belief.

For 2026, actress Sue Ramirez takes center stage as GSMI's newest Calendar Girl, representing the modern Filipina—confident, fearless, and unapologetically authentic. She brings to life different expressions of tapang, showing that strength is not one-dimensional, but a collection of moments shaped by resilience and self-discovery.

Asked what she brings to the long line of iconic Calendar Girls, Sue answers with conviction: "I'm very fearless. I know who

I am. I'm not saying I have no insecurities, but I'm confident in who I've become. People will see that in the calendar layouts. They'll see my fearlessness."

That confidence extends beyond the camera. For Sue, courage is a daily choice. "In every project or every role, you face uncertainty. You don't always know what's going to happen, but you show up and give your best all the time. That's tapang. That's the Ginebra spirit—never say die!"

Sue joins a long list of iconic women who were part of the Calendar Girl tradition, among them: Marian Rivera (2009, 2014), Anne Curtis (2011), Solenn Heussaff (2012), Miss Universe 2015 Pia Wurtzbach (2019), Yassi Pressman (2023), Heaven Peralejo (2024), and Julie Anne San Jose (2025).



Actress Sue Ramirez is GSMI's 2026 Calendar Girl, joining a long list of iconic women who were part of GSMI's calendar history.

**Catering to People and Planet**

Courage is not only seen in bold campaigns or celebrated on stage; it is practiced in everyday decisions, in responsible actions, and in the commitment to do what is right—while staying true to oneself.

This spirit comes to life as GSM Blue introduced actress and TV host Gabbi Garcia as its brand ambassador, anchored on the campaign “Choose Your True.” She embodies a new kind of tapang—one that is grounded in authenticity, self-expression, and the confidence to own one’s identity.

Vino Kulafu, meanwhile, continued to strengthen its presence in the market through engaging and high-impact campaigns such as “Gin is In, Gin to Win, Ginstanalo,” a tansan pa-premyo promo where customers can discover prizes beneath product caps. Complementing this is its “Kul-disyon sa Naay Ambisyon” campaign, which not only generated strong audience engagement but also earned industry recognition, taking home awards at the 21st Philippine Quill Awards and the 2025 Panata Awards of the Philippine Association of National Advertisers (PANA).

In the Visayas and Mindanao, Freedom Island Rum has likewise gained ground among a new generation of consumers, supported by strategic collaborations with influencers and product tie-ups that reflect evolving tastes and lifestyles.

Beyond brand-building, GSMI demonstrates courage where it matters most—in sustainability and responsible business practices. Significant steps were taken to reduce environmental footprint, including the elimination of plastic pourers across product lines and continuous improvements in packaging design. These initiatives reflect a forward-thinking approach to environmental stewardship, proving that true tapang includes taking responsibility for the future.

This commitment has not gone unnoticed. GSMI was recognized in 2025 as among the Top 500 companies in the Asia-Pacific region by TIME Magazine and Statista, underscoring excellence in employee satisfaction, financial performance, and sustainability. Through “Tatak ng Tapang, Tatak Ginebra,” GSMI reinforces what it has always stood for: the celebration of Filipino courage. More importantly, it redefines courage—not as something distant or reserved for the extraordinary, but as something lived every day.

As the brand continues to expand both locally and globally, its message remains rooted in the Filipino spirit. Every bottle carries not just a legacy of craftsmanship, but a story of resilience. Every campaign becomes a reminder that courage resides within each of us.

Because in the end, the true *tatak ng tapang* is not only found in grand achievements; it lives in every challenge faced, every sacrifice made, and every dream pursued. And that is, without a doubt, “Tatak Ginebra.”



The Manila Gin Festival 2025 saw the 1834 Premium Distilled Gin sustaining its momentum in the premium spirits category with two wins: first runner-up in the Most Popular Gin, and second runner-up for Best Booth (premium category); master mixologist Niño Cruz at the 1834 Premium Distilled Gin booth.

## Our Brands

Ginebra San Miguel is distinguished by its products, which are known for their exceptional quality and recognized through various accolades here and abroad. As a leader in the distilled spirits category, the company continues to set the standard through innovation and craftsmanship.

With a diverse portfolio that caters to different consumer segments, Ginebra San Miguel is also evolving with the times—expanding into today's younger market with new offerings such as Vamos Tequila Gold.

Through generations, our products are part of everyday Filipino life, giving cheer to simple gatherings and celebrations to meaningful moments of connection and camaraderie.



**Ginebra San Miguel**

- Hari 1L
- Frasco 700 mL
- Frasquito 350 mL
- Round 350 mL
- Angelito 250 mL



Ginebra San Miguel  
Archangel Reserve  
Premium Dry Gin  
1L





1834 Premium Distilled Gin  
750 mL





GSM Premium  
750 mL

---

**GSM Blue Mojito**

1L Coolitro  
700 mL

**GSM Blue Margarita****GSM Blue Gin Pomelo****GSM Blue Lychee Martini****GSM Blue Light Gin**

700 mL

---



Vino Kulafu  
Long Neck 700 mL  
Classic 350 mL



**Primera Light Brandy**

Sulitro 1 L  
750 mL



Freedom Island Light Rum  
750 mL



Antonov Vodka  
700 mL



**Vamos Tequila Gold**  
750 mL

\*Released 1st semester 2026



**San Miguel Ethyl Alcohol**

20 L Carboy  
1 Gallon  
1L  
500 mL  
250 mL



## Sustainability Highlights

**As we reflect on our sustainability journey, we take pride in the progress we have made—and remain firmly committed to continuing the initiatives that have brought us this far.**

Each effort we pursue strengthens our responsibility to the environment, our people, and the communities we serve, which is also an indication of our collective commitment that drives us to uphold responsible, transparent, and future-focused practices across our operations.

This section highlights our ongoing efforts to strengthen and integrate sustainability across all areas of our organization—spanning operations, relationships with customers, employees, and communities. It details our economic, social, and environmental performance in comparison to the previous year and showcases the initiatives we've undertaken. These initiatives not only contribute to San Miguel Corporation's overall sustainability targets but also align with the United Nations Sustainable Development Goals (UNSDGs).



Entrance to Distileria Bago Inc., the country's largest distillery.

The metrics in this report are presented in accordance with the Global Reporting Initiative (GRI) standards. It covers the following domestic entities: Ginebra San Miguel Inc. (GSMI), Distileria Bago Inc. (DBI), East Pacific Star Bottlers Phils Inc. (EPSBPI), Agricrops Industries Inc. (Agricrops).

We remain committed to reinforcing our ongoing sustainability initiatives while introducing new programs that further integrate sustainable practices into our organizational culture.

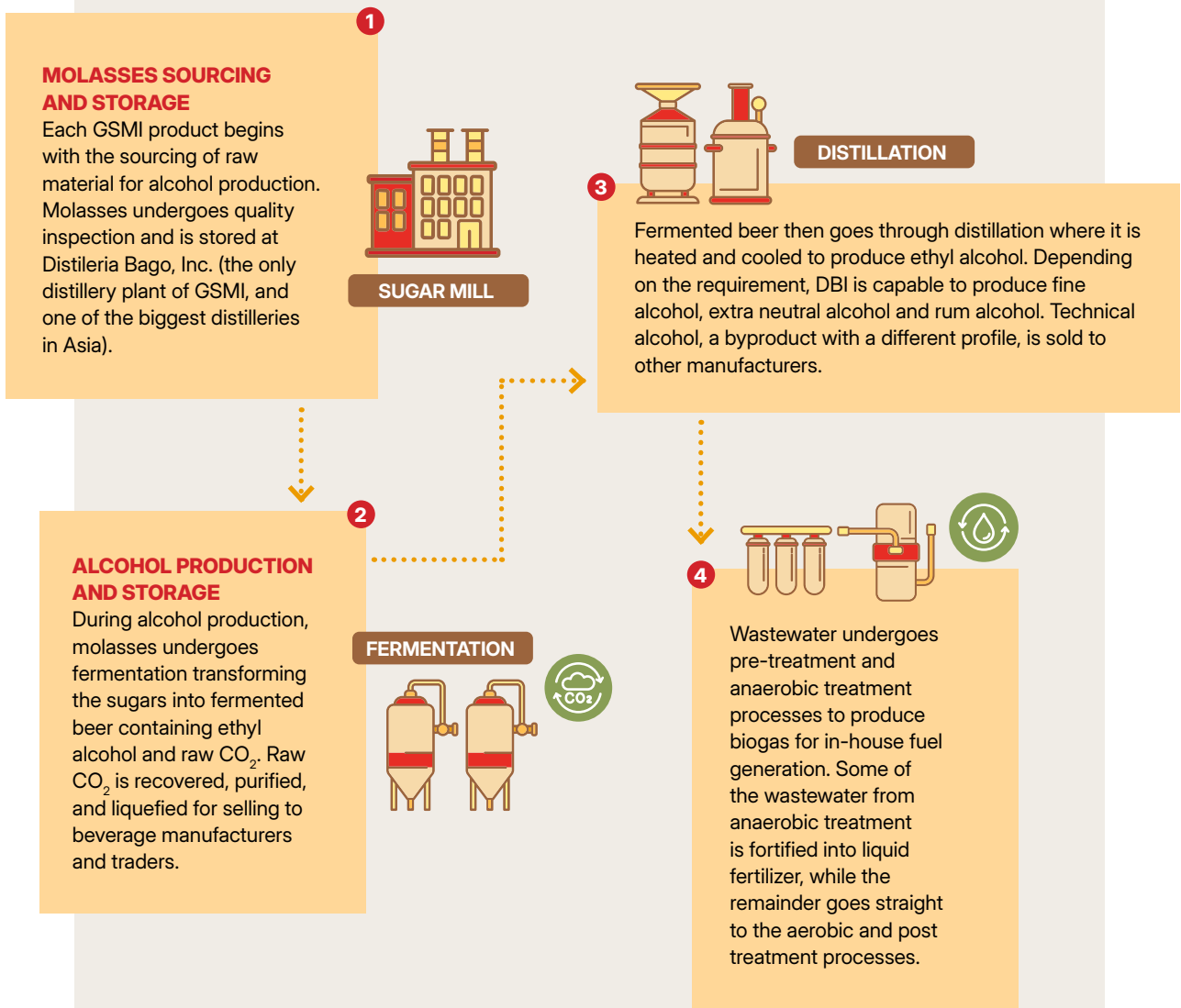
This report highlights key milestones and initiatives that demonstrate our dedication, including efforts in our plastic reduction, the launch of our GSM University, and the activation of our bottle retrieval program in Palawan. Together, these stories showcase how we are combining innovation, education, and community engagement to drive meaningful environmental and social impact.

Together, we are not only sustaining what we have started—we are shaping a legacy of resilience, stewardship, and shared progress for generations to come.

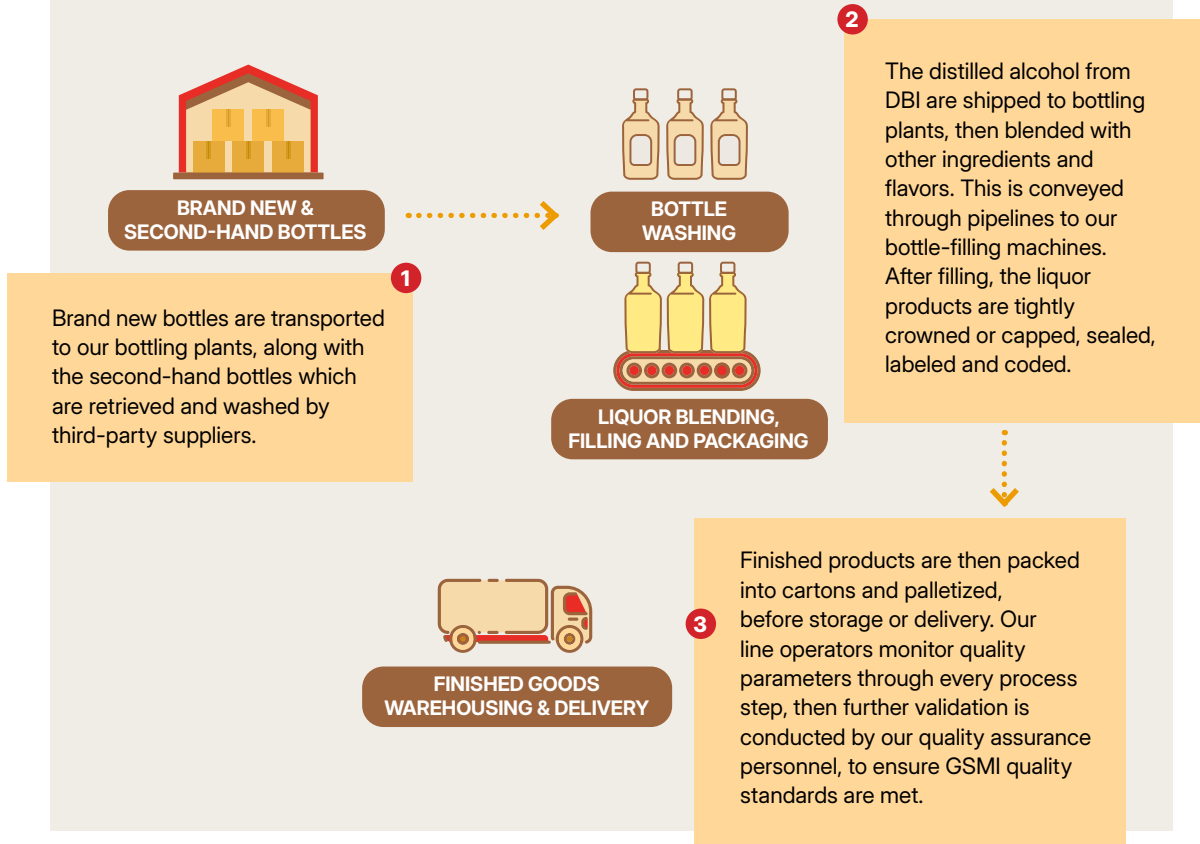
# Our Value Chain

Our value chain represents the integrated processes that enable our company to create and deliver value to our customers and stakeholders. From the source of raw materials and efficient production processes to product distribution and customer channels, each stage plays a critical role in ensuring quality, sustainability, and operational excellence. By continuously strengthening every link in our value chain, we enhance efficiency, uphold our commitment to responsible business practices, and deliver products that meet the evolving needs of our consumers.

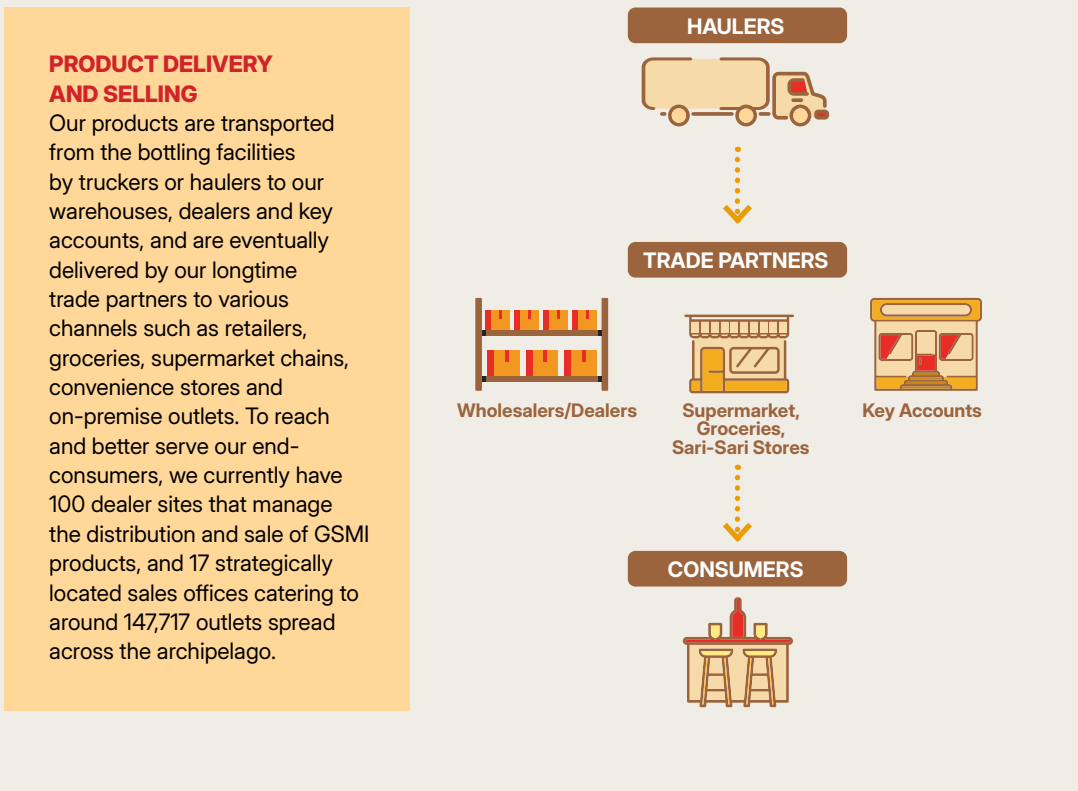
## Alcohol Production



## Bottle Sourcing and Liquor Production



## Product Distribution



## Materiality Assessment and Stakeholders Engagement

Scan to learn more about our Stakeholders Engagement



Over the past year, there have been no significant material changes in GSMI overall business environment. This stability allows us to confidently rely on our previous assessment, which remained relevant and suitable to the concerns of our stakeholders.

We remain dedicated to monitoring our business landscape closely, ensuring that the outcomes of our prior materiality assessment continue to be applicable as the industry progresses.

We are deeply committed in building a meaningful relationships with our stakeholders. We continue our ongoing engagement—strengthening awareness, nurturing collaboration, and continuously elevating the way we work.

We believe that every conversation is an opportunity to grow. By listening with sincerity, responding with purpose, and valuing every voice, we create a space where our customers and partners truly feel heard and supported. Through consistent and heartfelt communication, we safeguard the quality of our products and proudly uphold our enduring commitment to advocate our spirit of malasakit.



Team Malasakit tree-planting activity at Mt. Puro Reserve, Antipolo.

Our Stakeholders	Engagement Channels
<b>Customers (dealers, wholesalers &amp; consumers)</b>	<ul style="list-style-type: none"> <li>• Customer care hotlines (phone, mailbox, messaging apps and email)</li> <li>• Social media platforms</li> <li>• Above-the-line marketing campaigns (TV, radio, Out-of-Home)</li> <li>• On-ground activations (Ginumanfest, sampling, market caravan, etc.)</li> <li>• National Sales and Marketing Convention, Area Sales kick-off events and official business reviews</li> <li>• Research and market studies with third-party providers</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier performance evaluations</li> <li>• Coordination meetings with GSMI's procurement and finance departments</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Annual performance reviews and other assessment tools</li> <li>• Employee Engagement Survey</li> <li>• Health and wellness activities (team building activities, outings and learning sessions)</li> <li>• Company-wide townhall meetings – “Pulung pulong,” Group Interaction and News-sharing with the General Manager (GIN with the GM) for managers</li> <li>• KB news</li> <li>• Use of multiple communication channels such as email, social media and internal publications</li> <li>• Regular labor management meetings</li> <li>• Use of multiple communication channels such as email, social media and internal publications</li> <li>• Regular labor management meetings</li> </ul>
<b>Investors &amp; Shareholders</b>	<ul style="list-style-type: none"> <li>• Annual stockholders meeting</li> <li>• BOD meetings</li> <li>• Investor's briefings</li> <li>• Formal meetings and conference calls with investors and analysts</li> <li>• Annual Report and Sustainability Report publication</li> <li>• Securities and Exchange Commission (SEC) disclosures and press releases</li> <li>• GSMI corporate website</li> <li>• Investor Relations Hotline to address inquiries and concerns</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility (CSR) projects - health, education, and livelihood programs</li> <li>• Partnership with local cooperatives</li> <li>• Local fiesta activations</li> <li>• PBA games and other social events</li> </ul>
<b>Government &amp; Regulators</b>	<ul style="list-style-type: none"> <li>• Attendance of seminars organized by the government as needed</li> <li>• Meetings with LGUs as needed</li> <li>• Participation in dialogues and hearings conducted by government and regulatory agencies</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Media advisories</li> <li>• Press releases, briefing and interview</li> <li>• Social media updates</li> <li>• Event coverage</li> </ul>

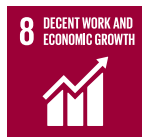


## Doing our part toward the UN Sustainable Development Goals

Our company is committed to contributing to the United Nations Sustainable Development Goals (UNSDGs) by aligning our business strategies, operations, and sustainability initiatives with globally recognized development priorities. We focus our efforts on areas where we can create the most meaningful impact, integrating responsible environmental practices, social responsibility, and strong governance across our value chain. Through these initiatives, we aim to support sustainable development while delivering long-term value to our stakeholders and the communities in which we operate.



GSMI supports SMC group’s Water for All initiative, which aims to reduce water consumption across the group. Currently, we achieved a 43% reduction in our water program initiatives. We are also committed to comply with the Clean Water Act and ensuring that our water discharges are lower than the set limits.



GSMI prioritizes employee health and safety by implementing policies and regulations across all its facilities to foster a safe and healthy work environment. The company’s operation extend beyond its primary sector, generating indirect economic benefits for other companies and industries.



GSMI ensures the high quality of its products. This commitment is maintained through continuous innovation in its production processes and ongoing investment in research and development to broaden the range of its product portfolio. The company’s numerous awards and accreditations serve as further evidence of its dedication to quality and innovation.



GSMI fosters a non-discriminatory workplace by guaranteeing equal opportunities for all applicants, employees, and business partners. This commitment involves ensuring impartiality against race, gender, age, cultural, religious beliefs, and any other forms of preferences.



GSMI engages in a collaborative effort with TESDA to establish a bartending academy to assist students in developing their skills in bartending and flairtending, and providing them with better job opportunities.



Deeply aware of the impact of climate change, GSMI constantly innovates and find ways on its processes to reduce its contribution through the use of renewable energy, improve operations efficiency and waste management.



GSMI implements a range of initiatives aimed at promoting the conservation of aquatic life and protection of endangered species. Regular river and coastal cleanup operations are also being done all throughout the facilities in collaboration with community partners.



GSMI undertakes tree planting activities in collaboration with local government units and has continued to strengthen its long standing mangrove reforestation project, which began in mid 1990’s. The project has since expanded to cover 14 hectares of mangrove forest. Beyond restoring coastal ecosystems, the initiative contributes to shoreline protection, reduces erosion, enhances biodiversity and supports local fisheries.



GSMI’s workforce is predominantly male, largely due to the operational and technical nature of its core business. Nevertheless, GSMI actively fosters an inclusive work environment that ensures fair treatment, equal access to career advancement, and a workplace culture grounded in respect and diversity.

# Environmental Stewardship

Ginebra San Miguel Inc. maintains a strong commitment to environmental stewardship through the continuous integration of sustainability principles across its operations. Our environmental strategy focuses on reducing greenhouse gas emissions, conserving natural resources, and strengthening responsible waste management practices. These initiatives support the reduction of our environmental impacts while contributing to long-term business sustainability.

Resource efficiency remains our key priority. Ginebra San Miguel Inc. maximizes the use of input materials and actively identifies opportunities to repurpose manufacturing by-products. Environmental programs include water-reduction initiatives, the use of second-hand bottles, and ongoing efforts to reduce plastic component in our packaging materials.

Our distillery operations apply circular economy principles, including the generation of biogas and the production of liquid fertilizer through waste treatment processes. These initiatives contribute to

improved resource recovery and reduced waste sent to landfills.

Through these resource management program, we attained the following:

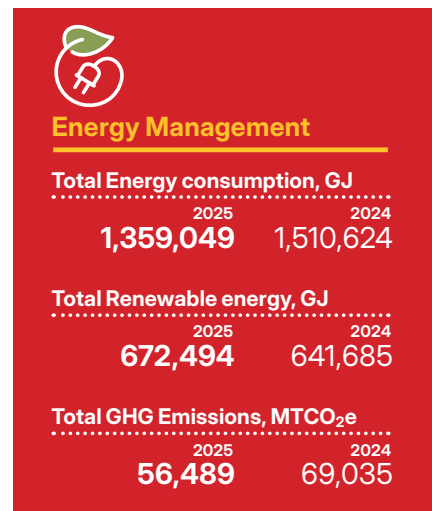
- Our Water For All program has reduced utility water usage by 43% based on 2016 baseline year
- On bottle retrieval, we achieved a second-hand bottle usage ratio of 58%
- Plastic reduction, 7.5% decrease through modification and partial elimination of plastic packaging
- Energy conservation, we reduced our green house gas emission by 18%

Through a holistic approach to sustainability across the production lifecycle—from raw material sourcing to packaging—GSMI has achieved measurable environmental and operational outcomes, including a reduced carbon footprint and decreased manufacturing costs. These results demonstrate the integration of environmental responsibility with operational efficiency and long-term value commitment.

## Energy Management

In 2025, our total energy consumption decreased by 10% compared with 2024, despite increased production volumes. This improvement was driven by the implementation of various energy efficiency initiatives and process improvements across our facilities.

Our use of renewable energy increased by 5%, supported by improved biogas generation through an enhanced operations protocol as



**Through a holistic approach to sustainability across the production lifecycle—from raw material sourcing to packaging—GSMI has achieved measurable environmental and operational outcomes, including a reduced carbon footprint and decreased manufacturing costs.**

well as the renewable energy mix in the power supplied to our distillery. As a result of these combined efforts, our overall greenhouse gas (GHG) emissions were reduced by 18% compared with the previous year.

**Water Management**


Water withdrawal decreased by 4% compared to 2024. This is mainly attributed to various water recovery and water conservation programs implemented in all our facilities such as rainwater collection, reuse of rinse water, recycling of effluent water, rehabilitation of equipment and operations optimization. For 2025, we achieved a 43% reduction in our SMC Water for All program from a baseline year of 2016.

**Solid Waste Management**

We continue to implement waste segregation in all our facilities. Solid waste was diverted through reused, recycled, and other recovery operations. We maintained a 98% solid waste diversion and will continue to pursue further initiatives to reduce the waste we generate.


**Materials Management**

Total materials used decreased by 2% compared to previous year despite increase in production volume. We maintained our use of renewable materials in production which includes alcohol, sugar, cartons, molasses, and second-hand bottles.




**Solid Waste Management**

<b>Solid waste generated, MT</b>		
	2025	2024
	<b>14,204</b>	12,365
<b>% Solid waste diverted from disposal</b>		
	2025	2024
	<b>98%</b>	98%



**Materials Management**

<b>Total materials used, MT</b>		
	2025	2024
	<b>700,984</b>	716,015
<b>% Renewable materials used</b>		
	2025	2024
	<b>82%</b>	82%
<b>% of recycled input materials used to manufacture</b>		
	2025	2024
	<b>10%</b>	11%



**Water Management**

<b>Water withdrawal, ML</b>		
	2025	2024
	<b>2,936</b>	3,059
<b>Water discharged, ML</b>		
	2025	2024
	<b>2,577</b>	2,480
<b>Water consumption, ML</b>		
	2025	2024
	<b>359</b>	579
<b>Water recycled/reused, ML</b>		
	2025	2024
	<b>232</b>	284





# Moving Toward Reducing Plastic Waste



GSMI has gradually eliminated plastic pourer caps from its products; below: smaller cap seal for Vino Kulafu has helped reduce plastic use.

Ginebra San Miguel Inc. recognizes its responsibility in minimizing its environmental impact. Reducing the use of plastic remains one of the company’s key initiatives as part of our ongoing sustainability commitment.

Since 2021, we have taken meaningful steps toward adopting more eco-friendly packaging practices. One of our early initiatives involved transitioning our Ginebra San Miguel “Hari” product (1 liter) from plastic caps to aluminum caps, helping reduce plastic usage while maintaining product quality.

By 2023, we further strengthened our efforts by gradually eliminating plastic pourer caps from our GSM Blue and Primera Light Brandy. In May 2024, our Vino Kulafu — the Philippines’ No. 1 Chinese Wine —

made another significant stride in reducing plastic in its packaging with the launch of a smaller cap seal.

Through these initiatives, we successfully reduced our overall plastic footprint by 7.5% as of 2025.

Moving forward, we will continue to explore innovative solutions that minimize plastic waste and promote responsible packaging across our product lines, while maintaining the exceptional quality that consumers have come to enjoy from our brand.



## Social Engagement

Malasakit is fundamental to GSMI's values and serves as a basis to our approach to social responsibility. It guides our actions with care, accountability, and respect in our relationships with employees, business partners, and the communities where we operate.

Social sustainability is embedded across our operations and decision-making processes. We engage regularly with stakeholders to understand their perspectives, assess social risks and impacts, and respond through targeted initiatives and policies.

Our social engagement programs focus on fostering an inclusive and diverse workplace, promoting fair and equitable treatment, supporting

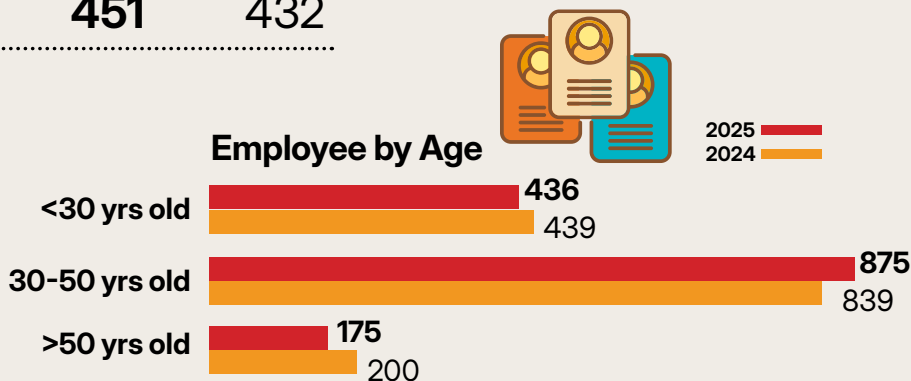
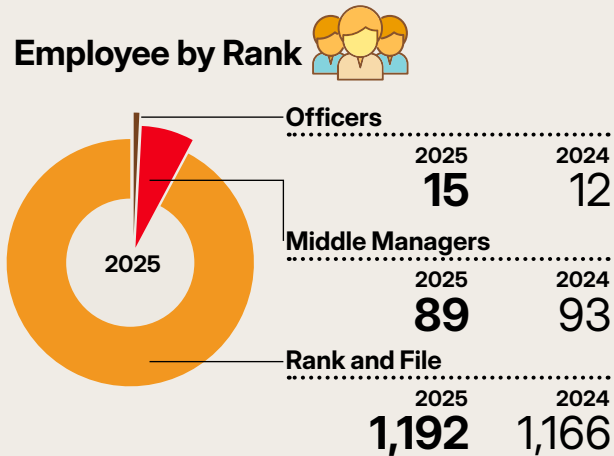
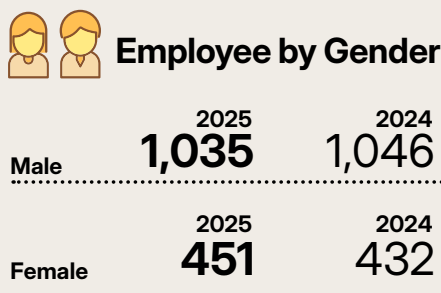
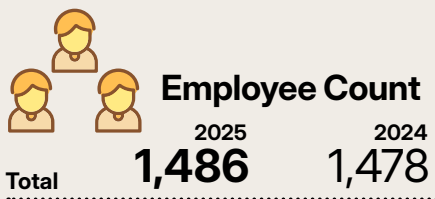
employee health, safety, and well-being, and contributing to community development. Through these efforts, we create shared long-term benefits for our stakeholders and our company.

Our people are at the heart of our organization's success. Due to the nature of our operations, GSMI's workforce is composed of 70% male and 30% female employees. The majority of our employees are in rank-and-file positions at 92%, while 9% hold officer and managerial roles, reflecting the operational focus of our business.

Our workforce also reflects a healthy mix of experienced and emerging talent. While the younger number is growing, employees aged 30 to 50 continue to represent the largest

segment at 59%. This balance supports knowledge continuity while fostering the development of new skills and perspectives within the organization.

We continue to strengthen our workforce through training and development initiatives. In 2025, total training hours increased by 32%, reflecting our strong commitment to employee growth. This achievement was made possible through various training programs delivered by GSMI training schools, which are now integrated under the newly launched Ginebra San Miguel University (GSMU). We remain responsive to the evolving training needs of our employees to ensure a competent and resilient workforce.





Our commitment to maintaining a safe and healthy workplace remains a core organizational priority. We continue to strengthen our Occupational Safety and Health (OSH) programs through regular training and the conduct of emergency preparedness drills. These activities are carried out in collaboration with our local government partners to ensure that our employees are well-equipped to respond effectively in the event of emergencies, reinforcing a culture of safety and resilience across the organization. Two of our six facilities have been certified under the Occupational Health and Safety Management System (ISO 45001), while the remaining sites are actively progressing toward certification. All facilities have successfully passed the annual Department of Labor and Employment (DOLE) inspection on Occupational Safety and Health standards.



**Total Training Hours**

2025	2024
<b>78,857</b>	<b>59,587</b>



**Safe Man-hours**

2025	2024
<b>9,993,064</b>	<b>8,587,991</b>



**Average Training Hours**

Average hours, total	
2025	2024
<b>60.8</b>	<b>46.9</b>
Average hours, male	
2025	2024
<b>54.6</b>	<b>43.8</b>
Average hours, female	
2025	2024
<b>75.0</b>	<b>54.5</b>

**Our commitment to maintaining a safe and healthy workplace remains a core organizational priority. We continue to strengthen our Occupational Safety and Health (OSH) programs through regular training and the conduct of emergency preparedness drills.**

## THE GINEBRA SAN MIGUEL UNIVERSITY Empowering People Through Learning

In June 2025, the Ginebra San Miguel University (GSMU) was formally launched, marking a significant milestone in our commitment to learning and growth.

The GSMU is a learning institution that delivers high-quality programs through its eight functional schools, providing targeted training aligned with the evolving needs of our workforce. It aims to enhance knowledge and skills to address the dynamic changes in the industry, while also supporting the company's specific requirements as part of our succession planning strategy.

The eight functional schools are:

1. Logistics School
2. Alcohol and Liquor Technology Institute
3. Manufacturing School
4. Distileria Bago, Inc. Technical School
5. Human Resources School
6. Ginebra School of Sales and Marketing
7. Finance School
8. Procurement Learning School

At the core of GSMU is our value of "Malasakit," which serves as our guiding principle that underscores the company's commitment to fostering successful careers for employees while building a sustainable future.

With focus on holistic development, GSMU programs are designed to equip employees with the knowledge and skills needed to effectively support GSMI operations. These programs also help ensure business

continuity by developing a pool of competent talent as part of our succession planning strategy.

In addition to learning opportunities, some schools offer Continuing Professional Development (CPD) units that learners may use toward the renewal of their professional licenses. These are recognized for Chemists, Chemical Engineers, Mechanical Engineers, Electrical Engineers and Electronics Engineers. Participants are also given the flexibility to choose courses aligned with their competency requirements, as identified in their individual training plans.

The University tagline "Grow Our People, Build Our Future," reflects its mission to help every employee reach their full potential while advancing the company's vision and sustainability commitment.

As GSMI continues to lead in the industry, GSMU stands as a testament to its dedication to its people and their professional growth.



The GSMU was launched in June 19, 2025, coinciding with the birth of National Hero Dr. Jose Rizal. It highlights GSMI's commitment to learning and growth.

## BOTEful Palawan

### Collaboration boosts sustainable impact of second-hand bottle exchange initiative



**Sustainability initiatives thrive through collaboration. At Ginebra San Miguel Inc. (GSMI), programs such as BOTEful Philippines demonstrate that meaningful environmental impact can be achieved through strong partnerships across sectors.**

Since its launch in October 2017 in Aparri, BOTEful Philippines has not only supported GSMI's bottle retrieval efforts but also promoted a culture of recycling in communities nationwide. In July 2025, the program expanded its reach with the successful rollout of BOTEful Palawan, implemented in collaboration with the Provincial Government of Palawan, San Miguel Foundation, and the SMC Government Affairs and Advocacy Group.

The launch highlighted the importance of multi-stakeholder engagement in advancing sustainability goals. Local leaders, including Congressman Jose "Pepito" Alvarez of Palawan's second district, underscored the role of initiatives like BOTEful in empowering communities while addressing environmental challenges. The active participation of the local government unit reflected a shared commitment to building cleaner, more resilient communities.

Central to the program is community involvement. Residents are encouraged to participate in the collection and return of used bottles through an incentive-based system, promoting both environmental awareness and a sense of shared responsibility. This approach strengthens local ownership of sustainability efforts while contributing to waste reduction.

To date, BOTEful Philippines has successfully collected and recycled over 260,000 bottles, diverting significant waste from landfills and reinforcing circular economy practices within partner communities.

The Palawan rollout demonstrates how collaboration enables scale and sustainability. By aligning the efforts of government, private sector, and community stakeholders, BOTEful continues to create measurable environmental impact while promoting long-term behavioral change.

With sustained support from its partners, GSMI remains committed to further strengthening BOTEful Philippines as a platform for collaborative action, while advocating for a cleaner, more sustainable future for communities nationwide.



## Moving Forward

In the past year, GSMI has continued to advance its environmental, social, and governance (ESG) commitments through the implementation of targeted programs and strategies.

We have strengthened our efforts to reduce environmental impact by improving resource efficiency across our facilities, including energy, materials, water, and waste management, while sustaining circular economy practices that have contributed to measurable emissions reductions and improved cost efficiency.

Beyond environmental stewardship, we have prioritized our social responsibilities by fostering a safe, inclusive, and engaging workplace, supporting our communities through our CSR programs, and aligning our initiatives with evolving stakeholder expectations.

At the same time, we have reinforced strong governance practices by implementing corporate policies that enhanced transparency, accountability, and ethical standards across our operations.

Through continuous innovation and by strengthening our brand, we remain responsive to customer expectations and resilient in an increasingly dynamic and changing market.

As we move forward, our focus will be on :

- Operationalization of our mechanized second-hand bottle washer facility, which will strengthen our second-hand bottle operation
- Additional solar panel installation in our facilities and gradual transition of our fleet to EV which will reduce GHG emission ( scope 1 and 2 ) by utilizing renewable energy



- Further innovation in our product packaging through removal of plastic seal for our Vino Kulafu 350ml product, which will further reduce our plastic footprint
- Developing and launching new products that respond to evolving customer needs and preferences, thereby reinforcing our market leadership
- Strengthening our community engagement by designing programs that will sustain our community needs
- Developing our people through trainings, cross posting, immersion and developmental assignment which will strengthen our workforce for sustainable operations

We will continue to build on our efforts and push forward with greater purpose. As part of strengthening our

**We will continue to build on our efforts and push forward with greater purpose.**

sustainability culture, we will launch the GSMI Sustainability logo, which will be used across our campaigns to reinforce and reaffirm our commitment to sustainability.

With transparency and responsibility at the core, we aim to work closely with our stakeholders, and cultivate stronger partnerships, deliver meaningful impact, and advance initiatives that support long-term environmental, social, and economic resilience.





## Board of Directors

**Ramon S. Ang**  
President

**Cecile L. Ang**

**John Paul L. Ang**

**Leo S. Alvez**

**Aurora T. Calderon**

**Gabriel S. Claudio**

**Justice Francis H. Jardeleza (Ret.)**

**Justice Aurora S. Lagman**  
Independent Director

**Justice Martin S. Villarama, Jr. (Ret.)**  
Independent Director



## Corporate Governance

Ginebra San Miguel Inc. (“GSMI” or the “Company”), its Board of Directors (the “Board”), Management, Officers, and employees firmly believe that corporate governance is a necessary component of what constitutes sound strategic business management and recognizes the vital role it plays to attain corporate goals and create and sustain shareholder value.

On August 6, 2002, the Company, through its Board, institutionalized the principles of good corporate governance within the organization by establishing and implementing the Company’s Manual on Corporate Governance (the “CG Manual”). Since its adoption, the CG Manual has undergone a number of amendments 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 which took effect on January 1, 2017. Conformably with the Circular, the Company formally approved and adopted an amended or new CG Manual on May 25, 2017.

### BOARD OF DIRECTORS

Compliance with the principles of good corporate governance starts with the Board. In the performance of its fiduciary roles, duties and responsibilities, the Board has always conducted itself with utmost honesty, integrity, transparency, accountability, and fairness, with the objective of ensuring that the interest of all stakeholders is considered and protected.

The Company is headed by a competent Board, which has the combined knowledge, expertise, and experience of its members that

enabled the Company to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term interests of its stakeholders.

The Board is composed of nine (9) directors who are elected annually at the regular meeting of the stockholders (“RSM”) scheduled on the last Thursday of May unless a different date is fixed by the Board. Two (2) members of the Board are Independent Directors who, 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. Currently, the Company is headed by the President, who is also the Chief Operating Officer. He has supervision and direction of the day-to-day business affairs of the Company, and he presides over the meetings of the Board of Directors and the Stockholders in the absence of the Chairman and Vice Chairman. Moreover, the Board has a Lead Independent Director to ensure that the Independent Directors shall be free to express and advocate independent views and perspectives, and that abuse of power or authority and potential conflict of interest are avoided.

During the 2025 RSM that was held on May 29, 2025, the stockholders elected six (6) male and three (3) female directors. Director Ramon S. Ang was elected as the President, while Directors Aurora S. Lagman and Martin S. Villarama, Jr. were the elected Independent Directors, with the former being elected as the Lead Independent Director of the Company. Directors Cecile L. Ang, John Paul L. Ang, Leo S. Alvez, Aurora T. Calderon, Gabriel S. Claudio and Francis H. Jardeleza completed the 9-member Board of the Company.

### Board Committees

To support the effective performance of the Board’s functions, the Board has four (4) committees, namely:

**Executive Committee.** Acts within the power and authority granted upon it by the Board and is called upon when the Board is not in session to exercise the powers of the latter in the management of the Company, except as specifically limited by the Board or by law.

### Audit and Risk Oversight Committee.

Performs the functions of the Audit, Board Risk Oversight, and Related Party Transactions Committees. Among others, it enhances the oversight capability of the Board over the Company’s financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations. It likewise has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place to guide the Board in arriving at well-informed decisions, having taken into consideration risks related to significant business activities, plans, and opportunities. Also, it oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting related-party transactions.

### Corporate Governance Committee.

Assists the Board in the performance of its corporate governance responsibilities. Among others, it oversees the implementation of the corporate governance framework and periodically reviews the same to ensure that it remains appropriate. It also pre-screens and shortlists candidates for nomination to become a member of the Board in accordance with the qualifications and disqualifications for Directors set out in the CG Manual.

**Executive Compensation Committee.**

Advises the Board on the establishment of formal and transparent policies and practices on remuneration of directors and executives. It provides oversight function over remuneration of senior management and other key personnel, ensuring consistency with the Company's culture, strategy and control environment.

**Board and Committee Performance**

Committed to its fiduciary duties and responsibilities, the Board members meet at least five (5) times a year through meetings held at periodic

intervals at such places as may be designated in the notice. Considering the operations of the Company, as well as its reportorial obligations to regulatory bodies, the schedule of meetings of the Board, Audit and Risk Oversight Committee, and Corporate Governance Committee is determined and relayed to the Directors ahead of time to enable them to arrange their respective schedules and see to it that they are available to attend the said meetings. The different Board Committees also meet as and when necessary. Prior to the date of each meeting, the Corporate Secretary sends

notices and agenda to each Director, together with other information/ documents, to enable the Directors to actively participate and express their opinions, and for valuable discussions to take place during meetings.

In 2025, the Board held four (4) regular meetings and one (1) organizational meeting. The Board members also attended the 2025 RSM, as shown in the table below:

**Board Meeting Attendance**

May 29, 2025				
BOARD OF DIRECTORS	DESIGNATION	REGULAR STOCKHOLDERS MEETING (RSM)	ORGANIZATIONAL MEETING	BOARD MEETING ATTENDANCE
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

As for the Board Committee Meetings, details of the attendance of the Directors in the Committee meetings in 2025 are shown below:

MEMBER	EXECUTIVE COMPENSATION	AUDIT AND RISK OVERSIGHT	CORPORATE GOVERNANCE	BOARD MEETING ATTENDANCE
Ramon S. Ang	1/1	n/a	n/a	5/5
Cecile L. Ang	n/a	2/4 <sup>1</sup>	n/a	5/5
John Paul L. Ang	n/a	n/a	n/a	5/5
Leo S. Alvez	1/1	3/4	1/1	4/5
Aurora T. Calderon	1/1	n/a	1/1	5/5
Gabriel S. Claudio	n/a	n/a	1/1	5/5
Francis H, Jardeleza	n/a	n/a	n/a	5/5
Aurora S. Lagman	n/a	4/4	1/1 (Chairman)	5/5
Martin S. Villarama, Jr.	1/1	4/4 (Chairman)	1/1	5/5

<sup>1</sup>Ms. Cecile L. Ang was only elected as member of the Audit and Risk Oversight Committee during the Organizational Meeting of the Board on May 29, 2025.

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.

### Board Training and Self-Assessment by the Board and Audit and Risk Oversight Committee

The members of the Board keep themselves abreast with industry developments and business trends. Moreover, the Company's Compliance Officer regularly apprises the Directors during Board meetings, on the relevant laws, regulations, government issuances, and relevant industry developments and operations of the Company, and advises the Board on all relevant issues as they arise.

The Directors also regularly attend a seminar or program on corporate governance at least once a year. In 2025, all the Directors attended a corporate governance seminar conducted by SEC-accredited providers—Center for Global Best Practices, SGV & Co., and Risk, Opportunities, Assessment and Management (ROAM)—in compliance with the requirement of the SEC.

The members of the Board also accomplished an Internal Self-Rating

Form (the "Form") for the purpose of evaluating the Board's performance for 2025. 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 Forms, the Board has substantially met its mandate.

The members of the Audit and Risk Oversight Committee also accomplished an Internal Self-Rating 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.

### Management

In 2025, the Company's Management is under the leadership of President Ramon S. Ang. He was assisted by the OIC-General Manager Ms. Cynthia M. Baroy. The President is responsible for the general supervision, administration and management of the business of the Company as well as its day-to-day business affairs. He presides at the meetings of the Directors and stockholders and exercises such powers and perform such duties and functions as the Board may assign to him. The OIC-General Manager reports to the President and is charged with overseeing the overall management of the Company's various departments with the aim of continuously improving the Company's business operations and attainment of corporate objectives. The

Senior Management of the Company, who are composed of individuals with knowledge and expertise in their respective fields, provide valuable support in achieving the Company's corporate goals and objectives.

### ACCOUNTABILITY AND AUDIT

The Company has internal and external auditors, whose respective reports and recommendations are considered in conducting its business affairs. The Board ensures that an independent audit mechanism is in place to monitor the adequacy and effectiveness of the Company's governance, operations and information systems, including the reliability and integrity of financial and operations information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts. The Board also established the Audit and Risk Oversight Committee to, among others, enhance the oversight capability of the Board over the Company's financial reporting, internal control system, internal and external audit process, and compliance with applicable laws and regulations. The said Committee performs oversight functions for both external and internal auditors of the Company.

#### Internal Auditor

The Company's internal audit function is performed by Ginebra San Miguel Group Audit (the "GSMGA"), which is headed by the Chief Audit Executive, who reports functionally to the Audit and Risk Oversight Committee and administratively to the President and General Manager. The GSMGA provides independent, objective assurance and consulting services to add value and improve the operations of GSMI and its subsidiaries (hereinafter referred to as the "GSMI Group"). It also helps each function or organization in the GSMI Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance

processes. The GSMGA is mandated to provide an independent risk-based assurance service to the Board, perform compliance audits, establish a risk-based audit plan, and review the efficiency and effectiveness of the internal control system of all areas of the GSMI Group, to name a few.

#### External Auditor

The External Auditor of the Company for 2025 is R.G. Manabat & Co. ("KPMG"), an auditing firm duly accredited with the SEC. Through the conduct of an independent audit of the Company and provision of objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders, the External Auditor is able to help maintain the prevalence of an environment of good corporate governance as reflected in the Company's financial records and reports. The External Auditor regularly apprises the Audit and Risk Oversight Committee of the status of its audit.

KPMG's appointment as External Auditor was approved by the Board upon the recommendation of the Audit and Risk Oversight Committee, which appointment was subsequently approved by the stockholders during the RSM held on May 29, 2025. While KPMG has been the External Auditor of the Company for several years, such reappointment in 2025 is compliant with Part I (3) (b) (ix) of the Securities Regulation Code (the "SRC"), Rule 68, as amended, with respect to the re-engagement of the said audit firm and the rule on rotation for the signing partner every five (5) years or earlier. Representatives of the audit firm were present during the said RSM and were given the opportunity to respond to appropriate questions or make a statement, if so desired. 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 P 8.5 million in 2025. Moreover,

there were also non-audit fees paid in 2025 amounting to P730,920.00.

There were no disagreements with the Company's External Auditor on any matter relating to accounting and financial disclosures.

### DISCLOSURE AND TRANSPARENCY

The Company, as a publicly-listed company, with shares listed with The Philippines Stock Exchange, Inc. (the "PSE"), recognizes the importance of providing its stakeholders with relevant and Company-related information. Thus, it adheres to full disclosure and transparency in its transactions, and it does so by providing comprehensive, accurate, reliable, and timely information through prompt filing of various reports, notices, and documents (collectively, the "Corporate Disclosures") to the SEC and PSE and through regular investor briefings. These Corporate Disclosures are likewise uploaded to the Company's website for easy access by the stakeholders. They refer to material information about the Company, i.e., anything that could potentially affect the share price, its viability, or the interests of its stockholders and other stakeholders, such as financial results and position, the acquisition or disposal of significant assets, material related party transactions, and shareholdings of Directors. Through these Corporate Disclosures, the Company is able to provide its stakeholders with a fair and complete picture of the Company's financial condition, results, and business operations, as well as the quality of its corporate governance.

#### Ownership Structure

The stakeholders are made aware of the Company's shareholding structure through numerous reports filed with the SEC and PSE. The Company files with the SEC the following reports, which contain information about its ownership structure: General Information Sheet, SEC Form 17-A, Audited Financial Statements, and Information Statement ("IS"). These

reports are likewise submitted to the PSE. For the PSE alone, the Company regularly files the Top 100 Stockholders, Public Ownership, and Foreign Ownership Reports by uploading the same on the PSE Edge Portal.

### Financial Reporting

Compliant with the requirements of the Securities Regulation Code, the financial results of the Company for the first three (3) quarters of the relevant year are disclosed to the stakeholders through SEC Form 17-Q filed with the SEC and PSE within forty-five (45) days from the end of the relevant quarter. The Audited Consolidated Financial Statements for the latest completed financial year, which is included in the Definitive Information Statement or SEC Form 20- IS (the "IS") that is distributed to the stockholders, are released and duly disclosed to the SEC and PSE within fifteen (15) business days prior to the RSM. The financial information in these reports is also disclosed to financial and investment analysts through the quarterly Investors' Briefing and ultimately to the investing public, as the presentation materials for the said briefing are also filed with the PSE.

The Company's financial reports are all prepared in compliance with the Philippine Financial Reporting Standards (PFRS), which are based on International Financial Reporting Standards issued by the International Accounting Standards Board. The Audited Parent and Consolidated Financial Statements as of December 31, 2025 of the Company were approved and authorized for submission and filing with the concerned regulatory bodies by a resolution of the Board on March 5, 2026.

### Related Party Transactions

The Company has significant transactions with related parties pertaining to purchases of containers, bottles, and other packaging materials, as well as the sale of liquor and by-products. It has also entered into various lease agreements with related

parties, both as a lessor and a lessee. These transactions are made in the ordinary course of business at normal market prices and terms. Related party transactions (the "RPTs") are fully disclosed in the Audited Consolidated Financial Statements of the Company.

The Audit and Risk Oversight Committee evaluates, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified. RPTs are monitored, and subsequent changes in related parties are noted. It also evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

Conformably with the Material Related Party Transactions Policy of the Company, the Company, with the approval of the Board, engaged the services of Punongbayan and Auraulo (the "P&A"), an external independent party, tasked to evaluate the fairness of the terms of transactions that may qualify as "Material RPTs." These are transactions with related parties that meet the materiality threshold in terms of transaction value, amounting to a minimum of 10% of the total consolidated assets of the Company based on its latest audited financial statements. The P&A has determined that the Company's material RPTs in 2025 met the fairness test. Consequently, such transactions, upon the recommendation of the Audit and Risk Oversight Committee, were approved by the Board.

## STOCKHOLDERS' RIGHTS

### Dividends

The Company's Articles of Incorporation ("AOI") provides for the

right of stockholders to dividends as and when declared by the Board of Directors (the "Board") at such rate or amount and period as may be fixed by the Board. AOI also provides that holders of preferred shares are entitled to receive, to the fullest extent allowable under the law, subject to certain adjustments. 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 to further strengthen the rights of the stockholders to dividends.

In 2025, the Board approved the declaration of regular cash dividends to stockholders in the amount of P2.50 per common share and special cash dividends in the amount of P1.50 per common share on March 5, April 30, August 6, and November 5.

### Stockholders' Meeting

The Company recognizes that the stockholders' meeting, whether regular or special, is an excellent opportunity for stockholders to actually express their sentiments and opinions, as well as ask questions to the Board and Management. Thus, the Company sees to it that its stockholders are informed of the details of stockholders' meetings through the IS sent to each stockholder at least fifteen (15) business days before the scheduled date of the meeting. The IS contains the notice, date, time, venue and agenda of the meeting, information pertaining to proxies, deadline for submission thereof and date of their validation, as well as other relevant information about the Company. For the 2025 RSM, the IS was made available to the stockholders on May 5, 2025.

The draft minutes of stockholders' meetings of the Company are uploaded to the Company's website within five (5) business days from the date of the relevant meeting.

## Voting Rights and Voting Procedures

Each share, whether common or preferred, registered in the name of the stockholder entitles such stockholder to one (1) vote. Stockholders have the right to elect, remove, and replace Directors as well as vote on certain corporate acts in accordance with the Revised Corporation Code. In electing members to the Board, every stockholder is entitled to cumulate his votes in accordance with the provisions of law. Voting procedures on matters presented for approval to the stockholders in the RSM are set out in the IS.

## Pre-emptive Rights

All stockholders have the right to subscribe to all issues of shares of the Company in proportion to their shareholdings, unless the same is denied in its Articles of Incorporation (the "Articles") or an amendment thereto. Under the Company's Articles, stockholders do not have pre-emptive rights to subscribe to the convertible preferred shares or to subscribe to the common shares to be issued by the Company upon conversion of the preferred shares and the conversion of any notes issued to redeem such preferred shares. Subject to certain conditions and thresholds on the percentage of shares allotted to be issued pursuant to a duly approved stock option, stock purchase, stock subscription, or similar plans (collectively, the "Plans"), stockholders do not have pre-emptive rights to shares issued, sold or disposed of by the Company to its Officers and/or employees pursuant to such Plans.

## STAKEHOLDER RELATIONS

At the forefront of the Company's business principles is transparency. It applies this principle in all its dealings with its stakeholders, which include, among others, its customers, creditors, employees, suppliers, investors, as well as the government and community

in which it operates, and sees to it that their rights as established by law, contractual relations and through voluntary commitments, are respected.

The Company, through the different channels of communication, is always within easy reach. When the rights and interests of stakeholders are at stake, they can communicate with the Company to obtain prompt, effective redress for the violation of their rights. Ensuring cooperation among the Company and its numerous stakeholders in creating wealth, growth and sustainability is crucial to the Company's success.

## Right to Information of Stakeholders and Investor Relations

Transparency is manifested in the Company's Corporate Disclosures filed with the SEC and PSE, which relate to the Company, its Directors and Officers, and its operations and transactions. Stakeholders can request hard copies of these documents, as well as make inquiries through, among others, the Investor Relations Office of the Company and San Miguel Corporation (the "SMC").

The Company also holds combined Investors' Briefings with SMC and other SMC subsidiaries on a regular basis, the date and agenda for which are disclosed to the PSE at least three (3) days before the holding thereof. Materials for the said briefings are also disclosed to the PSE on the scheduled date of the briefing.

## EMPLOYEE RELATIONS

The Company believes its greatest strength has always been its people – from visionary leaders to competent, dedicated managers and staff who comprise the organization. Hence, it believes in providing a healthy and conducive work environment. Thus, a comprehensive remuneration and benefits package is provided to help retain productive talents and maintain high employee satisfaction. Moreover,

periodic reviews are conducted to ensure that employee recruitment and retention strategies remain aligned with business objectives.

Employees are entitled to benefits such as, but not limited to, leaves, loans and financial programs, personal and group insurance programs, burial assistance for employees and dependents, and medical benefits through Health Maintenance Organization (HMO) coverage consisting of annual physical examinations, physician consultations, diagnostic procedures, and hospitalization. For vacation and sick leaves, the Company also offers a commutation option to its employees. Leave Benefits are paid with vacation, sick, and emergency leaves being given to regular employees under certain guidelines. Work-Life Benefits include rice ration, uniform, wedding gift, and burial assistance. Learning and Education Benefits include Educational Program (EDPRO) and Professional Board Examination Incentive. Under the EDPRO, monetary assistance is provided to regular employees who wish to pursue further studies for career growth, based on set eligibility standards. On the other hand, the Board Incentive which is equivalent to one-month basic pay, is awarded to an employee who passes a government board examination that is administered by the Professional Regulatory Board. The said board examination, however, should be considered by the Company to be a requirement for the employee's field of specialization or for technical fields considered relevant to the Company's operations and to the employee's career path.

The Company continues to invest in comprehensive Learning and Development Programs, in line with its commitment to employee growth and organizational excellence. These initiatives are designed to foster professional and personal development, while promoting a culture of open communication, teamwork, continuous improvement, and lifelong learning.

Our programs are classified into formal and informal trainings:

- Formal trainings include corporate programs, functional and technical school training, and e-learning, facilitated by the Human Resources Department, Functional Schools, and external institutions.
- Informal trainings encompass on-the-job training, developmental or special assignments, job rotation or transfer, coaching, and mentoring.

The Company's structured curriculum is anchored on three pillars:

- **Work Support Programs:** Focused on enhancing employee skills, team effectiveness, and personal mastery, with emphasis on communication, creativity, innovation, productivity, and customer orientation.
- **Technical Programs:** Designed to maintain and strengthen core functional skills, administered by the Functional Schools such as the Logistics School (est. 2014), Alcohol and Liquor Technology Institute (est. 2015), Manufacturing School (est. 2016), Distileria Bago Inc. Technical School (est. 2016), Human Resources School (est. 2020), Ginebra School of Sales and Marketing (est. 2021), and Finance School (est. 2024).
- **Leadership and Management Programs:** Targeted at developing the leadership and management capabilities of supervisors, department heads, managers, and executives.

In June 2025, the Company marked two significant milestones: the launch of the Procurement Learning School and the establishment of Ginebra San Miguel University (GSMU). These initiatives were introduced to align and integrate the eight functional schools to optimize training efforts, resources, and investment. Together, they form a unified framework that strengthens the Company's commitment to

building a highly skilled, innovative, and future-ready workforce.

In 2025, the Company provided opportunities to its employees, as well as the employees of its subsidiaries, to attend the following training programs offered by SMC that cater to the employee and organization's needs:

- **SMC – Ateneo Leadership and Management Development Program.** This program aims to harness leadership and management potential to help transform managers into effective organizational change leaders and valuable members of the whole enterprise. The customized courses enrich cross-functional expertise and build a general management perspective, providing young leaders with the critical skills for success.
- **AIM Executive Management Development Program.** This program is tailored for executives and leaders who are constantly managing change to lead, inspire, and transform a hyper-connected workforce. The program primes the participating executive for self-awareness, personal mastery, and transformational leadership in today's business context. The building block approach and progression of learning themes, modules, and topics deliberately become more complex, as the participant engages co-participants, faculty, peers, and colleagues as learning partners.
- **Sustainability Management Program.** The sustainability imperative: ESG from concept to action. This program introduces basic concepts of corporate sustainability, gives examples on how different companies embed environmental, social and governance (ESG) into their strategies and activities, explore ESG initiatives for local companies. This will benefit SMC leaders who wish to be more familiar with the language and

concerns of sustainability, or who need to participate in the execution of the Company's sustainability strategies and initiatives.

Aside from the above programs offered by SMC, the Company utilizes various platforms to provide effective and purposive training to enhance the competencies of its employees. The following are the programs offered by the Functional Schools or provided by external training institutions:

- **Work Support Programs.** Panalo Tayo: Winning Together at Work, G.S.M Your Finances, Customer Service Excellence, Standard First Aid Training, Storytelling for Business, and Malasakit Learning Sessions are conducted to promote employees' health, well-being, and personal development.
- **Technical Programs.** Alcohol and Liquor Technology, Basic Laboratory Skills, Bottling Operation and Maintenance Course, Programmable Logic Controller Training, Road Safety and Defensive Driving, Basic Selling Systems and Procedures, On-Premise Accounts Management Workshop, Fermentation and Distillation, Introduction to Market Research, Innovation Workshop were some of the courses offered by the Technical Schools. To ensure that the employees are updated with new trends, technologies, and processes in the industry, the Company encourages its employees to participate in local and international conferences, forums, and events such as 71st PHILSUTECH Annual National Convention, Tax Updates: 2024-2025 Local Business Tax, Real Property Tax & Licenses Renewals, 50th PSTD Annual Convention, Graphika Manila 2025, 12th Annual SEC-PSE Corporate Governance Seminar, People Management Association of the Philippines Convention, and Chemical Regulatory Compliance Seminars. The Company has also enrolled

some of its employees in international institutions that offer programs related to distillation, gin or alcohol-making, raw material, and packaging.

- **Leadership and Management Programs.** Leadership Emergence Appreciation Program Modules 1 and 2, Corporate Governance, Employee Discipline and Administrative Investigation, People Champion: Leading a Diverse Workforce, and Growing in Coaching are among the programs for Supervisors and Managers that were conducted in 2025. In addition, GSMU introduced a two-day leadership development program called the Sibol: GSMI Leadership Camp for high-potential rank-and-file employees to prepare them to take on bigger roles in the future. This program encourages participants to recognize their strengths, reflect on areas for improvement, and build the confidence needed to grow in their careers.

The Company also encourages employees to achieve work-life balance by providing year-round programs. One of these programs is the celebration of the Company Anniversary and Employee Service Awards, which commemorates the Company's milestones while providing an opportunity for employees to gather, mingle, and honor colleagues who have dedicated many years of service, making them feel valued and appreciated.

Beyond work-related initiatives, the Company takes time and effort to celebrate important occasions such as birthdays, Valentine's Day, Mother's Day, Father's Day, and Christmas, ensuring that employees feel recognized and important. In addition, a variety of health and wellness programs are made accessible to employees to allow relaxation and decompression, such as the Sports Fest, Wellness Wednesdays, and the celebration of Nutrition Month. These initiatives are designed to promote overall well-being

of employees through proper diet, exercise, and stress management.

The Company also encourages its employees to participate in meaningful activities. One example is the Decluttering Program, where employees are encouraged to donate their used or mint-condition items for sharing with fellow employees and third-party service providers during Malasakit Month, held October. Another noteworthy initiative is the Ginebra Shoe Box of Malasakit, conducted every December. This annual gift-giving project invites employees to voluntarily donate shoeboxes filled with school supplies, groceries, and personal hygiene items for distribution to selected communities (e.g., bottle washers). Through these activities, employees are able to demonstrate their Malasakit and extend support to those in need.

### SIGNIFICANT COMPANY POLICIES

Over the years, the Company has adopted policies geared toward promoting its best interest and that of its various stakeholders: stockholders, employees, customers and regulatory agencies. Some of the significant policies are the following:

**Dividend Policy.** This policy provides that 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. "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.

**Conflict of Interest.** The Company implements a policy on Conflict of Interest, which espouses the principle that Officers and employees have a duty to act in the best interest of the Company. This policy specifically requires Officers, Managers, and employees to: conduct business affairs with fairness; avoid granting undue personal favors; engage only in private activities or business consistent with responsibilities as Officers and employees and not detrimental to the interest of the Company; refuse gifts that might connote bribery in any way; utilize Company property, funds, equipment and time solely for Company purposes, and recognize that all intellectual property and rights so created are owned by the Company; and seek prior Management clearance before engaging in outside work. In the event that any personal interest of an Officer or employee may conflict with the interest of the Company, proper disclosure through the accomplishment of the Full Business Interest Disclosure Form should be made, and a review by higher Management shall resolve the conflict. This policy was updated in 2023 to enhance compliance with various sustainability reporting standards.

**Code of Ethics.** The Company adheres to the SMC group-wide Code of Ethics that sets out the fundamental standards of conduct and values consistent with the principles of good governance and business practices that shall guide and define the actions and decisions of the Directors, Management, Officers and employees of the Company. The Company is firmly committed to the promotion of a culture that fosters and maintains the core values of fairness, transparency, accountability and integrity in the conduct of its business and expects

each of its Directors, Officers and employees to observe with zeal such core values in the performance of their duties, in their relationships with fellow employees, and in all their dealings with stockholders, customers, suppliers, government, and the general public.

**Securities Dealing.** The Company's commitment to the highest standards of values, expertise, and professionalism prompted it to adopt a Policy on Dealings in Securities. This policy mandates the Directors, Officers, and employees of the GSMI Group to exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy, as well as the requirements of the SRC. It sets out the conditions and rules under which the Directors, Officers, and employees of the GSMI Group shall deal in securities of the Company. Under this policy, Directors, Officers, and certain employees are considered to have access to "insider information," i.e. knowledge or possession of material non-public information about the Company by virtue of their functions and responsibilities. Therefore, such Directors, Officers and key employees with access to inside information are prohibited from trading in the Company's shares at any time when they have knowledge or possession of material non-public information about the Company, and during a specified time frame, or a "blackout period." The same prohibition applies even if the material non-public information refers to another company, so long as the same was obtained in the course of performing the duties as Directors, Officers, or employee of the GSMI Group.

**Whistle Blowing.** Procedures have been established for the communication and investigation of concerns regarding the Company's accounting, internal accounting controls, auditing, and financial reporting matters under a SMC group-wide Whistle Blowing Policy. The said policy provides that all complaints be ultimately referred to the Audit and Risk Oversight Committee,

which complaints may be on anonymous basis and which shall be placed in confidential files and will be retained for seven (7) years or for such longer time as the said Committee may deem necessary. All communications received through the established channels will be kept confidential. The original copies or records of all communications will be available to any Audit and Risk Oversight Committee member, upon request. The said Committee will determine whether any action or response is necessary or appropriate with respect to a received communication, and it will take or direct such action as it deems appropriate. This policy was updated in 2023 to enhance compliance with various sustainability reporting standards and was further updated in 2024 to address the specific needs of the Company.

**Data Privacy.** The Company values the personal information of individuals and collects, stores, and uses the same only in accordance with law. To institutionalize the same, the Board approved a Personal Data Privacy Policy to ensure compliance with the requirements of the Data Privacy Act of 2012 and its Implementing Rules and Regulations. Pursuant thereto, the Company also appointed a Data Protection Officer responsible for ensuring the Company's compliance with applicable laws and regulations to protect data privacy and security.

**Material Related Party Transactions Policy.** It is the policy of the Company that all RPTs are conducted on an arm's length basis and under fair terms, in order that no shareholder or stakeholder is unduly disadvantaged and there is no prejudice to the interest of the stakeholders of the Company. The Board shall have the overall responsibility of ensuring that RPTs are handled in a sound and prudent manner, with integrity and in effective compliance with applicable laws, rules and regulations at all times to protect the interests of the Company and its subsidiaries, and their shareholders and other stakeholders. The objectives of this policy are to mitigate or avoid conflict of interest and abusive transactions between related

parties, and ensure that every RPT is reviewed, approved and disclosed in compliance with the requirements of the relevant governmental and regulatory agencies, such as the SEC.

**Other Policies.** Since 2023, the Company has adopted several revised SMC-wide people-related policies, to wit: Child and Forced Labor Policy, Board Diversity Policy, Code of Conduct and Ethical Business Policy, Anti-Corruption Policy and Sexual Harassment Policy. These policies were revised to incorporate Environmental, Social, and Governance Principles aimed to boost the SMC Group's commitment to conform with various sustainability reporting standards.

Information about the foregoing policies can be found on the official website of the Company.

## COMPLIANCE SYSTEM

To ensure adherence to corporate principles and best practices, the Board has appointed a Compliance Officer who is responsible for monitoring compliance by the Company with the provisions and requirements of the CG Manual, relevant laws, issuances, and rules and regulations of regulatory agencies. The Company's Compliance Officer is Atty. Virgilio S. Jacinto.

## WEBSITE

Other information about the Company may be viewed at <http://www.ginebrasanmiguel.com>.


## Report of the Audit and Risk Oversight Committee

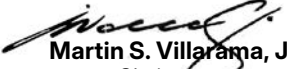
For the year ended December 31, 2025


The Audit and Risk Oversight Committee (the "Committee"), was constituted by the Board of Directors (the "Board"), to among others, enhance its oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The Committee specifically performed the following in 2025:


- Recommended to the Board and endorsed for approval by the stockholders, the appointment of R.G. Manabat & Co. ("KPMG"), as the Company's independent External Auditor for the fiscal year 2025;
- Reviewed and approved the terms of engagement of KPMG for audit-related services and non-audit services provided or to be provided and the fees for such services;
- Reviewed and approved KPMG's Audit Plan for 2025;
- Reviewed, discussed and recommended for approval of the Board the Company's Separate and Consolidated Financial Statements for 2025, as well as the Company's SEC Form 17-Q or Quarterly Financial Statements for 2025 and such other reports required to be submitted to regulatory agencies in connection with such financial statements, to ensure that the information contained in such statements and reports presented a true and balanced assessment of the Company's financial position and condition and that such statements and reports complied with the regulatory requirements of the Securities and Exchange Commission (the "SEC") and applicable laws, rules, regulations and issuances of regulatory bodies;
- Reviewed and approved the Company's Internal Audit and Outsourcing Plan for 2025;
- Approved the amendments to the Company's Audit and Risk Oversight Committee Charter to specifically state that among the duties and responsibilities of the Audit and Risk Oversight Committee is to oversee the Company's Internal Audit Group.
- Reviewed, discussed and recommended for approval of the Board the Material Related Party Transactions of the Company in 2025;
- As and when necessary, performed functions pertaining not only to audit, but also to risk oversight and related party transactions;
- Reviewed the adequacy, effectiveness and sufficiency of the Company's financial and internal controls and risk management systems, and ensured that, where applicable, necessary measures were taken to address any concern or issue arising therefrom;
- Accomplished the Committee's Internal Self-Assessment Form for the purpose of evaluating its performance for 2025; and
- Attended a Seminar on Corporate Governance in compliance with the SEC Memorandum Circular No. 19, Series of 2016.

The Committee exerted best efforts in fulfilling its responsibilities as set forth in its Charter and the Company's Manual on Corporate Governance, and substantially met its mandate in 2025.

  
**Leo S. Alvez**  
 Member

  
**Martin S. Villarama, Jr.**  
 Chairperson  
 Independent Director

  
**Aurora S. Lagman**  
 Member – Lead Independent Director

  
**Cecile L. Ang**  
 Member



## 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

# R.G. Manabat & Co.



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## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
**Ginebra San Miguel Inc.**  
 3<sup>rd</sup> and 6<sup>th</sup> 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.

### *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.

# R.G. Manabat & Co.



*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.

## *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.

# R.G. Manabat & Co.



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.

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 Arleene C. Yu.

## R.G. MANABAT & CO.

A handwritten signature in black ink that reads '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**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**  
(In Thousands)

	Note	2025	2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4, 5, 31, 32	<b>P15,002,489</b>	P11,330,931
Trade and other receivables - net	4, 6, 22, 27, 31, 32	<b>2,237,055</b>	1,899,136
Inventories - net	4, 7	<b>7,509,951</b>	7,606,929
Prepaid expenses and other current assets	8, 27, 31, 32	<b>1,208,415</b>	892,247
<b>Total Current Assets</b>		<b>25,957,910</b>	21,729,243
<b>Noncurrent Assets</b>			
Investments in joint ventures	4, 9	-	-
Investment in debt instruments at amortized cost	4, 10, 27, 31, 32	<b>1,500,000</b>	1,500,000
Property, plant and equipment - net	4, 11	<b>6,157,051</b>	6,392,474
Right-of-use assets - net	4, 12, 27, 28	<b>44,344</b>	65,532
Investment property - net	4, 13, 27	<b>710,033</b>	-
Goodwill - net	4, 14	<b>126,863</b>	126,863
Deferred tax assets - net	4, 18	<b>644,095</b>	625,092
Other noncurrent assets - net	4, 15, 27, 31, 32	<b>202,906</b>	93,389
<b>Total Noncurrent Assets</b>		<b>9,385,292</b>	8,803,350
		<b>P35,343,202</b>	P30,532,593
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	16, 27, 31, 32	<b>P5,953,120</b>	P5,666,430
Income and other taxes payable		<b>2,317,666</b>	1,808,095
Lease liabilities - current portion	4, 27, 28, 31	<b>26,511</b>	32,108
<b>Total Current Liabilities</b>		<b>8,297,297</b>	7,506,633
<b>Noncurrent Liabilities</b>			
Retirement liabilities	4, 29	<b>1,012,459</b>	1,045,838
Lease liabilities - net of current portion	4, 27, 28, 31	<b>21,614</b>	39,626
<b>Total Noncurrent Liabilities</b>		<b>1,034,073</b>	1,085,464
<b>Total Liabilities</b>		<b>9,331,370</b>	8,592,097
<b>Equity</b>			
Capital stock	19	<b>399,063</b>	399,063
Additional paid-in capital		<b>2,539,454</b>	2,539,454
Equity reserves		<b>(801,898)</b>	(777,643)
Retained earnings:			
Appropriated		<b>3,512,000</b>	3,512,000
Unappropriated		<b>24,033,186</b>	19,937,595
Treasury stock		<b>(3,669,973)</b>	(3,669,973)
<b>Total Equity</b>		<b>26,011,832</b>	21,940,496
		<b>P35,343,202</b>	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>	<b>2025</b>	2024	2023
<b>SALES</b>	4, 27	<b>P67,353,900</b>	P62,505,408	P53,638,569
<b>COST OF SALES</b>	20	<b>49,847,279</b>	47,270,273	40,834,816
<b>GROSS PROFIT</b>		<b>17,506,621</b>	15,235,135	12,803,753
<b>SELLING AND MARKETING EXPENSES</b>	21	<b>(4,337,947)</b>	(4,148,039)	(3,715,966)
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	22	<b>(2,788,889)</b>	(2,491,327)	(2,252,979)
<b>INTEREST EXPENSE AND OTHER FINANCING CHARGES</b>	11, 17, 25, 28, 29	<b>(85,584)</b>	(82,936)	(61,041)
<b>INTEREST INCOME</b>	5, 10, 27	<b>834,223</b>	854,110	552,354
<b>GAIN ON DISPOSAL/ RETIREMENT OF NONCURRENT ASSETS - Net</b>	11	<b>5</b>	345	784
<b>OTHER INCOME - Net</b>	26	<b>411,384</b>	265,704	2,037,982
<b>INCOME BEFORE INCOME TAXES</b>		<b>11,539,813</b>	9,632,992	9,364,887
<b>INCOME TAX EXPENSE</b>	18	<b>2,862,977</b>	2,376,118	2,319,020
<b>NET INCOME</b>		<b>P8,676,836</b>	P7,256,874	P7,045,867
<b>Basic and Diluted Earnings Per Share</b>	30	<b>P30.30</b>	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>	<b>2025</b>	2024	2023
<b>NET INCOME</b>		<b>P8,676,836</b>	P7,256,874	P7,045,867
<b>OTHER COMPREHENSIVE LOSS</b>				
<b>Item that will not be reclassified to profit or loss</b>				
Equity reserve for retirement plan	29	<b>(32,339)</b>	(183,459)	(299,094)
Income tax	18	<b>8,084</b>	45,866	74,773
<b>OTHER COMPREHENSIVE LOSS</b>		<b>(24,255)</b>	(137,593)	(224,321)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P8,652,581</b>	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	
<b>As at January 1, 2025</b>		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)
<b>As at December 31, 2025</b>		P345,625	P53,438	P2,539,454	(P801,898)	P3,512,000	P24,033,186	(P1,947,198)	(P1,722,775)	P26,011,832
<b>As at January 1, 2024</b>		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)
<b>As at December 31, 2024</b>		P345,625	P53,438	P2,539,454	(P777,643)	P3,512,000	P19,937,595	(P1,947,198)	(P1,722,775)	P21,940,496
<b>As at January 1, 2023</b>		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)
<b>As at December 31, 2023</b>		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>	<b>2025</b>	2024	2023
<b>CASH FLOWS FROM OPERATING</b>				
<b>ACTIVITIES</b>				
Income before income tax		<b>P11,539,813</b>	P9,632,992	P9,364,887
Adjustments for:				
Depreciation and amortization	<i>11, 12, 13, 15, 20, 21, 22, 23</i>	<b>771,445</b>	705,494	666,063
Retirement expense	<i>24, 29</i>	<b>120,128</b>	107,995	94,998
Interest expense and other financing charges	<i>11, 17, 25, 28, 29</i>	<b>85,584</b>	82,936	61,041
Net unrealized foreign exchange loss (gain)		<b>5,713</b>	6,915	(33,905)
Net derivative loss (gain)	<i>26, 32</i>	<b>5,699</b>	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>	<b>(5)</b>	(345)	(784)
Gain on lease modification	<i>12, 26</i>	<b>(3,954)</b>	(19)	(8,014)
Interest income	<i>5, 10, 27</i>	<b>(834,223)</b>	(854,110)	(552,354)
Operating income before working capital changes		<b>11,690,200</b>	9,682,186	9,619,738
Decrease (increase) in:				
Trade and other receivables		<b>(328,007)</b>	(315,306)	(325,961)
Inventories		<b>77,818</b>	465,973	(1,155,381)
Prepaid expenses and other current assets		<b>(932,505)</b>	(671,953)	(435,413)
Increase (decrease) in:				
Accounts payable and accrued expenses		<b>276,356</b>	(20,550)	179,404
Other taxes payable		<b>186,273</b>	(117,398)	820,160
Cash generated from operations		<b>10,970,135</b>	9,022,952	8,702,547
Interest and other financing charges paid		<b>(21,998)</b>	(33,980)	(17,822)
Contribution to retirement plan	<i>29</i>	<b>(245,206)</b>	(181,968)	(189,785)
Income taxes paid		<b>(2,058,021)</b>	(1,702,110)	(1,668,233)
Net cash flows provided by operating activities		<b>8,644,910</b>	7,104,894	6,826,707

*Forward*

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

See Notes to the Consolidated Financial Statements.

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**GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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**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.

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**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:

Items	Measurement Basis
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

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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. (AII)	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.

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### 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
Buildings and improvements	25

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.

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## **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:

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

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## 5. Cash and Cash Equivalents

Cash and cash equivalents consist of:

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

	Note	2025	2024
Trade:			
Third parties		<b>P2,079,525</b>	P1,693,446
Related parties	27	<b>18,480</b>	26,923
Non-trade:			
Third parties		<b>105,677</b>	131,981
Related parties	27	<b>715,940</b>	729,353
		<b>2,919,622</b>	2,581,703
Less allowance for impairment losses		<b>682,567</b>	682,567
	31, 32	<b>P2,237,055</b>	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	<b>P3,849,581</b>	P3,814,398
At net realizable value:		
Materials and supplies	<b>3,660,370</b>	3,792,531
	<b>P7,509,951</b>	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:

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

	Note	2025	2024
Prepaid taxes		<b>P1,148,680</b>	P832,162
Derivative assets	31, 32	<b>1,085</b>	9,158
Others	27	<b>58,650</b>	50,927
		<b>P1,208,415</b>	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)	<b>P221,447</b>	P269,547	P331,755
Noncurrent assets	<b>697,193</b>	670,234	683,238
Current liabilities (including financial liabilities - 2025: P1,468,373; 2024: P1,332,335 and 2023: P1,281,459)	<b>(1,508,308)</b>	(1,368,575)	(1,320,303)
Net liabilities	<b>(589,668)</b>	(428,794)	(305,310)
Percentage of ownership	<b>44.9%</b>	44.9%	44.9%
Amount of investment in joint venture	-	-	-
Carrying amount of investment in joint venture - net	<b>P -</b>	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)	<b>(40,453)</b>	(44,150)	(61,016)
Operating expenses (including depreciation - 2025: P3,554; 2024: P3,332 and 2023: P3,237)	<b>(28,945)</b>	(24,726)	(170,876)
Other charges (including interest expense - 2025: P34,573; 2024: P32,132 and 2023: P31,616)	<b>(34,188)</b>	(37,008)	(31,263)
Net loss	<b>(103,586)</b>	(104,791)	(259,876)
Percentage of ownership	<b>44.9%</b>	44.9%	44.9%
Share in net loss	<b>(46,510)</b>	(47,051)	(116,684)
Share in other comprehensive loss	-	-	-
Total comprehensive loss	<b>(P46,510)</b>	(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)	<b>P8,059</b>	P18,836	P18,203
Noncurrent assets	<b>170</b>	168	214
Current liabilities	<b>(1,133,574)</b>	(1,028,554)	(989,278)
Net liabilities	<b>(1,125,345)</b>	(1,009,550)	(970,861)
Percentage of ownership	<b>44.9%</b>	44.9%	44.9%
Carrying amount of investment in joint venture	<b>P -</b>	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)	<b>(12,464)</b>	(149)	(243)
Other income	<b>12</b>	12	14
Net loss	<b>(12,452)</b>	(137)	(218)
Percentage of ownership	<b>44.9%</b>	44.9%	44.9%
Share in net loss	<b>(5,591)</b>	(62)	(98)
Share in other comprehensive loss	-	-	-
Total comprehensive loss	<b>(P5,591)</b>	(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
<b>Cost</b>								
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)
<b>December 31, 2025</b>	<b>1,452,478</b>	<b>3,306,669</b>	<b>798,555</b>	<b>9,779,933</b>	<b>1,240,366</b>	<b>158,262</b>	<b>948,650</b>	<b>17,684,913</b>
<b>Accumulated Depreciation</b>								
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)
<b>December 31, 2025</b>	<b>326,575</b>	<b>1,671,820</b>	<b>464,045</b>	<b>7,889,274</b>	<b>809,995</b>	<b>58,553</b>	<b>-</b>	<b>11,220,262</b>
<b>Accumulated Impairment Losses</b>								
December 31, 2024 and 2025	-	-	-	307,600	-	-	-	307,600
<b>Carrying Amount</b>								
December 31, 2024	P952,951	P1,374,829	P114,322	P1,743,224	P368,730	P100,867	P1,737,551	P6,392,474
<b>December 31, 2025</b>	<b>P1,125,903</b>	<b>P1,634,849</b>	<b>P334,510</b>	<b>P1,583,059</b>	<b>P430,371</b>	<b>P99,709</b>	<b>P948,650</b>	<b>P6,157,051</b>

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
<b>Cost</b>				
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)
<b>December 31, 2025</b>		<b>26,756</b>	<b>70,188</b>	<b>96,944</b>
<b>Accumulated Depreciation</b>				
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)
<b>December 31, 2025</b>		<b>15,018</b>	<b>37,582</b>	<b>52,600</b>
<b>Carrying Amount</b>				
December 31, 2024		P14,490	P51,042	P65,532
<b>December 31, 2025</b>		<b>P11,738</b>	<b>P32,606</b>	<b>P44,344</b>

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>	<b>2025</b>	2024
<b>Cost</b>			
Balance at beginning of year		P -	P -
Reclassification	11	<b>737,025</b>	-
<b>Balance at end of year</b>		<b>737,025</b>	-
<b>Accumulated Depreciation</b>			
Balance at beginning of year		-	-
Depreciation	22, 23	<b>26,992</b>	-
<b>Balance at end of year</b>		<b>26,992</b>	-
<b>Carrying amount</b>		<b>P710,033</b>	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 GSML, 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>	<b>2025</b>	2024
Intangible assets - net		<b>P17,063</b>	P30,719
Security deposit	31, 32	<b>493</b>	493
Others	27	<b>185,350</b>	62,177
		<b>P202,906</b>	P93,389

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

	<i>Note</i>	<b>2025</b>	2024
<b>Cost</b>			
Balance at beginning of year		<b>P67,321</b>	P53,531
Additions		-	13,790
<b>Balance at end of year</b>		<b>P67,321</b>	67,321
<b>Accumulated Amortization</b>			
Balance at beginning of year		<b>36,602</b>	25,739
Amortization	22, 23	<b>13,656</b>	10,863
<b>Balance at end of year</b>		<b>50,258</b>	36,602
<b>Carrying Amount</b>		<b>P17,063</b>	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>	<b>2025</b>	2024
Trade payables		<b>P4,437,020</b>	P4,097,923
Amounts owed to related parties	27	<b>1,368,695</b>	1,367,389
Dividends payable		<b>39,856</b>	24,134
Derivative liabilities	31, 32	<b>10,422</b>	5,034
Others		<b>97,127</b>	171,950
	31, 32	<b>P5,953,120</b>	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
<b>Balance at beginning of year</b>		P1,000,000
<b>Changes from Financing Cash Flows</b>		
Proceeds from loan		-
Interest expense	11	5,199
Payment of:		
Loan		(1,000,000)
Interest		(5,199)
<b>Total Changes from Financing Cash Flows</b>		(1,000,000)
<b>Balance at end of year</b>		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	<b>P2,873,896</b>	P2,392,569	P2,282,059
Deferred	<b>(10,919)</b>	(16,451)	36,961
	<b>P2,862,977</b>	P2,376,118	P2,319,020

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

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

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	<b>25.00%</b>	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subject to final tax	<b>(0.35%)</b>	(0.44%)	(0.27%)
Others	<b>0.16%</b>	0.11%	(0.01%)
Effective income tax rate	<b>24.81%</b>	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	<b>345,625,332</b>	345,625,332
Less treasury shares	<b>59,297,491</b>	59,297,491
Outstanding shares	<b>286,327,841</b>	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	<b>53,437,585</b>	53,437,585
Less treasury shares	<b>53,437,585</b>	53,437,585
Outstanding shares	-	-

### b. Treasury Shares

Treasury shares consist of:

	2025	2024	2023
Common	<b>59,297,491</b>	59,297,491	59,297,491
Preferred	<b>53,437,585</b>	53,437,585	53,437,585
	<b>112,735,076</b>	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:

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

## 21. Selling and Marketing Expenses

Selling and marketing expenses consist of:

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

## 22. General and Administrative Expenses

General and administrative expenses consist of:

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

## 23. Depreciation and Amortization

Depreciation and amortization consist of:

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

Depreciation and amortization are distributed as follows:

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

## 24. Personnel Expenses

Personnel expenses consist of:

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

Personnel expenses are distributed as follows:

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

## 25. Interest Expense and Other Financing Charges

Interest expense and other financing charges consist of:

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

## 26. Other Income - net

Other income consists of:

	<b>Note</b>	<b>2025</b>	2024	2023
Tolling fees - net		<b>P317,910</b>	P191,966	P327,089
Sale of scrap materials		<b>62,311</b>	42,465	47,357
Rent income	13, 28	<b>40,118</b>	172	172
Net derivative gain (loss)	32	<b>(5,699)</b>	(328)	2,000
Net foreign exchange gain (loss)	31	<b>(25,260)</b>	(6,294)	31,568
Income from transfer of rights		-	-	1,530,295
Others	12	<b>22,004</b>	37,723	99,501
		<b>P411,384</b>	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;	Unsecured;
	2024	111,897	-	1,500,104	-	Interest bearing	no impairment
	2023	117,960	-	1,500,040	-	On demand;	Unsecured;
						non-interest bearing	no impairment
Others	2025	46	-	231	-	On demand;	Unsecured;
	2024	222	-	1,101	-	non-interest bearing	no impairment
	2023	521	-	1,184	-		
<b>Total</b>	<b>2025</b>	<b>P411,122</b>	<b>P9,662,670</b>	<b>P1,623,377</b>	<b>P1,394,937</b>		
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:
- 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:

	<i>Note</i>	<b>2025</b>	2024	2023
Short-term employee benefits		<b>P56,784</b>	P70,062	P69,763
Retirement costs	29	<b>9,286</b>	18,807	16,045
		<b>P66,070</b>	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
	<b>P54,338</b>	<b>P6,213</b>	<b>P48,125</b>

	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:

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

	<b>Note</b>	<b>2025</b>	2024	2023
Cost of sales	20	<b>P1,633</b>	P1,502	P2,096
Selling and marketing expenses	21	<b>94,725</b>	97,231	116,639
General and administrative expenses	22	<b>43,725</b>	22,998	33,208
		<b>P140,083</b>	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:

	<b>2025</b>	2024
Within one year	<b>P32,505</b>	P176
After one year but not more than five years	<b>70,407</b>	798
After five years	<b>399</b>	624
	<b>P103,311</b>	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
<b>Balance at</b>						
<b>beginning of year</b>	<b>P1,508,846</b>	P1,386,604	<b>(P2,554,684)</b>	(P2,267,495)	<b>(P1,045,838)</b>	(P880,891)
<b>Recognized in Profit or Loss</b>						
Current service costs	-	-	<b>(120,128)</b>	(107,995)	<b>(120,128)</b>	(107,995)
Interest expense	-	-	<b>(156,377)</b>	(148,918)	<b>(156,377)</b>	(148,918)
Interest income	<b>97,017</b>	93,457	-	-	<b>97,017</b>	93,457
	<b>97,017</b>	93,457	<b>(276,505)</b>	(256,913)	<b>(179,488)</b>	(163,456)
<b>Recognized in Other Comprehensive Income</b>						
Actuarial gains (losses) arising from:						
Experience adjustments	-	-	<b>(24,269)</b>	(67,142)	<b>(24,269)</b>	(67,142)
Changes in financial assumptions	-	-	<b>71,727</b>	(71,365)	<b>71,727</b>	(71,365)
Changes in demographic assumptions	-	-	<b>(13,133)</b>	(775)	<b>(13,133)</b>	(775)
Return on plan assets excluding interest income	<b>(66,664)</b>	(44,177)	-	-	<b>(66,664)</b>	(44,177)
	<b>(66,664)</b>	(44,177)	<b>34,325</b>	(139,282)	<b>(32,339)</b>	(183,459)
<b>Others</b>						
Contributions	<b>245,206</b>	181,968	-	-	<b>245,206</b>	181,968
Benefits paid	<b>(92,349)</b>	(109,006)	<b>92,349</b>	109,006	-	-
	<b>152,857</b>	72,962	<b>92,349</b>	109,006	<b>245,206</b>	181,968
<b>Balance at end of year</b>	<b>P1,692,056</b>	P1,508,846	<b>(P2,704,515)</b>	(P2,554,684)	<b>(P1,012,459)</b>	(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:

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

	<b>In Percentages</b>	
	<b>2025</b>	2024
Investments in marketable securities	<b>79.93</b>	84.29
Investments in pooled funds:		
Fixed income portfolio	<b>5.97</b>	7.41
Others	<b>14.10</b>	8.30
	<b>100.00</b>	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	<b>6.48 - 6.53</b>	6.04 - 6.13
Salary increase rate	<b>5.00</b>	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	<b>(P160,664)</b>	<b>P184,089</b>	(P153,381)	P175,393
Salary increase rate	<b>185,018</b>	<b>(164,270)</b>	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)	<b>P8,676,836</b>	P7,256,874	P7,045,867
Weighted average number of common shares outstanding (in thousands) - basic and diluted (b)	<b>286,328</b>	286,328	286,328
Basic and Diluted Earnings Per Share (a/b)	<b>P30.30</b>	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:

<b>December 31, 2025</b>	<b>&lt;1 Year</b>	<b>1 - 2 Years</b>	<b>&gt;2 - 3 Years</b>	<b>&gt;3 - 4 Years</b>	<b>&gt;4 - 5 Years</b>
<b>Financial Asset</b>					
Investment in debt instruments at amortized cost	P -	P -	P -	<b>P1,500,000</b>	P -
Interest rate	-	-	-	<b>6.90%</b>	-
<b>December 31, 2024</b>	<b>&lt;1 Year</b>	<b>1 - 2 Years</b>	<b>&gt;2 - 3 Years</b>	<b>&gt;3 - 4 Years</b>	<b>&gt;4 - 5 Years</b>
<b>Financial Asset</b>					
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
<b>Assets</b>				
Cash and cash equivalents	\$753	P44,240	\$3,386	P195,842
Trade and other receivables	26	1,539	585	33,855
<b>Liabilities</b>				
Accounts payable and accrued expenses	-	-	(2,022)	(116,977)
<b>Foreign Currency-denominated Monetary Assets and Liabilities</b>	<b>\$779</b>	<b>P45,779</b>	<b>\$1,949</b>	<b>P112,720</b>

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
<b>December 31, 2025</b>	<b>58.790</b>
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
	<b>(P779)</b>	<b>(P585)</b>	<b>P779</b>	<b>P585</b>

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)
	<b>(P1,949)</b>	<b>(P1,462)</b>	<b>P1,949</b>	<b>P1,462</b>

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.

<b>December 31, 2025</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flow</b>	<b>1 Year or Less</b>	<b>&gt; 1 Year - 2 Years</b>	<b>&gt; 2 Years - 5 Years</b>	<b>Over 5 Years</b>
<b>Financial Assets</b>						
Cash and cash equivalents	<b>P15,002,489</b>	<b>P15,002,489</b>	<b>P15,002,489</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>
Trade and other receivables - net*	<b>2,166,594</b>	<b>2,166,594</b>	<b>2,166,594</b>	<b>-</b>	<b>-</b>	<b>-</b>
Lease receivable (included under "Other noncurrent assets - net" account)	<b>275</b>	<b>275</b>	<b>-</b>	<b>275</b>	<b>-</b>	<b>-</b>
Derivative assets (included under "Prepaid expenses and other current assets" account)	<b>1,085</b>	<b>1,085</b>	<b>1,085</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investment in debt instruments at amortized cost	<b>1,500,000</b>	<b>1,725,679</b>	<b>87,687</b>	<b>87,687</b>	<b>1,550,305</b>	<b>-</b>
Security deposit (included under "Other noncurrent assets - net" accounts)	<b>493</b>	<b>493</b>	<b>-</b>	<b>493</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>						
Accounts payable and accrued expenses (excluding derivative liabilities and deferred rent income**)	<b>5,934,881</b>	<b>5,934,881</b>	<b>5,934,881</b>	<b>-</b>	<b>-</b>	<b>-</b>
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	<b>10,422</b>	<b>10,422</b>	<b>10,422</b>	<b>-</b>	<b>-</b>	<b>-</b>
Lease liabilities (including current portion)	<b>48,125</b>	<b>54,338</b>	<b>28,906</b>	<b>7,886</b>	<b>13,835</b>	<b>3,711</b>

\* 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
<b>Financial Assets</b>						
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	-	-
<b>Financial Liabilities</b>						
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.

	<b>Note</b>	<b>2025</b>	2024
Cash and cash equivalents*	5	<b>P14,998,999</b>	P11,327,421
Trade and other receivables - net**	6	<b>2,166,594</b>	1,830,717
Lease receivable	15	<b>275</b>	279
Investment in debt instruments at amortized cost	10	<b>1,500,000</b>	1,500,000
Derivative assets	8	<b>1,085</b>	9,158
Security deposit	15	<b>493</b>	493
		<b>P18,667,446</b>	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
<b>Financial Assets</b>				
Cash and cash equivalents	<b>P15,002,489</b>	<b>P15,002,489</b>	P11,330,931	P11,330,931
Trade and other receivables - net*	<b>2,166,594</b>	<b>2,166,594</b>	1,830,717	1,830,717
Derivative assets (included under "Prepaid expenses and other current assets" account)	<b>1,085</b>	<b>1,085</b>	9,158	9,158
Investment in debt instruments at amortized cost	<b>1,500,000</b>	<b>1,500,000</b>	1,500,000	1,500,000
Security deposit	<b>493</b>	<b>493</b>	493	493
Lease receivable	<b>275</b>	<b>275</b>	279	279
<b>Financial Liabilities</b>				
Accounts payable and accrued expenses (excluding derivative liabilities, deferred rent income**)	<b>5,934,881</b>	<b>5,934,881</b>	5,652,510	5,652,510
Derivative liabilities (included under "Accounts payable and accrued expenses" account)	<b>10,422</b>	<b>10,422</b>	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:

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

	<b>December 31, 2025</b>			December 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial Assets</b>						
Derivative assets	P -	P1,085	P1,085	P -	P9,158	P9,158
<b>Financial Liabilities</b>						
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.

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### 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 account.

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### **SHAREHOUSE SERVICES AND ASSISTANCE**

The SMC Stock Transfer Service Corporation serves as the Company's stock transfer agent and registrar. For inquiries regarding dividend payments, change of address and account status, lost or damaged stock certificate, please write or call:

#### **SMC STOCK TRANSFER SERVICE CORPORATION**

2nd Floor, SMC Head Office Complex  
40 San Miguel Avenue, Mandaluyong City  
1550 Metro Manila, Philippines  
Telephone: (632) 8632-34-50 to 52  
Email: [smc\\_stsc@sanmiguel.com.ph](mailto:smc_stsc@sanmiguel.com.ph)

### **CUSTOMER CARE**

For inquiries, orders and suggestions on our products and services, please write or call:

#### **SAN MIGUEL CUSTOMER CARE CENTER**

San Miguel Properties Centre  
7 St. Francis Street, Mandaluyong City  
1550 Metro Manila, Philippines  
Telephone: (632) 8632-2564  
Mailbox No. 2623  
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