SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   Dec 31, 2024
2. SEC Identification Number
   11840
3. BIR Tax Identification No.
   000-100-341-000
4. Exact name of issuer as specified in its charter
   SAN MIGUEL FOOD AND BEVERAGE, INC.
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   40 San Miguel Avenue, Mandaluyong City, Metro Manila
   Postal Code
   1555
8. Issuer's telephone number, including area code
   (632) 5317-5000
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES (FB)	5,909,220,090
SERIES A BONDS DUE MARCH 2025	8,000,000,000.00
SERIES B BONDS DUE MARCH 2027	7,000,000,000.00
TOTAL DEBT as of 31Dec24 (IN MIL PESO - CONSO)	196,917

11. Are any or all of registrant's securities listed on a Stock Exchange?
    Yes / No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    PHILIPPINE STOCK EXCHANGE, INC. – COMMON SHARES PHILIPPINE DEALING & EXCHANGE CORP. – SERIES A BONDS DUE 2025; SERIES B BONDS DUE 2027
12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

    Yes / No

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

    Yes / No
13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be

made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

Php 33,904,227,033 as of March 31, 2025

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

(•) Yes ( ) No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

SAN MIGUEL
FOOD AND BEVERAGE, INC.

San Miguel Food and Beverage, Inc.
FB

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2024
Currency	PHP (In Millions)

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Current Assets	144,192	135,889
Total Assets	377,106	355,775
Current Liabilities	116,706	103,008
Total Liabilities	196,917	186,660
Retained Earnings/(Deficit)	102,926	96,388

Stockholders' Equity	180,189	169,115
Stockholders' Equity - Parent	116,111	109,190
Book Value Per Share	19.65	18.48

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Gross Revenue	400,872	379,822
Gross Expense	345,080	331,411
Non-Operating Income	4,698	6,505
Non-Operating Expense	6,823	5,038
Income/(Loss) Before Tax	53,667	49,878
Income Tax Expense	12,734	11,773
Net Income/(Loss) After Tax	40,933	38,105
Net Income/(Loss) Attributable to Parent Equity Holder	25,743	23,118
Earnings/(Loss) Per Share (Basic)	4.36	3.91
Earnings/(Loss) Per Share (Diluted)	-	-

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2024	Dec 31, 2023
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.24	1.32
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.75	0.81
Solvency Ratio	**Total Assets / Total Liabilities**	1.92	1.91
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.26	0.27
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.54	0.58
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	12.16	11.5
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	2.09	2.1
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.28	0.26
Net Profit Margin	**Net Profit / Sales**	0.1	0.1
Return on Assets	**Net Income / Total Assets**	0.11	0.11
Return on Equity	**Net Income / Total Stockholders' Equity**	0.23	0.23
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	12.11	13.04

Other Relevant Information

Please see attached SEC Form 17-A (Annual Report) of the Company filed with the Securities and Exchange Commission via SEC eFAST on April 15, 2025.

The Company also filed the audited Separate/Parent Financial Statements via the SEC eFAST on April 15, 2025. A copy of which is hereto attached.

Filed on behalf by:

Name	Alexandra Victoria Trillana
Designation	Corporate Secretary and Compliance Officer

COVER SHEET

	1	1	8	4	0				

S. E. C. Registration Number

	S	A	N		M	I	G	U	E	L		F	O	O	D		A	N	D
	B	E	V	E	R	A	G	E	,		I	N	C	.					

(Company's Full Name)

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

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

ALEXANDRA VICTORIA B. TRILLANA
Contact Person

(632) 5317-5450
Company Telephone Number

ANNUAL REPORT

				1	7	-	A		

Month Day FORM TYPE Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

- - - - - - - - - - - - - - - - - -

S T A M P S

- - - - - - - - - - - - - - - - - -

Remarks = pls. Use black ink for scanning purposes

SEC Number 11840

File Number

SAN MIGUEL FOOD AND BEVERAGE, INC. and SUBSIDIARIES

(Company's Full Name)

40 San Miguel Avenue, Mandaluyong City,
Metro Manila, Philippines

(Company's Address)

5317-5000

(Telephone Number)

December 31

(month & day)

SEC Form 17-A Annual Report

Form Type

Amendment Designation (if applicable)

December 31, 2024

Period Ended Date

(Secondary License Type and File Number)

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended **December 31, 2024**

2. SEC Identification Number **11840**

3. BIR Tax Identification No. **000-100-341-000**

4. Exact name of issuer as specified in its charter **SAN MIGUEL FOOD AND BEVERAGE, INC.**

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

6. _____ SEC Use Only
   Industry classification code

7. **40 San Miguel Avenue, Mandaluyong City Metro Manila, Philippines**
   Address of principal office
   1555
   Postal Code

8. **(02) 5317-5000**
   Issuer's telephone number, including area code

9. **100 E. Rodriguez Jr. Avenue (C-5) Road, Barangay Ugong, Pasig City**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Stock Issued and Outstanding and Debt Outstanding (As at December 31, 2024)
Common - ₱ 1 par value	**5,909,220,090**
Series A Bonds due March 2025 (In Peso)	**8,000,000,000**
Series B Bonds due March 2027 (In Peso)	**7,000,000,000**
Total Liabilities (in '000,000)	**P196,917**

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

    Yes (✓) No ( )

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

Philippine Stock Exchange	**Common shares**
Philippine Dealing & Exchange Corp.	**Series A Bonds due 2025**
Philippine Dealing & Exchange Corp.	**Series B Bonds due 2027**

12. Check whether the issuer:

    a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder, and Sections 26 and 177 of the Revised Corporation Code of the Philippines during the preceding 12 months (or such shorter period that the registrant was required to file such reports):

    Yes (✓) No ( )

b) Has been subject to such filing requirements for the past 90 days:

Yes (✓) No ( )

13. Aggregate market value (in ‘000,000) of the voting stocks held by non-affiliates as at December 31, 2024 and March 31, 2025 were P35,033 and P33,904, respectively.

Documents incorporated by reference

14. The following documents are incorporated by reference:

Please refer to annexes referred to and identified in this document.

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

San Miguel Food and Beverage, Inc., formerly San Miguel Pure Foods Company Inc. (the "Company" or "SMFB"), was incorporated in 1956 to engage primarily in the business of manufacturing and marketing of processed meat products. The Company, through its subsidiaries, later diversified into poultry and livestock operations, feeds and flour milling, dairy and coffee operations, franchising, young animal ration manufacturing and distribution, and starting in the last quarter of 2013, grain terminal handling.

The Company has been listed on the Philippine Stock Exchange, Inc. ("PSE") since 1973 and on the Philippine Dealing & Exchange Corp. ("PDEx") since 2020.

In early 2018, the Company amended its primary purpose and changed its corporate name to the present one to reflect its expansion into the alcoholic and non-alcoholic beverage business. The Securities and Exchange Commission ("SEC") approved the changes on March 23, 2018.

On June 29, 2018, the SEC approved the increase in authorized capital stock of the Company, by virtue of which the Company issued new common shares to its intermediate parent San Miguel Corporation ("SMC") in exchange for SMC's common shares in San Miguel Brewery Inc. ("SMB") and Ginebra San Miguel Inc. ("GSMI"), completing the consolidation of the food and beverage businesses of SMC under the Company.

As a result of the consolidation, the Company is now also engaged in the manufacture, sale, and distribution of alcoholic and non-alcoholic beverages.

The Company and its subsidiaries (collectively referred to as the "Group") is a leading food and beverage company in the Philippines. The brands under which the Company produce, market, and sell its products are among the most recognizable and top-of-mind brands in the industry and hold market-leading positions in their respective categories. Key brands in the SMFB portfolio include *San Miguel Pale Pilsen*, *San Mig Light,* and *Red Horse* for beer, *Ginebra San Miguel* for gin, *Magnolia* for chicken, dairy, ice cream, flour mixes, and salad aids, *Monterey* for fresh and marinated meats, *Purefoods* and *Purefoods Tender Juicy* for refrigerated, prepared and processed meats and canned meats, *Star* for non-refrigerated margarine and processed meats, *Dari Crème* for refrigerated margarine, *San Mig Super Coffee* for coffee *B-MEG* for animal feeds, and *NutriChunks* and *AlphaPro* for dog food.

The Company has three primary operating segments—(i) Beer and non-alcoholic beverages ("NAB"), (ii) Spirits, and (iii) Food. The Beer and NAB segment and the Spirits segment comprise the beverage business. The Company operates its beverage business through SMB and its subsidiaries (collectively, SMB or the "Beer and NAB Segment") and GSMI and its subsidiaries (collectively, GSMI or the "Spirits Segment"). The Food segment is managed through a number of other subsidiaries engaged in the food and animal feeds, pet care, and veterinary medicines businesses (the "Food Segment"), including San Miguel Foods, Inc., Magnolia Inc., The Purefoods-Hormel Company, Inc., San Miguel Mills, Inc., and San Miguel Super Coffeemix Co., Inc. SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to almost 70 markets worldwide.

Beer and NAB Segment
The Beer and NAB Segment is the largest producer of beer in terms of both sales and volume in the Philippines, offering a wide array of beer products across various segments and markets. Top beer brands in the Philippines include *San Miguel Pale Pilsen, Red Horse, San Mig Light,* and *Gold Eagle.* Its flagship brand, *San Miguel Pale Pilsen*, has a history of over 130 years and was first produced by *La Fabrica de Cerveza de San Miguel*, which started as a single brewery producing a single product in 1890 and has evolved through the years to become the diversified conglomerate that is SMC. The Beer and NAB Segment also produces NAB such as ready-to-drink tea, ready-to-drink juice, and carbonates.

In 2009, Kirin Holdings Company, Limited ("Kirin") acquired a 48.39% shareholding in SMB, of which 43.249% was acquired from SMC and the remaining 5.141% by virtue of a mandatory tender offer and purchase from public shareholders. SMC retained majority ownership of SMB with a shareholding of

51.0%. In connection with Kirin's investment in SMB, Kirin and SMC entered into a shareholders' agreement providing for, among others, corporate governance and approvals, cooperation in the conduct of the business, restrictions on the transfer of SMB shares, and other customary arrangements. SMFB adhered to the shareholders' agreement with Kirin and agreed to be bound by the same terms and conditions as a party to the said shareholders' agreement. As of December 31, 2024, SMFB owns 51.16% and Kirin owns 48.54% of SMB.

In 2015, SMB acquired the NAB business from GSMI, which acquisition included property, plant and equipment, finished goods, and inventories such as containers on hand, packaging materials, goods-in-process, and raw materials used in the NAB business. The acquisition is in line with the multi-beverage strategy of SMB that seeks to expand its product portfolio in the NAB market, among others. This transfer will also benefit from SMB's Returnable Glass Bottle system, strong distribution network, and competitive positioning.

Spirits Segment
The Spirits Segment is the leading spirits producer in the Philippines and the largest gin producer internationally by volume. It is the market leader in gin and Chinese wine in the Philippines. GSMI produces some of the most recognizable spirits in the Philippine market, including gin, Chinese wine, brandy, vodka, rum, and other spirits. GSMI traces its roots to a family-owned Spanish era distillery that introduced the *Ginebra San Miguel* brand in 1834. The distillery was then acquired by La Tondeña Incorporada in 1924, and thereafter by SMC in 1987 to form La Tondeña Distillers, Inc. In 2003, the company was renamed Ginebra San Miguel Inc. in honor of the pioneering gin brand.

GSMI is a public company listed on the PSE under the stock symbol "GSMI". On December 1, 2020, GSMI's Board of Directors approved the redemption and payment of 32,786,885 preferred shares held by SMC in GSMI on January 4, 2021. The said redemption resulted in the increase in SMFB's ownership in GSMI from 67.99% to 75.78% as of December 31, 2021.

Food Segment
The Food Segment holds market-leading positions in many key food product categories in the Philippines and offers a broad range of high-quality food products and services to household, institutional, and foodservice customers. The Food Segment has some of the most recognizable brands in the Philippine food, animal feeds, and pet care industries, including *Magnolia* for chicken, dairy, ice cream, flour mixes, and salad aids, *Timplados* for ready-to-cook chicken products, *Monterey* for fresh and marinated meats, *Purefoods Tender Juicy* for hotdogs, *Purefoods* for other refrigerated processed meats, ready-to-eat cooked meals, canned meats, and seafood line, *Veega* for plant-based protein food products, *Star* for non-refrigerated margarine and processed meats, *Dari Crème* for refrigerated margarine, *San Mig Super Coffee* for coffee, *B-MEG* for animal feeds, and *NutriChunks* and *AlphaPro* for dog food and other pet care products.

The Food Segment has a diversified product portfolio that ranges from branded value-added refrigerated meats and canned meats, ready-to-eat cooked meals, seafood, plant-based protein, butter, margarine, cheese, milk, ice cream, salad aids, flour mixes, and coffee products (collectively "Prepared and Packaged Food") to integrated feeds, pet care, and veterinary medicines ("Animal Nutrition and Health"), poultry and fresh meats ("Protein"), as well as flour milling, grain terminal handling, foodservice, and international operations ("Others").

<u>Products and Brands</u>

Beer and NAB Segment
SMB's product portfolio has grown over the years from a single product produced in a single brewery in 1890.

SMB markets its beer under the following brands: *San Miguel Pale Pilsen*, which is SMB's flagship brand, *Red Horse, Red Horse Super, San Mig Light, San Miguel Flavored Beer, San Miguel Super Dry, San Miguel Premium All-Malt, San Miguel Cerveza Negra*, *San Miguel Cerveza Blanca, San Mig Zero,* and *Gold Eagle*. SMB also produces *San Mig Free*, an alcohol-free, non-fermented beverage with no added caloric and non-caloric sweeteners, as well as *San Mig Hard Seltzer*, an easy-to-drink alcoholic beverage made from sparkling water with alcohol in citrus mix flavor. Further, SMB exclusively distributes *Kirin Ichiban* in the Philippines.

In 2024, SMB launched the limited-edition *San Miguel Chocolate Lager*, a full-bodied dark beer with a rich dark chocolate taste, subtle caramel notes, and topped with a creamy head that brings out a delectable roasted malt aroma.

For the NAB business, SMB's portfolio includes *Magnolia Cali*, a sparkling non-alcoholic drink, *Magnolia Healthtea* (ready-to-drink tea), *Magnolia Fruit Drink* (ready-to-drink juice), and *Magnolia Flavored Water* (still flavored water).

San Miguel Brewing International Limited ("SMBIL") and its subsidiaries (the "SMBIL Group") also offer the *San Miguel Pale Pilsen* and *San Mig Light* brands in Hong Kong, China, Thailand, Vietnam, Indonesia, and most export markets, and *Red Horse* in Thailand, China, Hong Kong, Vietnam, and selected export markets, as well as *Red Horse Super* in key African export markets, in addition to locally available brands: *Valor* and *Blue Ice* (Hong Kong), *Dragon* (South China), *W1N Bia* (Vietnam), and *Anker* and *Kuda Putih* (Indonesia).

The SMBIL Group likewise sells a portfolio of specialty beers including *San Mig Zero* in Thailand and United Arab Emirates, *San Miguel Flavored Beer* in Vietnam, Taiwan, Japan, United Arab Emirates, and the United States, *San Miguel Cerveza Negra* in Hong Kong, China, Vietnam, Indonesia, Thailand, United States, South Korea, and Taiwan, as well as *San Miguel Cerveza Blanca* in Hong Kong, Thailand, Vietnam, Indonesia, South Korea, Singapore, and Taiwan.

Meanwhile, as part of its NAB portfolio, SMBIL carries *San Miguel NAB* and *San Miguel Flavored NAB* in Korea and Saudi Arabia.

Spirits Segment
GSMI has a diverse product portfolio that caters to the varied preferences of the local market. Core brands *Ginebra San Miguel, GSM Blue,* and *Vino Kulafu*, the leading brands in the gin and Chinese wine categories, accounted for 99% of GSMI's total revenues. The other products that complete the liquor business of GSMI comprise about 1% of its total revenues. These products are available nationwide while some are exclusively exported to select countries.

GSMI exports products to markets with high concentration of Filipino communities such as the United Arab Emirates, Taiwan, India, Cayman Islands, New Zealand, Canada, Japan, Australia, Hong Kong, Saipan, Macau, and the United States of America. When there is demand, GSMI also produces *Tondeña Manila Rum* that is for export only.

With the onset of the COVID-19 pandemic in early March 2020, GSMI pivoted its production facilities to produce disinfecting 70% ethyl alcohol and donated over 1.3 million liters of such disinfectant alcohol around the country. In the third quarter of 2020, GSMI commercially launched *San Miguel Ethyl Alcohol* to provide supply of disinfectant alcohol in the local market as well as help stabilize the price.

Food Segment
The Food Segment produces a wide range of food and animal feed products. Its brand portfolio includes some of the most recognizable and well-regarded brands in the Philippines, such as *Magnolia, Monterey, Purefoods, Purefoods Tender Juicy, Star, Dari Crème, San Mig Super Coffee,* and *B-MEG*.

The discussion below presents the key operating subsidiaries, products, brands, and services for each of the primary businesses of the Food Segment: Prepared and Packaged Food, Animal Nutrition and Health, Protein, and Others.

Prepared and Packaged Food
The Prepared and Packaged Food business includes refrigerated meats, canned meats, ready-to-eat meals, dairy, ice cream, spreads, salad aids, and coffee.

The major operating subsidiaries for the Prepared and Packaged Food business are The Purefoods-Hormel Company, Inc. ("PHC"), Magnolia Inc. ("Magnolia"), and San Miguel Super Coffeemix Co., Inc.

("SMSCCI"). PHC, a 60:40 joint venture with Hormel Netherlands, B.V., produces and markets value-added refrigerated processed meats and canned meat products. The joint venture agreement, which was entered into in 1998, sets out the parties' agreement as shareholders of PHC, including, among others, provisions on technical assistance and sharing of know-how, the use of trademarks, fundamental matters requiring shareholder or Board of Directors' approval, exclusivity covenants, and restrictions on the transfer of PHC shares.

Value-added refrigerated meats include hotdogs, nuggets, bacon, hams, and other ready-to-eat meals and meat free products, which are sold under the brand names *Purefoods, Purefoods Tender Juicy, Star, Higante, Purefoods Beefies, Vida, Purefoods Nuggets, Purefoods Ready-to-Eat,* and *Veega*. Canned meats, such as corned beef, luncheon meats, sausages, sauces, meat spreads, and ready-to-eat viands, are sold under the *Purefoods, Star,* and *Ulam King* brands.

The dairy and spreads business, primarily operated through Magnolia, manufactures and markets a variety of bread spreads, milk, ice cream, salad aids, and flour mixes. Bread spreads include butter, refrigerated and non-refrigerated margarine, and cheese sold primarily under the *Magnolia, Dari Crème, Star, Cheezee, Quickmelt, Daily Quezo*, and *Buttercup* brands. Dairy products under the *Magnolia* brand include ready-to-drink *Magnolia Pure Fresh Milk* and *Chocolait*, *Gold Label* ice cream, and all-purpose cream. Flour mixes and salad aids like mayonnaise, sandwich spreads, and dressings, are likewise marketed and sold under the *Magnolia* brand. The margarine brands, *Star* and *Dari Crème*, established in 1931 and 1959 respectively, were acquired in the 1990s. Magnolia previously marketed jelly-based snacks under the *JellYace* brand, until said trademark and other trademarks used in the jelly-based snacks business were divested in May 2021. Moreover, Magnolia also used to manufacture and sell biscuits under the *La Pacita* brand until it ceased operations at its manufacturing facility in October 2021. The *La Pacita* brand and other trademarks used in the biscuits business were divested in March 2023.

The coffee business under SMSCCI is a 70:30 joint venture between SMFB and a Singaporean partner, Jacobs Douwe Egberts RTL SCC SG Pte. Ltd. ("JDE"), formerly Super Coffee Corporation Pte. Ltd. SMSCCI imports, packages, markets, and distributes coffee mixes in the Philippines.

Animal Nutrition and Health
The Animal Nutrition and Health business produces integrated feeds, pet care products, and veterinary medicines.

The operating subsidiary for the Animal Nutrition and Health business is San Miguel Foods, Inc. ("SMFI"). Commercial feed products include hog feeds, layer feeds, broiler feeds, free range fowl feeds, duck feeds, aquatic feeds, quail feeds, branded feed concentrates, and specialty and customized feeds. These feeds are marketed and sold under various brands such as *B-MEG, B-MEG Premium, B-MEG Expert, B-MEG Bonanza, B-MEG Mega Mash, Jumbo, B-MEG Integra, B-MEG Powermaxx, B-MEG Essential, and Pureblend.* SMFI likewise markets and sells dog food under the *NutriChunks* and *AlphaPro* brands, and cat food under the *Majesty* brand. Other dog treats and supplements are also marketed under *NutriChunks*. Further, SMFI sells various veterinary medicines and preparations under *San Miguel Animal Health Care*.

Protein
SMFI is also the operating subsidiary for the Protein business, which sells poultry and fresh meats products.

The poultry business operates a vertically-integrated production process that spans from broiler breeding to producing and marketing chicken products, primarily for retail. Its broad range of chicken products is sold under the *Magnolia* brand, which includes fresh-chilled or frozen whole and cut-up products. A wide variety of fresh and easy-to-cook products, such as those under the brand *Magnolia Chicken Timplados*, are sold in supermarkets, *Manukang Bayan*, wet markets, and through community sellers. The poultry business also sells customized products to foodservice, supplies supermarket house brands, serves chicken products to wet markets through distributors, and sells live chickens to dealers.

The fresh meats business breeds, grows, and processes hogs and trades beef and pork products. Its operations include breeding, growing, and slaughtering live hogs and processing beef and pork carcasses into primal and sub-primal meat cuts. These specialty cuts and marinated products are sold in neighborhood and supermarket meat shops under the well-recognized *Monterey* brand name.

Others
Flour milling, the manufacture and marketing of premixes and baking ingredients, foodservice, and international operations, are categorized under Others. The bulk of this segment is accounted for by the Company's flour milling business and grain terminal operation.

The flour milling business operates under San Miguel Mills, Inc. ("SMMI"). SMMI owns Golden Bay Grain Terminal Corporation, which provides grain handling services (e.g. unloading, storage, bagging, and outloading) to clients, and Golden Avenue Corp., which holds investments in real properties.

The flour milling business offers a variety of flour products that includes bread flour, noodle flour, biscuit and cracker flour, all-purpose flour, cake flour, whole wheat flour, customized flour, and flour premixes, such as pancake mix, cake mix, brownie mix, *pan de sal* mix, and *puto* (or rice cake) mix. The business pioneered the development of customized flours for specific applications, such as noodles and *pan de sal*, a soft bread commonly eaten in the Philippines for breakfast. Flour products are sold under brand names which enjoy strong brand loyalty among its institutional clients and other intermediaries, such as bakeries and biscuit and noodle manufacturers.

The Food Segment currently has operations in Vietnam. San Miguel Foods Investment (BVI) Limited, which operates San Miguel Pure Foods (Vn) Co., Ltd. in Vietnam, is a wholly-owned subsidiary of San Miguel Foods International, Limited. It is in the business of production and marketing of processed meats which are sold under the *Le Gourmet* brand. The Company also holds a 75% stake in PT San Miguel Foods Indonesia (formerly PT Pure Foods Suba Indah), which is a joint venture with PT Hero Intiputra of Indonesia. PT San Miguel Foods Indonesia was engaged in the production and sale of processed meats sold under the *Farmhouse* and *Vida* brands, until it ceased operations on October 31, 2021.

Great Food Solutions ("GFS"), a group under SMFI, is the foodservice selling arm of the Prepared and Packaged Food and flour milling businesses primarily catering to key foodservice chain accounts. These include quick service restaurants, convenience stores, pizza chains, and bakeshops. GFS markets and sells foodservice formats of the value-added meats, dairy, spreads, coffee, and flour businesses. For smaller foodservice accounts, the subsidiaries under the Prepared and Packaged Food business, through San Miguel Integrated Sales, engage third-party distributors for the selling and distribution of their products.

The list of products of the Group is attached hereto as **Annex "D"**.

Percentage of Sales Contributed by Foreign Operations

The Group's 2024 foreign operations contributed about 0.38% of consolidated sales.

Distribution Methods of Products and Services

Beer and NAB Segment
SMB markets, sells, and distributes its products principally in the Philippines. SMB owns and operates seven strategically located production facilities across the country (Valenzuela City, Metro Manila; Sta. Rosa, Laguna; San Fernando City, Pampanga; Mandaue City, Cebu; Bacolod City, Negros Occidental; Darong, Sta. Cruz, Davao del Sur; and Tagoloan, Misamis Oriental) with an aggregate production capacity of approximately 23 million hectoliters per year and overall utilization rate of approximately 70% in 2024.

SMB believes that it maintains an extensive and efficient distribution system in the Philippines, which encompasses the seven strategically located production facilities across the country, and a broad network of sales offices and warehouses, supported by dealerships and third-party service providers. The strategic locations of SMB's production facilities in the Philippines reduce overall risks by having alternative product sources to avert possible shortages, meet surges in demand in any part of the country, and help ensure that the products are freshly delivered to customers at an optimal cost. SMB's products are delivered from any one of SMB's seven production facilities by contract haulers and, in certain circumstances, by a fleet of boats, to retailers and consumers generally within five to seven days from production in the facilities, ensuring quality and sufficient stocks wherever and whenever *San Miguel* products are needed. As of December 31, 2024, SMB's products are distributed and sold at approximately 700,000 outlets, including off-premise, on-premise, and e-premise, through over 50 sales offices and approximately 400 dealers throughout the Philippines.

SMB also formed a key accounts group to handle accounts management and business development of modern trade accounts such as hypermarkets and convenience stores, and to increase visibility in selected on-premise outlets. Field sales operations, on the other hand, are responsible for the servicing requirements of these accounts.

SMB's non-alcoholic beverage products are manufactured by SMB. Distribution of non-alcoholic products utilizes the same network and channels as SMB's alcoholic beverage products, and the sales organization and systems were enhanced to meet the requirements of SMB's multi-beverage business.

As of December 31, 2024, SMB, together with its dealers and accounts specialists, had a sales force of approximately 1,800 in the Philippines.

SMB likewise operates delivery services in Metro Manila and selected cities through the "8632-BEER" (8632-2337) hotline delivery program and online platform, SMB Delivers (www.smbdelivers.com), which allow customers to place their orders by calling, text messaging, or ordering online. The delivery services enable SMB to tap into emerging segments such as the online market and consumers located at home or in other private spaces that prefer to directly place orders for SMB products.

International operations are conducted in Hong Kong, China, Vietnam, Thailand, and Indonesia, through SMBIL, a subsidiary of SMB. The SMBIL Group includes SMBIL subsidiaries San Miguel Brewery Hong Kong Limited, which is listed on The Stock Exchange of Hong Kong Limited, and PT Delta Djakarta Tbk, which is listed on the Indonesia Stock Exchange.

The SMBIL Group has one brewery each in Indonesia, Vietnam, Thailand, Hong Kong, and China, with an aggregate production capacity of approximately 4.6 million hectoliters per year as of December 31, 2024. Third party service providers transport the products produced from these breweries to customers, consisting of dealers, wholesalers, retail chains, and other outlets, depending on the market. The SMBIL Group maintains a total sales force of 362 employees in the said five countries, with ten sales regions in China (Guangzhou, Greater Foshan), six in Indonesia, seven in Thailand, and five in Vietnam. In Thailand, all local sales are done through San Miguel Beer (Thailand) Limited's marketing arm, San Miguel Marketing (Thailand) Limited, a subsidiary of SMBIL. As of December 31, 2024, international operations account for 10.3% of the total revenues of SMB.

In addition, SMBIL also exports its beer products to approximately 70 countries and territories globally in North America, South America, Europe, Africa, the Middle East, Australia, and the rest of Asia. Exports are primarily sold under various beer brands as well as under private labels.

Spirits Segment

GSMI primarily distributes majority of its products nationwide to consumers through territorial distributorship by a network of dealers and through GSMI's sales offices strategically situated across the country. Furthermore, some off-premise outlets such as supermarkets, grocery stores, sari-sari stores, and convenience stores, as well as on-premise outlets such as bars, restaurants, and hotels are directly served by GSMI through its Key Accounts Group. GSMI has one hundred (100) dealer sites that are responsible for distributing and selling GSMI's products within a geographical area consisting of specified outlets and seventeen (17) sales offices as of year-end 2024. For areas where there are no appointed dealers, GSMI's sales offices directly serve the wholesalers or retailers. GSMI has also made its products available in popular e-commerce selling platforms to further widen distribution reach and sales channels.

Meanwhile, the Logistics Group of GSMI is responsible for planning, coordination, and delivery of products from the plants to various sales offices, dealers, wholesalers, and select directly-served retailers. Thereafter, products are sold by trade partners to a multitude of retail touch points and eventually to consumers nationwide and to a limited extent, internationally.

Most product deliveries to dealers are made through third-party haulers while GSMI-owned routing trucks are generally utilized for directly-served outlets. GSMI also engages third-partly service providers to handle warehouse management and delivery to various destination points as the need arises.

Food Segment

The Food Segment sells its products through four channels, namely, general trade, modern trade, institutional accounts, and e-commerce. General trade channels include traditional trade markets in the Philippines, such as small grocery stores, wholesalers and dealers, bakeries, wet markets, community resellers, and mom and pop (or *sari-sari*) stores. Modern trade channels include major supermarket chains, hypermarkets, large groceries, and convenience stores. Institutional accounts include quick service restaurants, hotels, bakeshop and pizza chains, food manufacturers, small foodservice operators, and large commercial farms for feeds. Prepared and Packaged Food products are also exported to the Middle East, Asia, North America, and Europe mainly to supply Filipino communities abroad.

Like the Beer and NAB and the Spirits Segments, the Food Segment's products are likewise available for purchase in popular e-commerce selling platforms. Consumers may also conveniently shop online in the San Miguel Mart app or website (https://www.sanmiguelmart.ph/), a one-stop e-store exclusively carrying San Miguel food, beverage, and pet care products, where a variety of such products may be ordered from the comfort of home. In this regard, food products ordered through San Miguel Mart may be delivered anywhere within Metro Manila and certain municipalities of Rizal, Laguna, Cavite, Batangas, Quezon, Pampanga, and Baquio. Beginning April 2025, San Miguel Mart will expand its reach to meet consumer demands in key cities in Visayas and Mindanao.

Prepared and Packaged Food

San Miguel Integrated Sales, a group under SMFI, handles the sale and distribution of products under the Prepared and Packaged Food business through modern trade channels (e.g., major supermarket chains, hypermarkets, convenience stores). For certain general trade channels (e.g., local supermarkets, small groceries, wet market traders, mom and pop stores) and smaller foodservice accounts, the subsidiaries under the Prepared and Packaged Food business, through San Miguel Integrated Sales, engage third-party distributors for the marketing, sale, and distribution of their products. GFS, on the other hand, distributes the Prepared and Packaged Food business' products to key foodservice chain accounts (e.g., quick service restaurants, convenience stores, pizza chains, bakeshops).

Domestic distribution is handled by the outbound logistics group, which manages planning, technical logistics services, warehousing, and transportation, while the international business handles exports to serve Filipino communities in Asia, North America, the Middle East, and Europe.

Animal Nutrition and Health

The Animal Nutrition and Health business produces animal and aquatic feeds for both the Food Segment's internal requirements and for the commercial feeds market. Feeds supplied to the Protein business are not included in the revenue or volume sold of the Animal Nutrition and Health business.

Majority of the feeds products for the commercial market, as well as pet food, pet care products, and veterinary medicines are sold through authorized distributors within a defined territory, while a smaller portion of commercial feeds are sold directly to hog, poultry, and aquatic farm operators. For the sale of commercial feeds, pet food, pet care, and veterinary medicines products, there are sales offices across the Philippines with dedicated sales teams supported by technical experts focused on growing existing markets and developing new ones.

Protein

To always ensure product availability, the Protein business maintains a sales force to handle the selling of their products to major accounts like supermarkets, hypermarkets, and meat shops, and engages third-party distributors to handle the selling of their products to community resellers, groceries, *Manukang Bayan* selling stations, and wet markets. In addition, the Protein business supplies a portion of the requirements of the Prepared and Packaged Food business.

Majority of the Protein business' products are distributed directly from production facilities to supermarkets and foodservice operators. The distribution infrastructure includes a network of cold storage facilities located throughout the Philippines and a large fleet of third-party contracted vehicles.

Others
The sales force of SMMI handles the marketing and selling of flour to large institutional users, while its dealers take care of selling flour products to the general trade customers. GFS markets and sells foodservice formats of the flour business to key foodservice chain accounts.

Status of Any Publicly-Announced New Product or Service

Beer and NAB Segment
In 2024, SMB launched the limited-edition *San Miguel Chocolate Lager*, a full-bodied dark beer that has a rich dark chocolate taste and subtle caramel notes, topped with a creamy head that brings out a delectable roasted malt aroma.

SMB also introduced packaging innovations such as draft variants for *San Miguel Cerveza Blanca* and *San Miguel Cerveza Negra*, 330ml bottles for *San Miguel Cerveza Blanca*, 330ml cans for *San Miguel Cerveza Negra* and *San Mig Zero*, 500ml cans for *Red Horse,* as well as limited-edition cans for *San Mig Light, San Miguel Flavored Beer, San Mig Pale Pilsen,* and *Red Horse*. Can collar multipacks were also released for *San Miguel Premium Beer* and *San Mig Zero*.

In 2024, *Red Horse Super*, a strong lager with a 10% alcohol content, was introduced in key African markets. The SMBIL Group also expanded presence of its portfolio through the launch of *San Miguel Apple and Lychee flavored beers* in United Arab Emirates and Japan, as well as the introduction of *San Mig Zero* in United Arab Emirates.

In South China, *San Mig Light* in 250ml cans was launched to cater to the growing trend among younger consumers who prefer on-the-go consumption and smaller portion sizes.

Spirits Segment
In May 2024, *GSM Blue*'s new refreshing variant, *Lychee Martini* was launched. It is a low-alcohol and low-calorie clear spirit drink made with all-natural ingredients. This latest flavor is aimed to continuously excite its target young drinkers and was made available in select outlets.

Freedom Island Light Rum was introduced in October 2024 to select markets in Visayas and Mindanao. This new rum, crafted at 55-proof, is made with natural ingredients from Negros, embodying the richness of the Philippine heritage. It represents the essence of boldness and freedom, designed for young rum drinkers.

Lastly, in November 2024, *Archangel Reserve Premium Dry Gin* made its way to the market, crafted specifically for the high-class segment. This 90-proof premium dry gin is made from a fine combination of selected botanicals that are carefully distilled in copper stills. It is elegantly packaged in an iconic green one-liter Frasco bottle, commemorating the 190-year history of the flagship brand.

Food Segment
The Food Segment launched a variety of new products in 2024 that were aligned with the objective of providing delicious and convenient assortment to Filipino families.

PHC introduced new variants under *Purefoods Tender Juicy* such as *Chili*, *Chili & Cheese*, and *Classic Corndog*, which were made available in more supermarkets nationwide. Strengthening the *Purefoods Corned Beef* line-up were new variants such as *Salpicao*, *Bulgogi*, and *Mechado*, as well as *Caldereta*, *Bistek*, *Gyudon,* and *Shawarma* at the latter part of 2024. PHC also launched *Purefoods Luncheon Meat Lite* variant, while also making the square-can SKU more available in major supermarkets nationwide and in e-commerce platforms. Meanwhile, affordable canned products and variants under the *Star Nutri-meats* brand were also pipelined during this period, namely: *Star Ulam*, *Star Ulam Loaf*, *Star Sausage,* and *Star Liver Spread.*

Magnolia entered the breading mix category via *Magnolia Golden Crunch*, which comes in two (2) variants – *Original* and *Sweet & Spicy*. These were introduced to the market in September 2024 and are now available nationwide. Meanwhile, SMSCCI further expanded its premium coffee portfolio with the re-entry of *Old Town White Coffee* in the Philippine market in November 2024, under a Distributorship Agreement with JDE. The said brand features four (4) variants namely, *Classic*, *Hazelnut*, *30% Less Sugar*, and *Salted Caramel*.

SMFI continued to expand its *Magnolia Chicken Timplados* portfolio, a ready-to-cook line packed fresh in *Selyado Sigurado* packs, for delicious, safe and easy chicken-*sarap* meals for the whole family. New variants like the *Toppings Line* (*Adobo*, *Bopis*, *Spicy Curry*, *Bistek*, and *Afritada*) and *BBQ Chicken Ribs* were made available to expand the viands line.

Finally, under its Animal Nutrition and Health business, SMFI introduced the *B-MEG Powermaxx* 1kg line, designed to provide game fowls with comprehensive nutrition from chicks to stags and cocks. SMFI's pet care division launched *AlphaPro Puppy Bites*, an affordable option aimed at optimizing growth for puppies in the economy segment. The pet care business also introduced *Majesty*, a new product line to cater to the growing demand for cat food. Furthermore, SMFI's veterinary medicine division rolled out several new *San Miguel Animal Health Care* products focused on biosecurity and supplementation. These include *Zyrox* and *Longlast* for effective fly control, as well as *Pneumocare* and *Vita Levo*, which help strengthen the immune system of poultry.

Competition

The Company, known in the market for its portfolio of leading and well-recognized brands, is regarded as one of the leaders in the food and beverage industry in the country.

The following are the major competitors of the Group's businesses:

Beer and NAB Segment
In the Philippine beer market, SMB's major competitors are Asia Brewery Inc. ("ABI") and Heineken Philippines Inc. ("Heineken").

ABI competes mainly through licensed *Colt 45*, a strong alcohol brand that is positioned against SMB's strong alcohol beer *Red Horse,* local *Beer na Beer* that comes in regular and strong variants and positioned in the economy segment, *Brew Kettle* in the mainstream segment, as well as *Brew Kettle Radler* and *Asahi Super Dry* in the premium segment. In 2024, ABI introduced *Leon Extra Strong Beer*.

Heineken previously had a joint venture with ABI that was dissolved in 2020 and replaced with a new partnership. Under the new structure, Heineken established a sales and marketing office in the Philippines and engaged with ABI to brew and distribute Heineken beer brands (*Heineken* and *Tiger*) in the country effective January 1, 2021. *Tiger* competes with *Red Horse*, *Heineken* and *Heineken Silver* compete with SMB's premium beers, and *Heineken 0.0* competes with *San Mig Free*.

Competition from imported beers and local craft beers is minimal. These products comprise a small proportion of the market and are primarily found in upscale hotels, bars, restaurants, and supermarkets in Metro Manila and other key cities.

Meanwhile, in the flavored alcoholic beverages category, ABI offers *Tanduay Ice* and *Spritz Hard Seltzer*. In 2024, ABI launched *Soju Bomb Alcomix, Pacific Sun Hard Iced Tea,* and *AB Origins Yuzu Highball Cocktail.* Other competitors include *Smirnoff Mule*, *Lemon-Dou*, *Jack Daniel's & Coca-Cola, Absolut Vodka & Sprite, Hard Mountain Dew,* and *Chill Spiked Spirit.* These products compete with *San Mig Hard Seltzer* and *San Miguel Flavored Beer*.

SMB's alcoholic beverage products also compete with other alcoholic beverages, primarily brandy, gin, rum, and soju. In the beer industry — and more generally the alcoholic beverage industry — competitive factors generally include price, product quality, brand awareness and loyalty, distribution coverage, and the ability to respond effectively to shifting consumer tastes and preferences. SMB believes that its market leadership, size and scale of operations, and extensive distribution network in the Philippines provide SMB with significant competitive advantages in the country.

In the non-alcoholic beverage market, competition comes from established players in ready-to-drink juice, ready-to-drink tea, carbonated drinks, and water categories. For example, *Zest-O* and *Minute Maid Fresh* compete with *Magnolia Fruit Drink,* and *C2* and *Nestea* compete with *Magnolia Healthtea*. *Magnolia Cali* is positioned in the softdrinks category where *Coke, Pepsi,* and *RC Cola* are the key players. Meanwhile, *Absolute*, *Summit*, *Wilkins,* and *Nature's Spring* compete with *Magnolia Flavored Water* in the water category.

In its main international markets, the SMBIL Group products compete with both foreign and local beer brands, such as *Heineken* (Hong Kong, South China, Thailand, Vietnam, and Indonesia), *Tiger* (Vietnam, Thailand, and Indonesia), *Carlsberg* (Hong Kong, Thailand, and Vietnam), *Budweiser* (Hong Kong and China), *Guinness* (Hong Kong and Indonesia), *Asahi* (Hong Kong and Thailand), *Blue Girl* (Hong Kong), *Tsingtao* (Hong Kong and China), *Bintang* (Indonesia), *Snow* (China), *Singha* (Thailand), and *Saigon Beer* (Vietnam).

Spirits Segment

The local hard liquor industry is segmented by category and geographically among the major players. GSMI is the leader in the gin market catering mostly to the provinces of Luzon, including the Greater Manila Area. Emperador Distillers, Inc. locally produces *Emperador Light Brandy*, whose market share has steadily declined, although it still holds a substantial share of the Greater Manila Area and key urban centers across the country. Meanwhile, value-priced imported *Alfonso Light Brandy* distributed by Montosco, Inc. has continued to gain popularity.

The Visayas and Mindanao regions prefer *Tanduay Rhum Dark 5 Years* and recently the low-proof alcohol *Tanduay Light*, both products of Tanduay Distiller's Inc. Moreover, there is a market for Chinese wine in various islands in the region with GSMI's *Vino Kulafu* as the top choice in this category.

These major players compete in their development of brand equity, as the industry's consumers generally develop affinity and loyalty to the brands that they patronize.

As the spirits industry matures, major spirits players also compete by adopting a product portfolio that caters to shifting consumer preferences.

The spirits industry is dependent on the supply of molasses, the raw material for alcohol production. While the molasses supply has remained stable, the steady increase in demand for bioethanol globally due to increasing ethanol blending policy requirements of different countries and in the Philippines since the implementation of the Biofuels Act of 2006 further worsened the shortage of supply for beverage alcohol production. This led to GSMI's multi-continent sourcing and diversification of alcohol supply to ensure supply security and partly offset higher raw material costs.

Spirits manufacturers also compete in terms of production efficiencies, as the price-sensitive nature of the industry's consumers makes them more reliant on cost improvements than on price increases to brace against profit squeezes from an inflationary operating environment.

Manufacturers further compete in the breadth of their distribution network.

Food Segment

Prepared and Packaged Food

In recent years, the Prepared and Packaged Food business has faced increased competition mainly from other local players, who employ aggressive pricing and promotion schemes. Competitors and competing brands in the branded processed meats category include Foodsphere, Inc. (*CDO Idol*), Virginia Foods, Inc. (*Virginia Premium, Winner, Champion*), Century Pacific Food Inc. (*Swift*, *Argentina, 555*), Mekeni Food Corporation (*Mekeni*), Frabelle Food Corp. (*Bossing*), Sunpride Foods Inc.

(*Sunpride, Holiday, Good Morning*), Shanghai Maling Food (*Maling*), and Jaka Food Processing Corp (*Delimondo*).

For butter, competitors include Fonterra Brands Philippines, Inc. (*Anchor*). For margarine, Magnolia competes with San Pablo Manufacturing Corporation (*Minola*) and the growing unbranded players. In the cheese category, the main competitor of the *Magnolia* brand is Mondelez International, Inc. (*Eden, Cheez Whiz*, *Kraft*). In the salad aids category, particularly mayonnaise and sandwich spreads, Magnolia's main competitor is Unilever Philippines, Inc. (*Lady's Choice*, *Best Foods, Mayo Magic*). In the ice cream market, Unilever-RFM Ice Cream Inc. (*Selecta*) is the dominant player. Competitors in the coffee-mix business include Nestle SA (*Nescafe*), PT Mayora Indah (*Kopiko*), and Universal Robina Corporation ("URC") (*Great Taste*).

Animal Nutrition and Health
SMFI is the largest producer of commercial feeds in the Philippines. Competitors of the Company's Animal Nutrition and Health business under SMFI include major domestic producers such as UNAHCO, Inc. ("UNAHCO"), Pilmico Foods Corporation ("Pilmico") and ADM Animal Nutrition Philippines, as well as numerous regional and local feedmills. There are also foreign feeds manufacturers which have established operations in the Philippines.

For veterinary and other animal health care products, SMFI competes with Excellence Poultry and Livestock Specialist, Inc., UNAHCO, and Lakpue Drug, Inc.

For pet food, SMFI's competitors include URC (*TopBreed Dog Meal*), MARS Philippines, Inc. (*Pedigree*), as well as various imported and local brands.

Protein
Major competitors of the Protein business under SMFI include Bounty Fresh Foods Inc., Bounty Agro Ventures, Inc., and Charoen Pokphand Foods Philippines Corp. ("CPF"). There are also other commercial-scale and other small regional poultry producers and occasional imports from the United States, Canada, and Brazil.

The Philippine fresh meats industry remains highly fragmented consisting mostly of backyard hog raisers. Its main competitors are CPF, Pilmico, and Foremost Farms, Inc. It also competes with several commercial-scale and numerous small-scale hog and cattle farms that supply live hogs and cattle to live buyers, who in turn supply hog and cattle carcasses to wet markets and supermarkets.

Others
Major competitors of the flour milling business include Pilmico, URC, and Philippine Foremost Milling Corporation. There are also newer players in the industry such as Atlantic Grains Inc. and Mabuhay Interflour Mill Inc. that compete aggressively to grab market share.

Purchase of Raw Materials and Supplies

The Group obtains its principal raw materials on a competitive basis from various suppliers here and abroad. It continuously looks for new principals/traders where strategic raw materials could be sourced, and negotiations are carried out on a regular basis. The Group has contracts with various suppliers for varying periods, which contracts contain renewal options. The Group, taken as a whole, is not dependent on one or a limited number of suppliers for its essential raw materials and supplies. Hence, operations will not be disrupted if any supplier refuses or cannot meet its delivery commitment.

The list of suppliers of major raw materials of the Group is attached hereto as **Annex "E".**

Customers

The Group has a broad market base that includes supermarkets, hypermarkets, grocery stores, cooperative stores, *sari-sari* stores, convenience stores, warehouse clubs, mini-marts, market stalls, wet market vendors/dealers and commissaries, wholesalers/distributors, commercial farms, animal raisers, buyers of live birds, and institutional accounts (*i.e.*, bars, restaurants, hotels, convenience stores, beer gardens, fast food outlets, burger and pizza chains, bakeshops/bakeries, kiosks, snack/biscuit manufacturers, noodle manufacturers, membership clubs, school/office canteens, and franchise holders). The Group sells its products principally in the Philippines and in Asia through the businesses' respective sales force, and through strategically located partners, distributors, dealers, and importers. The Group also taps e-commerce platforms and online marketplaces as additional channels to sell its products.

The Group, taken as a whole, is not dependent on a single customer or a few customers, the loss of any or more of which would have a material adverse effect on the Group's operations. This allows flexibility in managing the Group's sales activities.

Transactions with and/or Dependence on related parties

The Group, in the ordinary course of its business, has entered transactions with affiliates and other related parties. Transactions with related parties are fair, entered on an arm's length basis and at market rates. These transactions with related parties are described in Note 30 (Related Party Disclosures) of the Company's 2024 Audited Consolidated Financial Statements attached hereto as **Annex "B"**.

Intellectual Property

Brands, trademarks, industrial designs, and other related intellectual property rights used by the Company and its subsidiaries on its principal products in the Philippines and foreign markets, are either registered or pending registration in the name of the Company or an affiliate company.

The Group regularly renews the registration of those brand names, related trademarks and other intellectual property rights already registered, which it uses or intends to use, upon expiry of their respective terms. Maintenance and protection of these brands and related intellectual property rights are important to ensure the Group's distinctive corporate and market identities.

The Group is also responsible for defending itself against any infringement of its brands or other proprietary rights. In this connection, the Group monitors other products released in the market that may mislead consumers as to the origin of such products and may attempt to ride on the goodwill of the Group's brands and other proprietary rights. The Group also retains several independent external counsels to alert the Company of any such attempt and to prevent third parties from making use of colorable imitations of the Group's brands and/or marked similarities in the general appearance or packaging of products, which may constitute trademark infringement and/or unfair competition. The Group further invests in domestic and global trademark watch services that alert the Company regarding published trademarks that may potentially infringe or dilute any of its brands. This would allow the Group to file opposition and/or other intellectual property violation cases where it is appropriate.

Government Approvals

The Group has obtained all relevant permits, licenses, and government approvals necessary to manufacture and sell its products and conduct its businesses.

Government Regulation

The Group has no knowledge of recent or impending governmental regulations, the implementation of which will result in a material adverse effect on the Company and its significant subsidiaries' business or financial position.

Various government agencies in the Philippines regulate the different aspects of the Group's manufacturing, processing, sales and distribution businesses.

The following are noteworthy laws relevant to the Group:

Internet Transactions Act
The Internet Transactions Act (ITA), which took effect on December 20, 2023, aims to provide a comprehensive legal framework to regulate, safeguard and promote e-commerce transactions within the mandate of the Department of Trade and Industry. The law establishes the E-Commerce Bureau, an online business database, and an e-commerce Philippine Trustmark for safety and security in internet transactions. It also outlines the rights and obligations of parties involved in internet transactions, as well as the penalties imposed for violations thereof. Covered online merchants, e-retailers, e-marketplaces and other digital platforms are granted an 18-month transitory period from effectivity of the ITA, to comply with the requirements of the law.

The Data Privacy Act
The Data Privacy Act and its implementing rules and regulations ensure the security of personal data and information and impose certain requirements and obligations to entities involved in the processing of personal data. Companies involved in the processing of personal data were required to appoint a Data Protection Officer and adopt a Personal Data Privacy Policy by September 1, 2017. The National Privacy Commission is tasked to administer and implement the provisions of the law and its rules and regulations.

Considering that the Company and its operating subsidiaries are involved in the processing of personal data, be it from customers, suppliers and employees, the Company and its operating subsidiaries appointed a Data Protection Officer and adopted a Personal Data Privacy Policy within the prescribed period. The policy provides for organizational, physical and technical security measures geared towards data protection. It likewise recognizes the rights of the data subject to information, access and rectification of his personal information, among others. It also provides for the procedures to be undertaken in the event of data breaches or security incidents. The policy further requires that all outsourcing arrangements of the Group involving personal data collection, be compliant with the requirements of the law.

The Philippine Competition Act
The Philippine Competition Act was enacted to provide a national competition policy, prohibit anti-competitive agreements, abuse of dominant position, and anti-competitive mergers and acquisitions, and establish the Philippine Competition Commission.

The law covers any person or entity engaged in trade, industry or commerce within the Philippines, as well as international trade having direct, substantial and foreseeable effects in the trade, industry or commerce in the Philippines. It prohibits competitors from entering into anti-competitive agreements. It likewise prohibits abuse of dominant position and entering into other agreements with the object or effect of substantially preventing, restricting or lessening competition.

The Philippine Competition Commission is primarily tasked to implement and enforce the law and its implementing rules and regulations.

The Food Safety Act of 2013
The Food Safety Act of 2013 was enacted into law to strengthen the food safety regulatory system in the country. The food safety regulatory system encompasses all the regulations, food safety standards, inspection, testing, data collection, monitoring and other activities carried out by the Department of Agriculture (“DA”) and the Department of Health (“DOH”), their pertinent bureaus, and the local government units.

The law aims for a high level of food safety, protection of human life and health in the production and consumption of food, and the protection of consumer interests through fair practices in the food trade. The law provides that the DA and the DOH shall set the mandatory food safety standards, which shall be established based on science, risk analysis, scientific advice from expert bodies, standards of other countries, existing Philippine National Standards and the standards of the Codex Alimentarius Commission, where these exist and are applicable.

Under this law, food business operators are charged with certain responsibilities to prevent, eliminate or reduce risks to consumers. They are further encouraged to implement a Hazard Analysis at Critical Control Points-based system for food safety assurance in their operations.

The Foods, Drugs and Devices, and Cosmetics Act
The Foods, Drugs and Devices, and Cosmetics Act, as amended by the Food and Drug Authority Act of 2009 (the "FDDC Act"), establishes standards and quality measures in relation to the manufacturing and branding of food products to ensure the safe supply thereof to and within the Philippines. The Food and Drug Administration ("FDA", previously referred to as the Bureau of Food and Drugs) is the governmental agency under the DOH tasked to implement and enforce the FDDC Act.

Pursuant to the FDDC Act, food manufacturers are required to obtain a license to operate as such from the FDA before they can validly engage in the manufacture, importation, exportation, sale, offer for sale, distribution, and transfer of food products in the Philippine market. The law further requires food manufacturers to obtain a certificate of product registration for each product it sells in the market before said product is distributed, supplied, sold or offered for sale or use in the market.

To further ensure quality and food safety, the Group adopts various internationally recognized standards such as Food Safety Systems Certification (FSSC), ISO 22000 (Food Safety Management Systems), ISO 9001:2015 (Good Feed Milling Practices), ISO/IEC 17025:2005 (Laboratory Accreditation Program), Good Manufacturing Practices, and Hazard Analysis and Critical Control Points.

The DOH also prescribes Guidelines on Current Good Manufacturing Practice in Manufacturing, Packing, Repacking, or Holding Food for food manufacturers, the Code on Sanitation of the Philippines, and the Philippine National Standards for Drinking Water.

The Consumer Act
The Consumer Act of the Philippines (the "Consumer Act") establishes quality and safety standards with respect to the composition, contents, packaging, labeling, and advertisement of food products. The DOH (which includes the FDA) is the government agency tasked to implement the Consumer Act with respect to food products.

The Consumer Act provides for minimum labeling and packaging requirements for food products to enable consumers to obtain accurate information as to the nature, quality, and quantity of the contents of food products available to the public.

The Livestock and Poultry Feeds Act
The Livestock and Poultry Feeds Act and its implementing rules and regulations (the "Livestock and Poultry Feeds Act"), regulate and control the manufacture, importation, labeling, advertisement and sale of livestock and poultry feeds. The Bureau of Animal Industry ("BAI") is the governmental office under the DA tasked to implement and enforce the Livestock and Poultry Feeds Act.

Under the Livestock and Poultry Feeds Act, any entity desiring to engage in the manufacture, importation, exportation, sale, trade or distribution of feeds or other feed products must first register with the BAI. Further, all commercial feeds must comply with the nutrient standards prescribed by the DA. The Livestock and Poultry Feeds Act also provides branding, labeling and advertising requirements for feeds and feed products.

The Meat Inspection Code
The Meat Inspection Code of the Philippines (the "Meat Inspection Code") establishes quality and safety standards for the slaughter of food animals and the processing, inspection, labeling, packaging, branding and importation of meat (including, but not limited to, pork, beef, and chicken meat) and meat products. The National Meat Inspection Service ("NMIS"), a specialized regulatory service attached to the DA, serves as the national controlling authority on all matters pertaining to meat and meat product inspection and meat hygiene to ensure meat safety and quality from farm to table. In this regard, the DA mandates the application of Good Manufacturing Practices in all NMIS-accredited meat establishments.

The Meat Inspection Code provides for labeling, branding, and packaging requirements for meat and meat products to enable consumers to obtain accurate information and ensure product traceability.

The Price Act
The Price Act covers unbranded basic necessities, such as fresh pork, beef and poultry meat, milk, coffee and cooking oil, and prime commodities, such as flour, dried, processed and canned pork, beef

and poultry meat, other dairy products and swine and poultry feeds. The Price Act is primarily enforced and implemented by the DA and the Department of Trade and Industry in relation to such products.

Under the Price Act, the prices of basic commodities may be automatically frozen or placed under price control in areas declared as disaster areas, under emergency or martial law, or in a state of rebellion or war, for a maximum period of 60 days only. In cases of calamities, emergencies, illegal price manipulation or when the prevailing prices have risen to unreasonable levels, it is the President of the Philippines who can impose a price ceiling on basic necessities and prime commodities.

The Philippine Food Fortification Act

The Philippine Food Fortification Act of 2000 (the “PFF Act”) provides for the mandatory fortification of wheat flour, cooking oil and other staple foods and the voluntary fortification of processed food products. The FDA is the government agency responsible for the implementation of the PFF Act with the assistance of the different local government units which are tasked under the said law to monitor foods mandated to be fortified which are available in public markets, retail stores and foodservice establishments and to check if the labels of fortified products contain nutrition facts stating the nutrient added and its quantity.

Environment-related Laws

The Philippine Environmental Impact Statement System (the "EIS System") is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical; or (ii) is situated in an environmentally critical area. The law is implemented by the Department of Environment and Natural Resources ("DENR"). Under the EIS System, an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area is required to submit an Environmental Impact Statement and secure an Environmental Compliance Certificate ("ECC"). This ECC requirement is applicable to the production facilities that the Group operates throughout the Philippines.

The Philippine Clean Water Act of 2004 and its implementing rules and regulations provide for the requirement to secure a wastewater discharge permit, which authorizes the discharge of liquid waste and/or pollutants of specified concentration and volume from plants and facilities into any water or land resource for a specified period. The Environmental Management Bureau (EMB) of the DENR is responsible for issuing discharge permits and monitoring and inspecting the facilities of the grantee of the permit.

The Philippine Clean Air Act of 1999 and its implementing rules and regulations provide that before any business may be allowed to operate facilities and equipment, which emit regulated air pollutants, the establishment must first obtain a Permit to Operate Air Pollution Source and Control Installations. The EMB is responsible for issuing permits to operate air pollution source and control installations as well as monitoring and inspecting the facilities of the grantee of the permit.

The Ecological Solid Waste Management Act of 2000, with DENR Administrative Order 2011-34 as its implementing rules and regulations, sets the guidelines for solid waste reduction through sound reduction and waste minimization, including composting, recycling, re-use, recovery before collection, treatment, and disposal in appropriate and environmentally sound solid waste management facilities in accordance with ecologically sustainable principles.

The Extended Producer Responsibility (EPR) Act of 2022, with DENR Administrative Order 2023-02 as its implementing rules and regulations, aims to reduce the generation of plastic wastes. Under the Act, large-scale companies are required to establish or phase-in EPR programs for plastic packaging which may include activities and strategies for reduction of non-environment friendly products, as well as product waste recovery programs aimed at effectively preventing waste from leaking to the environment. To achieve plastic neutrality, they are also required to meet specific targets to recover or offset their respective plastic packaging footprint generated during the immediately preceding year. For 2023, obliged companies need to recover 20% of the plastic waste that their company has produced from 2022. The target recovery rate is then increased to 40% by 2024, 50% by 2025, 60% by 2026, 70% by 2027, and 80% by 2028 and every year thereafter. The National Ecology Center, a sub-group under the National Solid Waste Management Commission of the DENR-EMB, is responsible for monitoring and evaluating the compliance of obliged enterprises with the Act.

The Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 and its implementing rules and regulations, as well as DENR Administrative Orders 2013-25 and 2013-22, aim to regulate the management of ozone-depleting chemical substances and hazardous wastes generated by various establishments. The law and regulations regulate, restrict or prohibit the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines or the keeping in storage of hazardous wastes which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations.

The Energy Efficiency and Conservation Act and its implementing rules and regulations establish a framework for introducing and institutionalizing fundamental policies on energy efficiency and conservation including the promotion of efficient and judicious utilization of energy and the definition of responsibilities of various government agencies and private entities. Under the Act, Designated Establishments (depending on the level of their consumption of energy) shall appoint a Certified Energy Conservation Officer who shall be responsible for the management of the energy consumption of facilities, equipment and devices, the improvement and implementation of energy efficiency measures, the conduct of regular energy audit, energy monitoring and control, and the preparation of periodic energy consumption report of the Designated Establishment, or a Certified Energy Manager who shall plan, lead, manage, coordinate, monitor, and evaluate the implementation of sustainable energy management within their organizations.

Other regulatory environmental laws and regulations applicable to the Group are as follows: (i) The Water Code, which governs the appropriation and use by any entity of water within the Philippines. Water permits are issued by the National Water Resources Board; (ii) DENR Administrative Order 1992-26 or the Appointment of Pollution Control Office, as amended by DENR Administrative Order 2014-02, which aims to manage and address environmental problems and programs of the plant as well as liaison with the environmental government agencies; and (iii) The Sanitation Code, which provides for sanitary and structural requirements in connection with the operation of certain establishments such as food establishments, including such places where food or drinks are manufactured, processed, stored, sold or served. Under the Sanitation Code, food establishments are required to secure sanitary permits prior to operation which shall be renewable on a yearly basis.

The Anti-Drunk and Drugged Driving Act of 2013

The Anti-Drunk and Drugged Driving Act of 2013 aims to ensure road safety through the observance of responsible and ethical driving standards and penalizes acts of driving under the influence of alcohol, dangerous drugs, and other intoxicating substances. Under the law, the Land Transportation Office ("LTO") may deputize traffic enforcers of the Philippine National Police, Metro Manila Development Authority and local government units to assist the LTO in the enforcement of the law.

The Manual of Procedures and Code of Ethics of the ASC Guidebook

The Manual of Procedures and Code of Ethics of the ASC Guidebook as formulated by the Ad Standards Council, a voluntary association of various companies and groups engaged in the fields of advertising, marketing, and media in the Philippines, prescribe rules on the advertising activities of its members to promote truth and fairness in advertising through self-regulation of advertising content.

Revised Corporation Code of the Philippines

The Revised Corporation Code of the Philippines, the provisions of which are principally enforced by the SEC, is the law that governs the rules and regulations in the establishment and operation of corporations in the Philippines. It covers the powers and capacity of corporations such as the power to extend or shorten corporate terms, to increase or decrease capital stock, to declare dividends, and power to invest corporate funds in another corporation or business, among others. It also discusses the rules on meetings of directors, stockholders or members in a corporation, whether regular or special, as well as the rules on voting and quorum. The Group also ensures compliance with the memorandum circulars and other issuances of the SEC, whenever applicable.

Securities Regulation Code

Given that the Company’s shares of stocks are listed with the PSE, it also complies with the Securities Regulations Code (the “SRC”) and its Implementing Rules and Regulations, as well as relevant issuances of both the PSE and the SEC. Under the SRC, the SEC has jurisdiction and supervision over all corporations, partnerships or associations that are grantees of primary franchises, license to do business or other secondary licenses. As the government agency regulating the Philippine securities market, the SEC issues regulations on the registration and regulation of securities exchanges, the securities market, securities trading, the licensing of securities brokers and dealers, reportorial requirements for public and publicly listed companies, and the proper application of SRC provisions, as well as the Revised Corporation Code of the Philippines, and certain other statutes.

Labor

The Department of Labor and Employment ("DOLE") stands as the national government agency mandated to formulate policies, implement programs and services, and serve as the policy coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws, particularly the Philippine Labor Code, and such other laws as specifically assigned to it or to the Secretary of Labor and Employment. In 2017, the DOLE issued Department Order No. 174 s. 2017 ("D.O. 174") which prohibits labor-only contracting which are arrangements where the contractor or subcontractor: (a) (i) does not have substantial capital, or (ii) does not have investments in the form of tools, equipment, machineries, supervision, and work premises, among others, and (iii) recruits or places employees performing activities which are directly related to the main business operation of the principal; or (b) the contractor or subcontractor does not exercise control over the performance of the work of the employee. The DOLE also enforces the Occupational Safety and Health Law which requires employers to furnish workers a place of employment free from hazardous conditions causing or are likely to cause death, illness or physical harm, among other things.

Other legislations relevant to the Group include the Social Security Act of 1997, as amended, the National Health Insurance Act of 1995, as amended, the Anti-Age Discrimination in Employment Act, Anti Sexual Harassment Act, Safe Spaces Act, and the 105-Day Expanded Maternity Leave Law, all of which are complied with to ensure that the rights of employees are upheld and they are provided their due benefits.

Taxation

On the matter of taxation and other charges, the Group is subject to the National Internal Revenue Code of 1997 ("NIRC"), as amended by Republic Act No. 9334 and further amended by Republic Act No. 10351. In the course of its business operations, the Group is subject to income tax and value added tax. As to the Group's alcohol products, including beer and spirits products, these are specifically subject to excise taxes as provided for in the NIRC and the relevant circulars and issuances of the concerned government agencies such as those issued by the Department of Finance and Bureau of Internal Revenue. As the Group imports materials from foreign countries, it is governed by the rules and regulations issued by the Bureau of Customs ("BOC") and is likewise subject to BOC duties, taxes and other charges. The Group is also subject to local taxes based on the prevailing tax ordinances, in areas where it operates.

In SMFB's beverage businesses, excise tax represents a significant component of production costs of alcoholic beverages. Under the Philippine Tax Code, excise tax on fermented liquor is determined per liter of volume capacity in relation to the net retail price (excluding the excise tax and value added tax thereon) and is payable by the producer. The tax rate varies depending on the type of alcoholic beverage produced, with more expensive products being subject to higher rates.

Effective January 1, 2017, Republic Act No. 10351 imposed a unitary tax rate of P23.50 per liter on all fermented liquors regardless of the net retail price (excluding the excise and value-added taxes) per liter of volume capacity, except those affected by the "no downward classification clause". The rate shall be increased by 4% every year thereafter, as prescribed by the provisions of Revenue Regulations No. 17-2012 dated December 31, 2012, until amended by an act of Congress. Excise tax rate effective January 1, 2018 is P24.44 per liter. For the Spirits Segment, effective January 1, 2015, Republic Act No. 10351 imposed an ad valorem tax on distilled spirits equivalent to 20% of the net retail price (excluding the excise and value-added taxes) per proof and a specific tax of P20.00 per proof liter. Specific tax rate effective January 1, 2016 is P20.80 per proof liter, which shall be increased by 4% every year thereafter, as prescribed by the provisions of Revenue Regulations No. 17-2012 dated December 31, 2012. The specific tax rate effective January 1, 2018 is P22.50 per proof liter.

Effective January 1, 2018, Republic Act No. 10963, or the "Tax Reform for Acceleration and Inclusion", imposed an excise tax rate of P6.00 or P12.00 per liter on sugar sweetened beverages, with the rate depending on the type of sugar used. The non-alcoholic beverages produced by the Beer and NAB Segment fall under the P6.00 per liter classification.

On January 22, 2020, President Rodrigo R. Duterte signed Republic Act No. 11467, which amended certain provisions of the Philippine Tax Code and set additional excise tax on alcoholic beverages. Effective January 1, 2020, the new excise tax rate for beer and fermented liquor was P35.00 per liter. The excise tax was then increased to P37.00 per liter in 2021, P39.00 per liter in 2022, and P41.00 per liter in 2023, and will further increase to P43.00 per liter in 2024. Effective January 1, 2025, the excise tax rate shall be increased by 6% every year thereafter.

The sale of beer and NAB in the Philippines is also subject to value-added tax and withholding tax, when applicable. The Beer and NAB segment's beer products are also subject to excise tax in the markets in which the international subsidiaries operate.

For distilled spirits, an additional ad valorem tax of 22% of the net retail price (excluding excise tax and value added tax) shall be assessed and collected. In addition to the ad valorem tax, a specific tax at the following rates shall be collected: P42.00 per proof liter effective January 1, 2020, P47.00 per proof liter in 2021, P52.00 per proof liter in 2022, P59.00 per proof liter in 2023, and P66.00 per proof liter in 2024. The specific tax will be increased by 6% every year thereafter effective January 1, 2025, through revenue regulations to be issued by the Secretary of Finance.

Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (the "CREATE Act"), which seeks to reduce corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, took effect on April 11, 2021, or 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Key provisions of the CREATE Act that have an impact on the Group are: (i) reduction of Regular Corporate Income Tax (RCIT) rate from 30% to 25% for domestic and resident foreign corporations effective July 1, 2020; (ii) reduction of Minimum Corporate Income Tax (MCIT) rate from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and (iii) repeal of the imposition of improperly accumulated earnings tax. Accordingly, current and deferred taxes as at and for the year ended December 31, 2023 were computed and measured using the applicable income tax rates as at December 31, 2023 (*i.e.*, 25% RCIT, 1% MCIT) for financial reporting purposes.

Various tax legislations were signed into law in 2024. Republic Act No. 11976, or the Ease of Paying Taxes Act, which was signed on January 5, 2024, harmonized the VAT treatment for the sale of goods or properties, and the sale of services and use or lease of properties by providing: (i) that the basis for the computation of VAT for both will now be based on the gross sales; and (ii) that the sales invoice is the only supporting document required for purposes of declaring output taxes and claiming input taxes, thereby replacing the requirement of the issuance of gross receipts for the sale of services and use or lease of properties.

On October 2, 2024, Republic Act No. 12023 was signed, which amended certain provisions in the NIRC relating to the imposition of VAT on the sale of services. The new law imposed a VAT of 12% on persons who provide or supply "digital services", which includes an online marketplace or e-marketplace.

On November 8, 2024, President Ferdinand R. Marcos, Jr. signed Republic Act No.12066, otherwise known as "CREATE MORE", which amended certain provisions of the CREATE Act. CREATE MORE provides greater incentives to Registered Business Enterprises (RBEs), which includes the reduction of the Corporate Income Tax (CIT) of the RBE's IPA-registered projects from 25% to 20% during the Enhanced Deduction Regime (EDR) period.

Research and Development

Beer and NAB Segment
SMB employs modern brewing technology. Its highly experienced brewmasters and quality assurance practitioners provide technical leadership and direction to continuously improve and maintain high standards in product quality, process efficiency, cost effectiveness, and manpower competence.

Technology and processes are constantly updated, and new product development is ensured through the research and development of alcoholic and non-alcoholic beverage products. Research and development activities are conducted in a technical center and pilot plant located in one of SMB's production facilities.

SMB also has a central analytical laboratory that is equipped with modern equipment necessary for strategic raw materials analysis and validation, alcoholic and non-alcoholic beverage evaluation, and new raw material accreditation. Specialized equipment includes gas chromatography, high performance liquid chromatography, atomic absorption spectroscopy, protein analyzer, laboratory scale mashing/milling system for malt analysis, and wort extract analyzer. Analytical methods and validation procedures are constantly enhanced and standardized across all SMB laboratories. The central analytical laboratory likewise runs proficiency tests for brewery laboratories and suppliers to ascertain continuous reliability and quality of analytical test results. It is also tasked with ensuring compliance of all systems with international standards, specifically ISO/IEC 17025:2017.

To promote technical manpower development, SMB runs the San Miguel School of Brewing, which offers various programs spanning all levels of professional brewing technical training, starting from the basic brewing course for newly hired personnel to the advanced brewing course for senior technical personnel. Courses offered at the school include those highly advanced classes necessary to qualify the most senior of its technical personnel known as brewmasters. Each of the approximately 40 brewmasters has extensive advanced coursework from both in-house and international institutions and over ten years of on-the-job-training experience with SMB.

Spirits Segment
GSMI continuously focuses on research and development to stay attuned to the evolving market preferences. As such, GSMI has a dedicated research and development team that maintains a well-equipped laboratory and closely collaborates with the market research and new product development groups to constantly develop and formulate innovative products. The research and development team's mandate is to enhance and further expand GSMI's product library that will allow timely product launches as the need arises.

Food Segment
The Food Segment has developed a systematic approach to new product development referred to as the stage-gate process, which is a five-step process comprising idea generation, feasibility testing, commercialization, launch, and post-launch evaluations. The process optimizes returns on new product development by prioritizing innovations in the pipeline in a disciplined approach. New products that cater to the more sophisticated taste of consumers, as well as addressing health awareness and convenience food trends, are continuously introduced.

The Food Segment has several research and development teams that engage in the development, reformulation and testing of new products. The teams believe that their continued success will be affected in part by their ability to be innovative and attentive to consumer preferences and local market conditions.

The Protein and Animal Nutrition and Health businesses under SMFI engaged in integrated poultry and feeds, has the largest network of animal feed research facilities in the country and is responsible for the development of animal feed products for broilers, hogs, layers, pets, finfish, including innovations on feed milling technology, and packaging. The research and development team is comprised of post-graduate specialists in animal science, microbiology, and feed mill engineering, and constantly collaborates with international consultants from the U.S. and Europe to ensure that the company uses only the most updated technology in its products. Aside from product innovations, the team also examines efficiency improvements of operations using new technology, a measure of increasing production cycles per farm per year, improving feed consumed to weight ratio, and achieving better harvest recovery. The research center is responsible for developing technologies that focus on precision-driven animal nutrition, sustainable agriculture, and efficiency in feed manufacturing. It utilizes state of the art equipment including near infrared and atomic absorption spectrophotometry, and high-performance liquid chromatography, capable of analyzing the animals' average daily weight gain, feed conversion efficiency, and other performance parameters. Results of these analyses are immediately applied to commercial feed formulations to minimize costs and maximize animal growth.

The total amount spent by the Group on research and development for the years 2024, 2023 and 2022 were P665.23 million, P631.92 million and P577.7 million, respectively. As a percentage of net sales revenues, spending on research and development for the years 2022 to 2024 is approximately 0.2%.

Cost of Compliance with Environmental Laws

The Group incurred about P424.2 million in expenses for environmental compliance for the year 2024. On an annual basis, operating expenses incurred by the Group to comply with environmental laws are not significant or material relative to the Company and its subsidiaries' total cost and revenues.

Costs for environmental compliance include those necessary to implement initiatives to reduce emissions by performing boiler and generator maintenance and cleaning of smokestacks, improve wastewater quality, and compliance with general effluent standards by conducting intensive water quality monitoring and performing maintenance and improvement of wastewater facilities, manage solid wastes by implementing segregation at source practices, and maintaining their composting, garbage collection, and material recovery facilities, and improve quality of environment by planting trees and cleaning rivers and coastlines, which benefit both the operations of the businesses and the well-being of the immediate environment and communities.

The Group also implemented programs that support SMC's Water for All 50X2025 program. In line with SMC's goal to integrate sustainability into its business strategy, the Group is currently putting in place water reduction projects and programs that consistently educate its employees on water stewardship.

Human Resources and Labor Matters

As of December 31, 2024, the Group has a total of 11,574 employees. The Group has nineteen (19) existing Collective Bargaining Agreements ("CBAs") and three (3) existing Collective Labor Agreements ("CLAs").

Please see the list of CBAs and CLAs entered by Group with its various employee unions attached hereto as **Annex "F"**.

The Group does not expect any significant change in its existing workforce level within the ensuing 12 months.

Most of the subsidiaries of the Company have funded, non-contributory defined benefit retirement plans covering all of its permanent employees.

Under the said retirement plans, all regular monthly-paid and daily paid employees of the subsidiary are eligible members. Eligible members who reach the age of sixty (60) are entitled to compulsory retirement. The Company's subsidiaries may, however, at their own discretion, continue an employee's membership under the plan on a year-to-year basis after he/she reaches compulsory retirement. Eligible members may opt to retire earlier after they have completed at least fifteen (15) years of credited service with the subsidiary. Upon retirement, eligible members will receive a certain percentage of their final monthly pay for each year of their credited service. The amount varies depending on the years of service of the retiree. Eligible members may receive certain resignation benefits if they resign before they reach an eligible retirement date, provided they have completed at least five (5) years of service with the subsidiary. The retirement plans are further described in Note 29 (Retirement Plan) of the 2024 Audited Consolidated Financial Statements of the Company attached hereto as **Annex "B"**.

The Company's performance management framework ensures that its personnel's performance is aligned with the standards set by the Board of Directors and senior management. The Company adopts a performance management system and salary review program wherein employees, including executive directors and key officers, are appraised annually on the achievement of specific objectives and key performance indicators, *i.e.*, financial results of the business, short- and long-term business/functional priorities and goals, internal processes and learning and growth, as well as participation in centerpiece projects, and critical incidents. Bonuses are determined in accordance with SMC's Business Performance and Annual Incentive Programs, which tracks attainment of the San Miguel Group's earnings targets.

The Company provides avenues for employees to realize their full potential. Professional growth and advancement in their careers can be attained through formal training, opportunities for further education, and other alternative approaches. Through these initiatives, employees become more capable in their tasks, and productivity and efficiency in technical aspects as well as their soft skills are improved. In this regard, various structured in-house and external training are available for employees.

Talent development is strengthened by ensuring that individual development plans of employees are defined and anchored on performance and competency gaps, and that these plans are implemented. In addition, development of high-potential/high-performing employees is pursued as part of succession planning, via fast-track learning through advanced programs, deliberate movements, coaching and mentoring, and participation in centerpiece projects.

Major Business Risks

Due to its extensive operations, the Group faces both financial and non-financial risks daily. To manage risks, policies have been established to identify and analyze the key risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, systems, and processes, as well as practices, are continuously reviewed to reflect changes in market conditions and the organization's activities.

Each of the Beer and NAB, Spirits and Food Segments of the Company has appointed its own Chief Risk Officer. The Chief Risk Officers hold senior officer positions in SMFI, SMB, and GSMI, the three major operating subsidiaries of the Company, and thus they all have adequate authority, stature, access to resources and support to fulfill their responsibilities. Risk management functions are nevertheless currently performed at the management committee level of each operating subsidiary of the Company, as well as assumed by the Chief Operating Officers and heads of the corporate service units of each Segment. Further, every manager is tasked to ensure compliance with all operational and financial controls in his/her area of responsibility and to implement internal controls as part of the total system to achieve the goals of the Group. Managers conduct regular evaluations of existing policies, systems, and procedures to ensure that these remain relevant and effective to the current operating environment. Management also gives prompt and cooperative consideration to recommended improvement measures made by independent internal or external audit groups.

The major business risks the Group must contend with are the following:

Competition Risks
The Group operates in highly competitive environments. Competitive factors generally include price, product quality, brand awareness and loyalty, distribution coverage, customer service and the ability to respond effectively to shifts in consumer tastes and preferences. New and existing competitors can erode the Group's competitive advantage through the introduction of new products, improvement of product quality, increase in production efficiency, new and updated technologies, cost reductions, unconventional promotional activities, and the reconfiguration of the industry's value chain. The Group has responded with the corresponding introduction of new products in practically all businesses, improvement in product propositions and packaging, and redefinition of the distribution system of its products.

The principal shareholders of the Company and its subsidiaries can influence the Group's businesses through their ability to control actions that require majority Board of Directors' and/or shareholders' approval.

Operational Risks
The facilities and operations of the Group could be disrupted by many factors, including accidents, breakdown or failure of equipment, interruption in power supply, human error, natural disasters, port congestions, logistical constraints, outbreaks of animal diseases such as Porcine Epidemic Diarrhea, Porcine Reproductive and Respiratory Syndrome, Actinobacillus Pleuropneumonia and African Swine Fever for hogs, and Fowl Cholera, Newcastle Disease, bird flu or H1N1 influenza for broilers, and other unforeseen circumstances and problems. These disruptions could result in product runouts, facility shutdowns, equipment repairs or replacement, increased insurance costs, personal injuries, loss of life and unplanned inventory build-up, all of which could have a material adverse effect on the business, financial condition and results of operations of the Group.

Any outbreak of a contagious disease, such as epidemics or pandemics, could also have a material adverse effect on the Group's financial position and financial performance. In particular, an outbreak of a contagious disease (such as for example, the COVID-19 pandemic) and the corresponding or resulting restrictions imposed by the government in order to contain the spread of such contagious disease (such as for example, the strict community quarantines, alcoholic beverage bans, limitation in travel and movement of goods and cargo, and the temporary suspension of business operations other than those for essential goods and services, which were imposed to contain the COVID-19 pandemic) could adversely affect consumer demand for the Group's products, the Group's ability to adequately staff its operations and continue production of its products, the distribution networks of the Group's products, as well as the general level of economic activity in the markets where the Group operates.

The Group undertakes necessary precautions to minimize the impact of any significant operational problems in its subsidiaries through effective maintenance practices. To manage occasional outbreaks of animal diseases, the Group adopted preventive measures like farm sanitation and strict biosecurity to minimize, if not totally avoid, the risks from these diseases.

In addition, the Group may face capacity bottlenecks as the supply for its products is largely dependent on production facilities. Capacity bottlenecks could involve both demand generally outpacing the relevant businesses' existing capacity, as well as the risk of major production facilities suffering unexpected outages, maintenance, temporary stoppages, or other setbacks. Although the Group continuously seeks to enhance the efficiency and manufacturing capabilities of its production facilities and/or increase its production capacity through adding more production lines or building more facilities, the Group may, from time to time, experience production difficulties that may cause shortages and delays in deliveries, as is common in the manufacturing industry. It is not assured that there will be no production difficulties or stoppages in the future or that the Group will be able to increase the output and efficiency of its production facilities to respond to increased customer demand in the future. These may adversely and materially affect its business and operations. Furthermore, the Group may have to incur significant additional capital expenditure in the future to be able to meet increasing demand for its products.

The Group relies on third parties in several critical areas of its operations, including distribution and logistics services. Its ability to bring products to the market could suffer if a significant number of third-party contractors fail to distribute products in a timely manner. While the Group only engages the services of reputable contractors, third party contractors may experience labor disruptions. The Group may also not successfully renew existing agreements or have contractual disputes with the third-party contractors. Furthermore, the Group operates in an industry that is subject to many regulatory regimes, including but not limited to labor, safety, health, environmental, and insolvency matters. Failure on the part of any significant number of third-party contractors to comply with any of these regulatory regimes could materially and adversely affect its businesses and prospects.

The Group's products are primarily sold through dealers and distributors. Although many of these dealers and distributors have been dealing with the Group for many years, and while the Group intends to continuously exert efforts to provide them support, there is no assurance that these dealers and distributors will continue to purchase and distribute the Group's products, or that these dealers and distributors can continue to effectively distribute the Group's products without delays or interruptions. In addition, the financial instability of, contractual disputes with, or labor disruptions at, the Group's dealers or distributors could disrupt the distribution of the Group's products and adversely affect the Group's business.

The Group has relied on and will continue to rely significantly on the continued individual and collective contributions of key members of its management team. The key members of the Group's management team have been instrumental in setting strategic directions, operating the businesses, identifying, recruiting, and training key personnel, identifying key expansion opportunities, and arranging necessary financing. In addition, key technical personnel are vital in the manufacture of the Group's products. Some members of the Group management are leaders or members of certain key industry associations in the Philippines, and the Group believes that it benefits from those relationships.

The Group's implementation of strategies to increase its sales volume nationwide and expand its existing production capabilities to support the Group's growing demand for its products involve uncertainties and risks. There is no assurance that the implementation of these strategic plans would not have a material adverse effect on the Group's financial condition or results of operations.

Legal and Regulatory Risks
The businesses and operations of the Group are subject to a number of national and local laws, rules and regulations governing several different industries in the Philippines and in other countries where it conducts its businesses such as those with respect to health, food and beverage safety, management of solid waste, water and air quality, as well as the use, discharge, emission, treatment, release, disposal and management of, regulated materials and hazardous substances. These laws and regulations require the Group to obtain and maintain several approvals, licenses, and permits from various government entities for its operations. The Group is also subject to various taxes, duties, and tariffs.

Health, food and beverage safety, and environmental laws and regulations in the Philippines have become increasingly stringent and it is possible that these laws and regulations will become significantly more stringent in the future. The adoption of new health, food and beverage safety, and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditure or the incurrence of additional operating expenses to comply with such laws and to maintain current operations. In addition, the stringent and varied requirements of local regulators with respect to local licenses and permits could delay or prevent development of facilities and operations in certain locations.

Furthermore, if the measures which the Group implements to comply with these laws and regulations are not deemed sufficient by governmental authorities, compliance costs may significantly exceed current estimates and expose the Group to potential liabilities. Potential liabilities for such non-compliance with the legal requirements or violations of prescribed standards and limits under these laws include administrative, civil, and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties, as well as orders that could limit or affect the Group's operations such as orders for the suspension and/or revocation of permits or licenses or suspension and/or closure of operations.

In addition, the Philippine government may periodically introduce changes to laws, regulations and/or standards, particularly with respect to (i) health and food and beverage safety laws and regulations which could increase costs and affect the public attitude towards the Group's products; (ii) health and safety laws and regulations which could increase costs (including costs in relation to complying with such laws and regulations) and it may not always be possible for the Group to pass such costs on to its distributors and customers; and (iii) laws and regulations that limit the selling and consumption of products or relating to manufacturing, packaging, and labelling requirements, licensing requirements, ingredients, advertising restrictions and standards. Implementation of any such measures could have a material adverse effect on the business, financial condition, and results of operations of the Group.

The Group constantly consults with relevant government agencies and other approving bodies to ensure that all requirements, permits, and approvals are anticipated and obtained in a timely manner. Further, the Group maintains a strong compliance culture and has processes in place to manage adherence to laws and regulations. If the Group becomes involved in future litigation or other proceedings or is held responsible in any future litigation or proceedings, the Group endeavors to amicably settle such proceedings in accordance with law and in the event of any adverse ruling or decision, diligently exhaust all legal remedies available to it.

Intellectual Property Risks
The Group owns various brand names and related trademarks and other intellectual property rights to prepare, package, advertise, distribute, and sell its products in the Philippines. On the other hand, the brand names, trademarks, and patent used for some of its products are under license from SMC. Protection of these brand names, trademarks, and other intellectual property rights is important to maintaining the Group's distinctive corporate and market identities. If third parties sell products that use counterfeit versions of the Group's brands or otherwise look like the Group's brands, consumers may confuse the Group's products with products that are inferior. This could adversely affect the Group's brand image and sales.

Certain brands and trademarks used by the Group, such as the San Miguel name, escudo and certain marks licensed from SMC can also be used by other members of the San Miguel group (other than the Group) or other entities that SMC has licensed them to. Although the Group relies significantly on the San Miguel brand name for its beverage businesses, it has little or no control over its use by such other parties. As such, the Group's brand image could be negatively affected by product quality or other reputational issues caused by these other users of the brands and trademarks of SMC. Any incident that erodes consumer affinity with the Group's brands could significantly reduce their value and damage the Group's business. Any decrease in the brand equity of the San Miguel brand name could have an adverse effect on the Group's competitive position, sales and results of operations and could materially and adversely affect the Group's reputation and business. Any damage to the Group's brand image caused by other users of the brands and trademarks could have an adverse effect on the Group's sales and financial performance.

In addition, the Group may be adversely affected by news reports or other negative publicity, regardless of their accuracy, regarding quality issues, public health concerns, illness, safety, injury, customer complaints or litigation, health inspection results, processing practices, employee relationships, or government or industry findings concerning its operations or operations of third parties engaged by the Group. Similarly, information about the Group posted on social media platforms and similar devices, including blogs, social media sites and other forms of internet-based communications that allow individuals' access to a broad audience of consumers and other interested persons, may be averse to the Group's interests or are inaccurate, each of which may harm the Group's performance, prospects, or business.

Social, Economic and Political Risks
The ability of the Group to successfully develop and launch new products and maintain the demand for existing products depends on the acceptance of such products by consumers and their purchasing power and disposable income levels, which may be adversely affected by unfavorable economic developments in the Philippines (such as for example, those resulting from the occurrence of the COVID-19 pandemic and the restrictions imposed by governments to contain the spread of the pandemic) or political or social instability in the markets where the Group operates. A significant decrease in disposable income levels or consumer purchasing power of the target markets could materially and adversely affect the financial position and financial performance of the Group. Consumer preferences may shift for a variety of reasons, including changes in culinary, demographic, and social trends, leisure activity patterns, or consumer lifestyle choices. Concerns about health effects due to negative dietary effects or other factors may also affect consumer purchasing patterns for food and beverage products. If the marketing strategies of the Group are not successful or do not respond timely or effectively to changes in consumer preferences, the business and prospects of the Group could be materially and adversely affected.

Political or social instability (including any act of terrorism) in the Philippines or in the markets where the Group operates could negatively affect the general economic conditions and operating environment in the Philippines and in such other markets, which could have a material impact on the Group's business, financial position, and results of operation.

The success of the Group depends largely upon the consumers' perception of the reliability and quality of the Group's products. Any event or development that detracts from the perceived reliability or quality of its products could materially reduce demand. For example, contamination of products by bacteria or other external agents, whether arising accidentally or through deliberate third-party action, could potentially result in product liability claims. Product liability claims, regardless of success, could adversely affect the reputation of the brands of the Group, which may result in reduced sales and profitability of the affected brand or the brands of the Group in general. In particular, the Group has little, if any, control over handling procedures once its products have been dispatched for distribution and are, therefore, particularly vulnerable to problems in this phase. Even an inadvertent distribution of contaminated products may constitute a violation of the law and may lead to increased risk of exposure to product liability claims, product recalls, increased scrutiny, and penalties, including injunctive relief and plant closures by regulatory authorities, and adverse publicity, which could exacerbate the associated negative consumer reaction.

The Group's sales are further affected by seasonality in customer purchase patterns. In the Philippines, some products produced by the Group experience increased sales during certain times of the year. As a result, performance in any one quarter is not necessarily indicative of what is to be expected for any other quarter or for any year and the Group's financial position and financial performance may fluctuate significantly from quarter to quarter.

Raw Materials Sourcing Risks
The products and businesses of the Group depend on the availability of raw materials. Most of these raw materials, including some critical raw materials, are procured from third parties. These raw materials are subject to price volatility caused by several factors, including changes in global supply and demand, foreign exchange rate fluctuations, shipping and other transport-related factors, weather conditions, quality of crop and yield, trade and tariff policies, and governmental regulations and controls. There is no assurance that raw materials will be supplied in adequate quantities or of the required quality to meet the needs of operations, or that these raw materials will not be subject to significant price fluctuations in the future. Shortage of raw materials may also cause delays in the supply of products to customers. Moreover, the market prices of raw materials may increase significantly if there are material shortages due to, among others, competing usage or drastic changes in weather or natural disasters or shifts in demand from other countries. The Group's ability to pass along higher costs through price increases to consumers is also influenced by competitive conditions and pricing methodologies used in the various markets in which it competes. As such, there is no assurance that any increases in product costs will be passed on to consumers and any price increases that are passed on to consumers will not have a material adverse effect on the Group's price competitiveness as consumers may choose to purchase competing products or shift purchases to lower-priced or other value offerings.

Water is critical in the Group's operations, and it may not be able to source enough or may face increases in water costs in the future. The Group sources its water requirements from deep wells, water utility service providers, and government-owned water facilities. Restrictions on the use of deep well water could disrupt operations and price increases for the use of deep well water, or by water utility service providers or government-owned water facilities could adversely affect operating costs, and in turn, adversely affect the Group's business, financial condition, results of operations, and prospects.

Movements in the supply of global crops may affect prices of raw materials such as wheat, malted barley, adjuncts, and molasses. The Group may also face increased costs or shortages in the supply of raw materials due to the imposition of new laws, regulations, and policies.

Alternative sources of raw materials are used in the Group's operations to avoid and manage risks on unstable supply and higher costs.

The Group, whenever necessary, enters various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material costs and preserving margins.

Financial Risks
In the course of its operations, the Group is exposed to financial risks, namely:

Interest Rate Risk
The Group's exposure to changes in interest rates relates primarily to long-term borrowings and investment securities. Investment securities acquired or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investment securities acquired, or borrowings issued, at variable rates expose the Group to cash flow interest rate risk.

Foreign Currency Risk
The exposure to foreign currency risk primarily results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group.

The Group purchases some critical raw materials and technically advanced equipment for capacity expansion from abroad and needs foreign currency to make these purchases. There is no assurance that foreign exchange controls will not be imposed by the government in the future. If imposed, these restrictions could severely curtail the Group's ability to obtain key raw materials and equipment for capacity expansion from abroad, or to meet the Group's foreign currency payment obligations, which could materially and adversely affect its financial position and financial performance.

Liquidity Risk
Liquidity risk pertains to the risk that the Group will encounter difficulty meeting payment obligations when they fall under abnormal and stressful circumstances.

Liquidity risks are managed to ensure adequate liquidity of the Group through monitoring accounts receivables, inventory, loans, and payables. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

Prudent fund management is employed to manage exposure to changes in earnings because of fluctuations in interest and foreign currency rates.

The Group uses a combination of natural hedges, which involve holding U.S. dollar-denominated assets and liabilities, and derivative instruments to manage its exchange rate risk exposure.

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade and other receivables and investment securities.

Credit risk is controlled by the application of credit approvals, limits, and monitoring procedures. It is the Group's policy to enter transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products are made to customers with appropriate credit history. It maintains an internal mechanism to monitor the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credit extended. Where appropriate, the Group obtains collateral or arranges master netting agreements.

Please refer to Note 33 of the 2024 Audited Consolidated Financial Statements attached hereto as **Annex "B"** for the discussion of the Group's Financial Risk and Capital Management Objectives and Policies.

Other risk factors that could materially and adversely affect the business, financial condition and results of operations of the Group are discussed in more detail in the Prospectus dated February 20, 2020 (filed with the SEC, disclosed to the PSE and PDEx and uploaded in the Company's website), relating to the registration and public offer for sale, distribution and issuance by the Company in the Philippines of Peso-denominated fixed rate bonds, with an aggregate principal amount of P15 billion, comprised of five-year Series A Bonds due 2025 and seven-year Series B bonds due 2027.

Item 2. Properties

A summary of information on the various properties owned and leased by the Group, including the conditions thereof, are attached hereto as **Annex "C"**.

The Group owns its major facilities, *i.e.*, beer production facilities, distillery, liquor bottling facilities, flour mills, grain terminal, meats processing plants, ice cream plant, butter, margarine and cheese plant, ready-to-eat plant, feedmills, hatcheries, a broiler growing farm, and poultry processing plants. A few of its feeds, and most of its poultry operations, however, are contracted out to third parties.

The Group has no principal properties that are subject to a mortgage, lien, or encumbrance, other than those permitted under the trust agreements covering the outstanding fixed rate bonds of the Group in connection with its offer of bonds and agreements covering its long-term debt.

There are no imminent acquisitions of any material property, which cannot be funded by the working capital of the Group.

For additional information on the Group's properties, please refer to Note 13 (Property, Plant and Equipment), Note 14 (Right-of-Use Assets), and Note 15 (Investment Property) of the 2024 Audited Consolidated Financial Statements attached hereto as **Annex "B"**.

Item 3. Legal Proceedings

The Group, taken as a whole, is not a party to, and its properties are not the subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the Company or its results of operations.

For further details on pending legal proceedings of the Group, please refer to Note 36 of the 2024 Audited Consolidated Financial Statements attached hereto as **Annex "B"**.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of the Company's shareholders, through the solicitation of proxies or otherwise, during the fourth quarter of 2024.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common equity is traded in the PSE.

The Company's high and low prices for each quarter of the last two fiscal years, are as follows:

Quarter	2024		2023	
	Common		Common	
	High	Low	High	Low
1st	52.90	47.60	54.95	38.10
2nd	50.10	43.00	50.00	44.00
3rd	54.50	45.05	53.25	44.50
4th	57.30	50.65	53.20	46.05

The closing price as of the latest practicable trading date is:

Common shares P 51.00 April 3, 2025

The approximate number of shareholders of the Company as of December 31, 2024, is as follows:

Common shareholders 183 stockholders

The Company's top 20 stockholders of common shares as of December 31, 2024, are as follows:

Rank	Stockholder Name	Total Common Shares	% of Outstanding Common Shares
1	San Miguel Corporation	5,245,082,440	88.760993%

2	PCD Nominee Corporation (Non-Filipino)	379,152,114	6.416280%
3	PCD Nominee Corporation (Filipino)	262,861,670	4.448331%
4	Q-Tech Alliance Holdings, Inc.	20,511,400	0.347108%
5	PFC ESOP/ESOWN Account	271,030	0.004587%
6	Cecille Y. Ortigas	228,610	0.003869%
7	Majent Management and Development Corporation	203,700	0.003447%
8	Monaco Holdings, Inc.	100,000	0.001692%
9	Xing Ye	85,200	0.001442%
10	Ramon L. Chua	77,140	0.001305%
11	Ana Maria De Olondriz Ortigas	55,310	0.000936%
12	Gary Anthony P. Rosales	51,800	0.000877%
13	Pacifico De Ocampo	43,240	0.000732%
14	Fan Yang	41,540	0.000703%
15	Manuel I. Gutierrez or Martina Maria Elizabeth Y. Gutierrez	31,800	0.000538%
16	William Pendarvis	29,370	0.000497%
17	Hui He	27,400	0.000464%
18	Pei-Wei Lin	26,230	0.000444%
19	Jinzhan Hong	26,000	0.000440%
20	Chia Hsin Lin	25,000	0.000423%

As of December 31, 2024, the Company had a public float of 11.23%, as reflected in the Public Ownership Report for the said period.

Dividends may be declared at the discretion of the Company's Board of Directors and will depend upon the Company's future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory, and contractual restrictions, loan obligations both at the parent and subsidiary level, and other factors the Board of Directors may deem relevant.

Since August 8, 2018, the cash dividend policy of the Company has been that holders of its common shares are entitled to receive annual cash dividends of up to 60% of the prior year's recurring net income. Recurring net income is net income calculated without respect to extraordinary events that are not expected to recur. The Company expects that the dividend distributions will be made over the four quarters of the year, subject to the applicable laws and regulations and based on the recommendation of the Board of Directors. In considering dividend declarations for each quarter, the Board of Directors has in the past and will in the future, take into consideration dividend payments on preferred shares, if any, and other factors, such as the implementation of business plans, debt service requirements, debt covenant restrictions, funding of new investments, major capital expenditure requirements, appropriate reserves, and working capital, among others.

In accordance with the foregoing, the Company paid out cash dividends as follows for the last three (3) fiscal years:

Fiscal Year	Stock Type	Aggregate Amount (per share)
2024	Common	P3.25
2023	Common	P2.70
2022	Common	P2.12

There were no securities sold by the Company within the past three (3) years that were not registered under the SRC.

On January 18, 2018, in line with the consolidation of the food and beverage businesses of SMC under the Company, the stockholders approved the following amendments to the Company's Articles of Incorporation: (a) the expansion of the primary purpose in the Second Article to include the engagement in the alcoholic and non-alcoholic beverage business, (b) the change of the corporate name in the First Article to "San Miguel Food and Beverage, Inc.", (c) the reduction of par value of common shares in the Seventh Article to P1.00 per share, and (d) the denial of pre-emptive rights for issuances or dispositions of all common shares in the Seventh Article (collectively, the "First Amendments").

On the same date, the stockholders approved the increase in authorized capital stock of the Company, to be filed with the SEC after the latter's approval of the First Amendments, which increase shall be P9,540,000,000 comprised of 9,540,000,000 common shares with a par value of P1.00 per share (the "Increase"), including the amendment of the Seventh Article to reflect the Increase. From the Increase, approximately 44% thereof or 4,242,549,130 common shares with a par value of P1.00 per share (the "New Shares") will be subscribed by SMC. As a result of the Increase, the Company's authorized capital stock will be P12,000,000,000 divided into 11,600,000,000 common shares with a par value of P1.00 per share, and 40,000,000 preferred shares with a par value of P10.00 per share.

Likewise on the same date, the stockholders approved the acquisition by the Company of SMC's common shares in SMB and GSMI (the "Exchange Shares"), with the combined value of P336,349,294,992.60, as consideration for the issuance by the Company of the New Shares from the Increase.

Finally, also on the same date, the stockholders approved the listing on the PSE of the additional issued common shares resulting from the reduction of par value of shares, as well as the New Shares to be issued to SMC.

All the foregoing items approved by the stockholders at its special meeting on January 18, 2018, were earlier approved by the Board of Directors at its special meeting on November 3, 2017.

On March 23, 2018, the SEC approved the First Amendments by virtue of the Certificate of Filing of Amended Articles of Incorporation of San Miguel Food and Beverage, Inc. (formerly San Miguel Pure Foods Company Inc.) issued on the said date, a copy of which the Company received on March 27, 2018.

On April 5, 2018, SMC and the Company signed a Deed of Exchange of Shares pursuant to which SMC shall transfer to the Company the Exchange Shares, and in consideration therefor, the Company shall issue New Shares from the Increase, subject to and conditioned upon the approval by the SEC of the Increase.

On June 29, 2018, the SEC approved the Increase by virtue of the issuance to the Company of the Certificate of Approval of Increase of Capital Stock and Certificate of Filing of Amended Articles of Incorporation.

On October 12, 2018, the BIR issued BIR Certification No. 010-2018, which confirmed the tax-free transfer by SMC of the Exchange Shares in consideration for the New Shares. On October 31, 2018, the BIR issued the Electronic Certificate Authorizing Registration (eCAR) for the tax-free transfer of the Exchange Shares to the Company. The Exchange Shares were issued and registered in the name of the Company in the stock and transfer books of SMB and GSMI, as the case may be, on November 5, 2018.

On October 26, 2018, the SEC issued the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale relating to the offer of up to 1,020,050,000 common shares in SMFB owned by SMC in a secondary sale transaction to institutional investors inclusive of the PSE Trading Participants' share allocation at an offer price of P85.00 per share.

On November 5, 2018, the PSE issued a Notice of Approval for the listing of the New Shares issued by the Company to SMC. On November 9, 2018, the New Shares were listed on the PSE.

On November 12, 2018, the secondary offering of 400,940,590 common shares in the Company plus the over-allotment option of 60,141,090 common shares in the Company owned by SMC were sold at a price of P85.00 per share to institutional investors inclusive of the PSE Trading Participants' share allocation. With the completion of the offering, the Company became compliant with the minimum public float requirement of the PSE.

On November 7, 2019, the Board of Directors approved the public offering by the Company in the Philippines of fixed rate retail bonds in the aggregate principal amount of up to P15,000,000,000.00. The proceeds of the offering were intended to be used to redeem the outstanding perpetual series 2 preferred shares of the Company issued in March 2015 (the "FBP2 Shares").

On February 3, 2020, the Board of Directors approved the redemption of the FBP2 Shares at the redemption price of P1,000.00 per share. According to the Notice of Redemption, including guidelines for the payment of the redemption proceeds issued by the Company for the purpose, the redemption price and all accumulated unpaid cash dividends were to be paid on March 12, 2020, to the preferred stockholders of record as of February 17, 2020.

On February 21, 2020, the SEC approved the Company's Registration Statement and issued the Permit to Sell of P15,000,000,000 worth of fixed rate bonds, consisting of five-year Series A Bonds due 2025 with a fixed interest rate of 5.050% per annum, and seven-year Series B Bonds due 2027 with a fixed interest rate of 5.250% per annum.

The bonds were issued and listed in the PDEx on March 10, 2020.

The proceeds of the bonds were used to redeem the outstanding FBP2 Shares and payment of transaction-related fees, costs and expenses.

By the end of March 2025, the Series A Bonds issued by the Company due 2025 have fully matured and the principal investment amounts due on said bonds have been paid to the respective holders thereof in accordance with the relevant terms and conditions of the offer.

Description of the securities of the Company may be found in Note 21 (Equity) of the 2024 Audited Consolidated Financial Statements, attached hereto as **Annex "B"**.

As stated in Note 21 of the 2024 Audited Consolidated Financial Statements, the Company's accumulated earnings in subsidiaries are not available for dividend declaration until declared by the respective investees.

Item 6. Management's Discussion and Analysis or Plan of Operation

The information required by Item 6 may be found in **Annex "A"** attached hereto.

Item 7. Financial Statements (FS) and Other Documents Required to be filed with the FS under SRC Rule 68, as Amended

The 2024 Audited Consolidated Financial Statements of the Company (with the external auditors' Professional Tax Receipt, name of certifying partner and address) and Statement of Management's Responsibility are attached hereto as **Annex "B"** with the Supplementary Schedules (including the reports of the external auditors on the Supplementary Schedules) attached hereto as **Annex "B-1"**.

The additional components of the 2024 Audited Consolidated Financial Statements together with their corresponding separate report of the external auditors, required to be filed with the 2024 Audited Consolidated Financial Statements under SRC Rule 68, as amended, are hereto attached as follows:

Reconciliation of Retained Earnings Available for Dividend Declaration	**Annex “B-2”**
Schedule of indicators of financial soundness	**Annex “B-3”**

Item 8. Information on Independent Accountant and Other Related Matters

A. External Audit Fees and Services

The appointment, reappointment, and removal of the external auditor, including audit fees, shall be recommended by the Audit Committee, approved by the Board of Directors, and ratified by the shareholders. The Audit Committee reviews the audit scope and coverage, strategy, and results for the approval of the Board and ensures that non-audit services rendered shall not impair or derogate the independence of the external auditor or violate SEC regulations.

The SEC-accredited accounting firm of KPMG R.G. Manabat & Co. (“RGM & Co.”) served as the Company’s external auditor for fiscal year 2024. Upon the endorsement of the Audit Committee, the Board of Directors approved the nomination for reappointment of RGM & Co. as the Company’s external auditor for fiscal year 2025. Representatives of RGM & Co. are expected to be present at the 2025 Annual Stockholders’ Meeting and will be available to respond to appropriate questions. They will have the opportunity to make a statement if they desire.

Fees billed for the services rendered by RGM & Co. to the Company in connection with the Company’s annual financial statements and other statutory and regulatory filings for 2024 amounted to about P1.43 million. The said 2024 audit fees of the external auditor were negotiated and agreed by management upon the authority of the Board of Directors and is among the acts and proceedings for ratification by the stockholders at the 2025 Annual Stockholders’ Meeting. No other services were rendered by RGM & Co. to the Company in 2024.

Please also refer to the disclosure of fee information of RGM & Co. for its services to the Company and its subsidiaries as a Supplementary Schedule in the 2024 Audited Consolidated Financial Statements of the Company, in compliance with SEC Memorandum Circular No. 18, series of 2024.

The Company’s external auditor is rotated or changed every five (5) years or earlier, or the signing partner of the auditing firm engaged by the Company is changed every five (5) years or earlier, in accordance with the Company’s Manual on Corporate Governance. While RGM & Co. has been the Company’s external auditor since the fiscal year 2018, RGM & Co. is also the external auditor of SMC. With a common external auditor, the consolidation of results of operations and account balances among the subsidiaries of SMC using a uniform audit approach was and will be facilitated. This notwithstanding, the current signing partner, Ms. Maria Arleene C. Yu, oversaw the external audit of the Company’s financial affairs only beginning in the fiscal year 2024. She took over from Mr. Jose P. Javier, Jr., who was the Company’s signing partner for fiscal years 2020 to 2023.

B. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the Company’s external auditors on accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The names of the directors and key executive officers of the Company that served as such in the year 2024, and their respective ages, periods of service, qualifications, directorships in other reporting companies and positions in the last five (5) years, are as follows:

Board of Directors

Ramon S. Ang
Chairman *(Elected June 5, 2024)*
Non-Executive Director
Chair, Executive Committee

John Paul L. Ang
President and Chief Executive Officer *(Elected June 5, 2024)*
Executive Director
Member, Executive Committee

Carlos Antonio M. Berba *(Elected June 5, 2024)*
Chief Operating Officer for Beer Segment
Executive Director
Member, Executive Committee

Emmanuel B. Macalalag
Chief Operating Officer for Food Segment *(Elected February 5, 2025)*
Chief Operating Officer for Spirits Segment *(Term up to November 5, 2024)*
Executive Director
Member, Executive Committee

Francisco S. Alejo III
Chief Operating Officer for Food Segment *(Term up to February 4, 2025)*
Non-Executive Director *(Effective February 5, 2025)*
Member, Executive Committee

Monica L. Ang-Mercado
Chief Finance Officer *(Elected February 5, 2025)*
Executive Director *(Elected June 5, 2024)*

Ferdinand K. Constantino
Treasurer
Non-executive Director
Member, Audit Committee
Member, Related Party Transactions Committee
Member, Board Risk Oversight and Sustainability Committee

Aurora T. Calderon
Non-executive Director
Member, Audit Committee
Member, Board Risk Oversight and Sustainability Committee

Menardo R. Jimenez
Non-executive Director
Member, Board Risk Oversight and Sustainability Committee
Member, Corporate Governance Committee

Francis H. Jardeleza
Non-executive Director

Ma. Romela M. Bengzon *(Term up to June 4, 2024)*
Non-executive Director

Ricardo C. Marquez
Independent and Non-executive Director
Chair, Board Risk Oversight and Sustainability Committee
Member, Audit Committee
Member, Corporate Governance Committee

Cirilo P. Noel
Lead Independent and Non-executive Director
Chair, Audit Committee
Member, Related Party Transactions Committee

Aurora S. Lagman
Independent and Non-executive Director
Chair, Corporate Governance Committee
Member, Related Party Transactions Committee
Member, Board Risk Oversight and Sustainability Committee

Estela M. Perlas-Bernabe
Independent and Non-executive Director
Chair, Related Party Transactions Committee
Member, Board Risk Oversight and Sustainability Committee
Member, Corporate Governance Committee

Winston A. Chan† *(Term up to May 24, 2024)*
Independent and Non-executive Director
Member, Audit Committee
Member, Board Risk Oversight and Sustainability Committee

Antonio S. Abacan, Jr. *(Elected June 5, 2024)*
Independent and Non-executive Director
Member, Audit Committee
Member, Board Risk Oversight and Sustainability Committee

Ramon S. Ang, Filipino, 71, is the Chairman of the Company since June 5, 2024. He previously served as the Company's President and Chief Executive Officer (from July 5, 2018 to June 4, 2024) and as its Vice Chair (from May 13, 2011 to June 4, 2024). He has been an executive director of the Company from May 22, 2001 up to June 5, 2024 when he became a non-executive director, and a member of the Company's Executive Committee since April 25, 2002. He also holds, among others, the following positions: Chairman and Chief Executive Officer of listed company San Miguel Corporation; Chairman, President, Chief Executive Officer and Chief Operating Officer of San Miguel Global Power Holdings Corp.; Chairman and President of Privado Holdings Corporation, San Miguel Holdings Corp., SMC Skyway Corporation, San Miguel Properties, Inc., San Miguel Infrastructure Corporation and Sual Power Inc.; Chairman of San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange) and Petron Malaysia Refining and Marketing Bhd. (a company publicly listed in Malaysia), public companies San Miguel Brewery Inc. and Eagle Cement Corporation, and private companies, San Miguel Yamamura Packaging Corporation, San Miguel Foods, Inc., San Miguel Mills, Inc., Magnolia Inc., The Purefoods-Hormel Company, Inc., San Miguel Super Coffeemix Co., Inc., Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, Petrogen Insurance Corporation and Philippine Diamond Hotel & Resort Inc. He is also the President and Chief Executive Officer of listed companies Top Frontier Investment Holdings, Inc. and Petron Corporation, and the Vice Chairman of private company Northern Cement Corporation; and President of listed company Ginebra San Miguel Inc. He is also the sole director of Master Year Limited (Cayman Islands). Mr. Ang holds a Bachelor's Degree in Mechanical Engineering from Far Eastern University, and a Doctorate in Business Engineering, *Honoris Causa*, from the same university.

John Paul L. Ang, Filipino, 45, was appointed President and Chief Executive Officer on June 5, 2024. He has been a non-executive director from June 2, 2021 up to June 5, 2024 when he became an executive director of the Company. He is a director of listed companies Top Frontier Investment Holdings, Inc. (since July 9, 2021), Petron Corporation (since March 9, 2021), and San Miguel Corporation (since January 21, 2021) where he was appointed Vice Chair, President and Chief Operating Officer on June 11, 2024, and holds the following positions in Eagle Cement Corporation: President and Chief Executive Officer (since 2008), Director (since 2010), and Chair of its Executive Committee (since 2017). He was a member of Eagle Cement Corporation's Nomination and Remuneration Committee (from February 13, 2017 to July 15, 2020) and its Audit Committee (from 2020 to 2021). He is likewise Director of San Miguel Global Power Holdings Corp. (also Vice Chair), San Miguel Equity Investments Inc. (also President), Northern Cement Corporation and South Western Cement Corporation (where he is also President and Chief Executive Officer for both companies), San Miguel Brewery Inc., SLEX Holdings Company Inc., SMC Tollways Corporation, and KB Space Holdings, Inc., and Trustee of RSA Foundation, Inc. Mr. Ang holds a Bachelor of Arts Degree from Ateneo de Manila University.

Carlos Antonio M. Berba, Filipino, 60, was appointed as Chief Operating Officer – Beer on June 5, 2024, and elected as an executive director of the Company on the same date. He is also a Director of San Miguel Brewery, Inc. since August 10, 2010, and its President since May 28, 2024. He is the Deputy Chair, President and Managing Director of San Miguel Brewery Hong Kong Limited (Hong Kong); a Commissioner of PT Delta Djakarta Tbk (Indonesia); and Chair/Director of other subsidiaries of San Miguel Brewing International Limited, including San Miguel Beer (Thailand) Limited, San Miguel Holdings (Thailand) Limited and San Miguel Marketing (Thailand) Limited. Mr. Berba holds a Bachelor of Science Degree in Electrical Engineering from the University of the Philippines, a Master's Degree in Japanese Business Studies from the Japan America Institute of Management Science & Chaminade University of Honolulu, and a Master's Degree in Business Administration from the Wharton School, University of Pennsylvania.

Emmanuel B. Macalalag, Filipino, 59, was appointed Chief Operating Officer – Food on February 5, 2025. He has been an executive director of the Company since January 9, 2019 and a member of the Company's Executive Committee since June 2, 2021. Mr. Macalalag was appointed Group General Manager of the Company's Food Division on November 1, 2024, and as President of The Purefoods-Hormel Company, Inc. on March 18, 2025. He previously held the following positions: Chief Operating Officer – Spirits of the Company (from July 5, 2018 to November 5, 2024) and General Manager of Ginebra San Miguel Inc. (GSMI) (from September 29, 2017 to October 31, 2024). He currently holds the following positions in the various subsidiaries and affiliates of GSMI: Director of Distileria Bago, Inc. and East Pacific Star Bottlers Phils Inc., and Director of Agricrops Industries Inc., Crown Royal Distillers, Inc., Healthy Condiments, Inc., Thai San Miguel Liquor Company Limited and GSM International Holdings Limited. Mr. Macalalag obtained his Bachelor of Science in Mathematics degree from De La Salle University (DLSU), Manila where he graduated *cum laude*. He also holds a Master's degree in Mathematics from DLSU and PhD degree in Operations Research from the University of Melbourne, Australia. He does not hold any directorship in any company listed in the PSE other than the Company.

Francisco S. Alejo III, Filipino, 76, was an executive director of the Company from May 22, 2001 up to February 4, 2025, is a non-executive director since February 5, 2025, and a member of the Company's Executive Committee since April 25, 2002. He previously held the following positions: Chief Operating Officer – Food of the Company (from July 5, 2018 to February 24, 2025), President of the Company (from May 2005 to July 2018), President of The Purefoods-Hormel Company, Inc. (from January 1999 to June 2012; then from July 4, 2019 to March 17, 2025), and Director of Ginebra San Miguel Inc. (from May 28, 2015 to January 31, 2025). He also holds the following positions: Chair of Golden Food Management, Inc., San Miguel Pure Foods (Vn) Co., Ltd., Golden Bay Grain Terminal Corporation, Golden Avenue Corp., and San Miguel Foods International, Limited; President of San Miguel Foods, Inc., San Miguel Mills, Inc., San Miguel Super Coffeemix Co., Inc., Magnolia Inc., Foodcrave Marketing, Inc., San Miguel Foods Mindanao, Inc., and San Miguel Foods South Luzon, Inc.; Director of private companies The Purefoods-Hormel Company, Inc., San Miguel Foods & Beverage International Limited (BVI), and San Miguel Foods Investment (BVI) Limited; and President Commissioner of PT San Miguel Foods Indonesia. Mr. Alejo holds a Bachelor's Degree in Business Administration from De La Salle University and is a graduate of the Advanced Management Program of Harvard Business School.

Monica L. Ang-Mercado, Filipino, 36, is a director of the Company since June 5, 2024, and was appointed as its Chief Finance Officer on February 5, 2025 making her an executive director as of that date. She is Assistant to the Office of the President, San Miguel Corporation, since 2022. Ms. Mercado is a Director of Eagle Cement Corporation since June 3, 2013 and is concurrently its Chief Finance Officer, Treasurer, Executive Vice President for Business Support Group, and Risk Oversight Officer. She is also the Chair of Buildnet Construction, Inc. and Director, Chief Finance Officer and Treasurer of South Western Cement Corporation. She is likewise Director and Treasurer of Solid North Mineral Corporation, Trustee and Executive Director of RSA Foundation, Inc., and Director of the following companies: KB Space Holdings, Inc., Q-Tech Alliance Holdings, Inc., and Premier Capital Venture Corporation. She has a Bachelor of Science degree in Management, Minor in Enterprise Development from the Ateneo de Manila University, and an Executive MBA from Kellogg-HKUST.

Ferdinand K. Constantino, Filipino, 73, was appointed Treasurer of the Company on July 5, 2018. He has been a non-executive director of the Company since January 9, 2019, a member of the Company's Board Risk Oversight Committee (since February 6, 2019), which became the Board Risk Oversight and Sustainability Committee (on August 2, 2023), a member of the Company's Related Party Transactions Committee (since June 2, 2021), and a member of the Company's Audit Committee (since June 7, 2023). Mr. Constantino is Director of San Miguel Brewery Inc., San Miguel Aerocity Inc. and San Miguel Foods International, Limited. He also holds, among others, the following positions: Director of listed company Philippine Stock Exchange, Inc., and private companies Securities Clearing Corporation of the Philippines, San Miguel Yamamura Packaging Corporation, SMC Skyway Corporation, Clariden Holdings, Inc., San Miguel Holdings Corp., Northern Cement Corporation, and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia); Director and President of Anchor Insurance and Brokerage Corporation; Director and Treasurer of San Miguel Equity Investments Inc.; and Chair of San Miguel Foundation, Inc., SMC Stock Transfer Services Corporation, and San Miguel Integrated Logistics Services, Inc. He was previously Group Chief Finance Officer and Treasurer of San Miguel Corporation (from January 2001 to January 2025). Mr. Constantino holds a Bachelor of Arts Degree in Economics from the University of the Philippines and completed academic requirements for a Master's Degree in Economics from the University of the Philippines.

Aurora T. Calderon, Filipino, 70, has been a non-executive director of the Company since January 9, 2019, and member of the Company's Audit Committee since February 6, 2019 and Board Risk Oversight and Sustainability Committee since August 2, 2023. Ms. Calderon is the Senior Vice President-Senior Executive Assistant to the President and Chief Executive Officer of San Miguel Corporation (SMC). She is a Director and member of the Corporate Governance Committee of listed company SMC. She holds the following positions in other publicly listed companies, namely: Director and Treasurer of Top Frontier Investment Holdings, Inc.; Director of Petron Corporation, Petron Malaysia Refining and Marketing Bhd. (a company publicly listed in Malaysia) and Ginebra San Miguel Inc.; and Non-Executive Director of San Miguel Brewery Hong Kong Ltd. since February 24, 2025. She is the Chair and President of East Pacific Star Bottlers Phils Inc., Agricrops Industries Inc. and Crown Royal Distillers, Inc. She is also a member of the board of directors of SMC Global Power Holdings Corp., Petron Marketing Corporation, Petron Freeport Corporation, New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Company Limited, and San Miguel Equity Investments Inc. A certified public accountant, Ms. Calderon graduated *magna cum laude* from the University of the East with a degree in BS Business Administration, major in Accountancy. She finished her Masters in Business Administration at Ateneo de Manila University (without thesis). In addition, Ms. Calderon holds directorships in various SMC domestic and international subsidiaries.

Menardo R. Jimenez, Filipino, 92, has been a non-executive director of the Company since April 25, 2002. He is a member of its Board Risk Oversight Committee (since May 12, 2017), which became the Board Risk Oversight and Sustainability Committee (on August 2, 2023), and Corporate Governance Committee (since February 6, 2019). He was previously a member of its Audit Committee (from June 2008 to February 2019) and Related Party Transactions Committee (from May 2017 to February 2019). Mr. Jimenez is a Director of listed company San Miguel Corporation and private companies Magnolia Inc., Majent Management and Development Corporation, Dasoland Holdings Corporation, Menarco Property Development & Management Corporation, and The Table Group, Inc. He is the Chair of several Philippine companies, including Coffee Bean and Tea Leaf Holdings, Inc. and Meedson Properties Corporation. Mr. Jimenez holds a Bachelor's Degree in Commerce from Far Eastern

University and is a Certified Public Accountant. Among others, he was conferred Doctorates in Business Management *Honoris Causa* by University of Pangasinan and *Pamantasan ng Lungsod ng Maynila*.

Francis H. Jardeleza, Filipino, 75, has been a non-executive director of the Company since August 5, 2020. He is also currently a director of listed companies Ginebra San Miguel Inc. and Petron Corporation. He is likewise an incumbent director of MORE Electric and Power Corporation and was a director of EastWest Bank from April 2021 to January 2022. He is also a member of the International and Maritime Law Section of the Philippine Judicial Academy (since July 2023). Mr. Jardeleza is a retired Associate Justice of the Supreme Court (from August 2014 to September 2019) and former Solicitor General of the Philippines (from February 2012 to August 2014). Prior to the several positions he held in public service, Mr. Jardeleza was the Senior Vice President and General Counsel of San Miguel Corporation (from 1996 to 2010). Mr. Jardeleza holds a Bachelor of Arts, Major in Political Science, and a Bachelor of Laws Degree from the University of the Philippines. He is also a member of the New York State Bar and a graduate of the Master of Laws Program at Harvard Law School.

Ma. Romela M. Bengzon, Filipino, 64, was a non-executive director of the Company from May 11, 2018 to June 4, 2024. Atty. Bengzon is currently a director of private companies Petron Marketing Corporation and BBR Green Energy Pte. Ltd. She was previously a director of Petron Corporation, Webforge Philippines, Diezmo Realty Inc., Geonobel Philippines and Medical Arts Tower Inc. She is Managing Partner of the Bengzon Law Firm and is affiliated with the non-profit organizations Virlanie Foundation, Inc. and the American Foundation for AIDS Research. Atty. Bengzon holds a Bachelor of Arts Degree in Political Science from University of the Philippines and a Bachelor of Laws Degree from Ateneo de Manila University School of Law. She is also a member of the New York State Bar and a graduate of the Harvard Business School Officers and President Management (OPM) Program 51.

Ricardo C. Marquez, Filipino, 64, has been an independent and non-executive director of the Company since March 16, 2017. He is also Chair of the Company's Board Risk Oversight Committee (since May 12, 2017), which became the Board Risk Oversight and Sustainability Committee (on August 2, 2023), and a member of the Company's Audit Committee (since March 16, 2017) and Corporate Governance Committee (since May 12, 2017). He was previously a member of the Related Party Transactions Committee (from May 2017 to February 2019). Gen. Marquez is likewise currently an Independent Director of listed companies Top Frontier Investment Holdings, Inc. and Petron Corporation, public company Eagle Cement Corporation, and a member of the Board of Trustees of the Public Safety Mutual Benefit Fund, Inc. Gen. Marquez held several positions in the Philippine National Police (PNP) before he became Chief of the PNP from July 2015 to June 2016. Gen. Marquez holds a Bachelor of Science Degree from the Philippine Military Academy, and a Masters in Management Degree from Philippine Christian University.

Cirilo P. Noel, Filipino, 68, has been an independent and non-executive director of the Company since September 12, 2018, as well as Lead Independent Director of the Company since June 1, 2022. He is the Chair of the Audit Committee since February 6, 2019 and member thereof since September 12, 2018. He is also a member of the Related Party Transactions Committee since February 6, 2019. He was previously a member of the Corporate Governance Committee from June 2, 2021 to June 7, 2023. Mr. Noel currently serves as Director of LH Paragon Group, Amber Kinetics Holding Co., Transnational Diversified Corporation, Eton Properties, Inc. and Golden ABC, and listed companies Globe Telecom, Inc., Robinsons Retail Holdings, Inc. and First Philippine Holdings Corporation. He is also Chair of Palm Concepcion Power Corporation, the interim Chair of listed company Security Bank Corporation, and a member of the Board of Trustees of St. Luke's Medical Center-Quezon City, St. Luke's Medical Center of College of Medicine and St. Luke's Medical Center Foundation, Inc. Mr. Noel is affiliated with the Makati Business Club and Harvard Club of the Philippines. A lawyer and certified public accountant, Mr. Noel holds a Bachelor of Science Degree in Business Administration from University of the East, a Bachelor of Laws Degree from Ateneo de Manila University School of Law and a Masters Degree in Law from Harvard Law School. He is also a fellow of the Harvard International Tax Program and attended the Management Development Program at the Asian Institute of Management.

Aurora S. Lagman, Filipino, 86, is an independent and non-executive director of the Company, as well as the Chair of the Company's Corporate Governance Committee, and a member of its Related Party Transactions and Board Risk Oversight Committees, the latter of which became the Board Risk Oversight and Sustainability Committee (on August 2, 2023), since March 9, 2022. She is currently an Independent Director of listed company Ginebra San Miguel Inc. and is the Chair of the Corporate

Governance Committee and a Member of the Audit and Risk Oversight Committee of said company. Ms. Lagman is a retired Associate Justice of the Court of Appeals of the Philippines (from February 2004 to January 2008) and served as Member of the Judicial and Bar Council (from October 2008 to July 2016). She is a part-time faculty member of the College of Law, Bulacan State University (currently on leave) and Adviser of RTC Judges Association of Bulacan, Inc. She obtained her law degree at the College of Law of Lyceum of the Philippines and attended special studies and short courses abroad such as Program of Instruction for Lawyers, Harvard Law School, Cambridge, Massachusetts, U.S.A. and Special Course on Evidence, National Judicial College, University of Nevada, Reno, U.S.A.

Estela M. Perlas-Bernabe, 73, is an independent and non-executive director of the Company since August 3, 2022, as well as the Chair of the Company's Related Party Transactions Committee and a member of its Corporate Governance Committee since June 7, 2023. She is also a member of the Company's Board Risk Oversight and Sustainability Committee since August 2, 2023. Ms. Bernabe is currently an Independent Director of listed companies BDO Unibank, Inc. (since July 31, 2022) and Converge ICT Solutions, Inc. (since May 26, 2023), and private company Petrogen Insurance Corporation (since March 23, 2023). She is also a Trustee of the Board of Trustees of the Foundation for Liberty and Prosperity (since December 6, 2022), a Director of the Philippine Judicial Academy Development Center Inc. (since November 13, 2023), and a Member of the Singapore International Arbitration Centre Panel of Arbitrators (since February 7, 2025). Ms. Bernabe is a retired Associate Justice of the Supreme Court of the Philippines (from September 2011 to May 2022). She served as Senior Associate Justice and Division Chair of the Second Division of the Supreme Court from 2019 to 2022, and President of the Philippine Women Judges Association from 2018 to 2022. She holds a Bachelor of Science in Commerce Degree in Banking and Finance from St. Paul College of Manila and a Bachelor of Laws Degree from Ateneo de Manila University School of Law.

Winston A. Chan†, Filipino, was an independent and non-executive director of the Company. Until his demise on May 24, 2024, he was also a member of the Company's Audit Committee since February 6, 2019 and the Company's Board Risk Oversight Committee since June 2, 2021, which became the Board Risk Oversight and Sustainability Committee on August 2, 2023. He was previously the Chair of the Company's Related Party Transactions Committee (from June 2, 2021 to June 7, 2023). He was also an Independent Director of listed company Bank of Commerce, PT Delta Djakarta Tbk (a company publicly listed in Indonesia), public company Eagle Cement Corporation, and private company San Miguel Yamamura Packaging Corporation. Mr. Chan served as Independent Director of Leisure & Resorts World Corporation (September 2020 to October 2022), Director of private companies DataOne Asia (Philippines), Inc. (July 2018 to December 2022), Kairos Business, Solutions, Inc. (January 2018 to December 2020), and Premiere Horizon Alliance Corporation (February 2018 to December 2020). Mr. Chan held a Bachelor of Science Degree in Accountancy from Colegio de San Juan de Letran, and was a Certified Information Systems Manager, a Certified Information Systems Auditor, and a Certified Public Accountant. He also completed the Advanced Management Program at Harvard Business School, the Advanced Business Strategy Course at INSEAD Singapore, and the Management Development Program at Asian Institute of Management.

Antonio S. Abacan, Jr., Filipino, 82, is an independent director of the Company and a member of the Audit Committee and Board Risk Oversight and Sustainability Committee since June 5, 2024. He served as a member of the Monetary Board of the Bangko Sentral ng Pilipinas from July 3, 2017 until July 2, 2023. Prior to his appointment to the Monetary Board, he was President and Chair of Metropolitan Bank & Trust Company, and President and Director of Metrobank Card Corporation and Philippine Savings Bank. He also served as Chair for First Metro Investment Corporation. He holds a Bachelor of Science in Business Administration Major in Banking and Finance at Mapua Institute of Technology and Major in Accounting at Far Eastern University. He attended an Executive Program at the Graduate School of Business, Stanford University and earned his Doctorate Degree in Business Administration (Honoris Causa) at the Philippine Women's University.

Key Officers

Cynthia M. Baroy *(Elected November 6, 2024)*
Chief Operating Officer for Spirits Segment

Monica L. Ang-Mercado *(Elected February 5, 2025)*
Chief Finance Officer

Ildefonso B. Alindogan *(Term up to February 4, 2025)*
Vice President, Chief Finance Officer and Chief Strategy Officer

Alexandra Victoria B. Trillana
Corporate Secretary, Compliance Officer, and General Counsel

Kristina Lowella I. Garcia
Assistant Vice President and Investor Relations Manager
Data Protection Officer

Cynthia M. Baroy, Filipino, 60, was appointed as the Company's Chief Operating Officer – Spirits on November 6, 2024. She is OIC General Manager of Ginebra San Miguel Inc. (GSMI) since November 1, 2024. Prior to this appointment in GSMI, she was the company's Chief Finance Officer/Treasurer. She is also Director and OIC General Manager of Distileria Bago, Inc. (DBI) and East Pacific Star Bottlers Phils Inc., and Director of Agricrops Industries Inc., Crown Royal Distillers, Inc. and Healthy Condiments, Inc. Ms. Baroy is likewise a Director of GSM International Holdings Limited, Siam Holdings Limited, Global Beverage Holdings Limited, Siam Wine and Liquor Limited, and Thai Ginebra Trading Company Limited. She is a Member of the Board of Trustees of the Retirement Plan of GSMI and DBI. She obtained her B.S. Commerce major in Accounting from the University of Sto. Tomas where she graduated Cum Laude. She is a Certified Public Accountant.

Monica L. Ang-Mercado *(please refer to page 38 under the Directors' profile).*

Ildefonso B. Alindogan, Filipino, 50, was the Vice President, Chief Finance Officer and Chief Strategy Officer of the Company (July 5, 2018 to February 4, 2025). He is currently a director of Magnolia Inc., and San Miguel Mills, Inc. and a member of the Board of Commissioners of PT San Miguel Foods Indonesia. He was previously a director of The Purefoods-Hormel Company, Inc. and San Miguel Foods, Inc. He joined the San Miguel Group of companies on April 26, 2018. Before joining San Miguel, he was employed at Standard Chartered Bank, Manila, as Executive Director – Head of Philippines FX and Rates Trading, Financial Markets (September 2012 to March 2018). Mr. Alindogan holds a Bachelor of Science Degree in Management Engineering (Honors Program) from Ateneo De Manila University and a Masters in Business Administration, Major in Finance from The Wharton School, University of Pennsylvania.

Alexandra Victoria B. Trillana, Filipino, 51, is the Corporate Secretary (since September 15, 2010), Compliance Officer (since August 8, 2016) and General Counsel (since June 5, 2019) of the Company. She is also Vice President and General Counsel of the Food Division; and Corporate Secretary of San Miguel Foods, Inc., San Miguel Mills, Inc., Magnolia Inc., The Purefoods-Hormel Company, Inc., San Miguel Super Coffeemix Co., Inc., Golden Food Management, Inc., Golden Bay Grain Terminal Corporation, Golden Avenue Corp., Foodcrave Marketing, Inc., San Miguel Foods Mindanao, Inc., San Miguel Foods South Luzon, Inc., and Nine Dots Media Consulting Corporation. Atty. Trillana holds a Bachelor's Degree in Commerce Major in Legal Management from De La Salle University and a Juris Doctor Degree from Ateneo de Manila University School of Law.

Kristina Lowella I. Garcia, Filipino, 51, was appointed Assistant Vice President and Investor Relations Manager of the Company effective August 1, 2018. She is also the Data Protection Officer of the Company (since June 1, 2022). She was previously a Director for Investor Relations of Century Properties Group, Inc. (January 2013 to July 2018). Ms. Garcia holds a Bachelor of Arts Degree from Ateneo De Manila University, a Certificate in Business Administration from Georgetown University, and a Masters in Business Administration from John Hopkins University.

Board Attendance

In 2024, the Board of Directors held six (6) meetings. Set out below is the record of attendance of the directors in these meetings is as follows:

	Date of Board Meeting, All in Year 2024					
Director	**Feb. 1**	**Mar. 6**	**May 8**	**June 5**	**Aug. 7**	**Nov. 6**
Ramon S. Ang *Chairman*	Absent	✓	✓	✓	✓	✓
John Paul L. Ang	✓	Absent	✓	✓	✓	✓
Francisco S. Alejo III	✓	✓	✓	✓	✓	✓
Carlos Antonio M. Berba	✓	✓	✓	✓	✓	✓
Emmanuel B. Macalalag	✓	✓	✓	✓	✓	✓
Ferdinand K. Constantino	✓	✓	✓	✓	✓	✓
Aurora T. Calderon	✓	✓	✓	✓	✓	✓
Menardo R. Jimenez	✓	✓	✓	✓	✓	✓
Monica L. Ang-Mercado	N/A	N/A	N/A	N/A	✓	✓
Ma. Romela M. Bengzon *(Ceased to be a director on June 4, 2024)*	Absent	✓	✓	N/A	N/A	N/A
Francis H. Jardeleza	✓	✓	✓	✓	✓	✓
Ricardo C. Marquez *Independent Director*	✓	✓	✓	✓	✓	✓
Cirilo P. Noel *Independent Director*	✓	✓	✓	✓	✓	✓
Winston A. Chan† *Independent Director* *(Until his demise on May 24, 2024)*	✓	Absent	✓	N/A	N/A	N/A
Aurora S. Lagman *Independent Director*	✓	✓	✓	✓	✓	✓
Estela M. Perlas-Bernabe *Independent Director*	✓	✓	✓	✓	✓	✓
Antonio S. Abacan, Jr. *Independent Director* *(Elected on June 5, 2024)*	N/A	N/A	N/A	N/A	✓	✓

Also in the year 2024, the stockholders held the Annual Stockholders' Meeting on June 5. The attendance of the directors at this meeting is as follows:

	Date of 2024 Stockholders' Meeting
Director	**June 5**
Ramon S. Ang *Chairman*	✓
John Paul L. Ang	✓
Francisco S. Alejo III	✓
Carlos Antonio M. Berba	✓

Emmanuel B. Macalalag	✓
Ferdinand K. Constantino	✓
Aurora T. Calderon	✓
Menardo R. Jimenez	✓
Monica L. Ang-Mercado	N/A
Ma. Romela M. Bengzon	N/A
Francis H. Jardeleza	✓
Ricardo C. Marquez *Independent Director*	✓
Cirilo P. Noel *Independent Director*	✓
Winston A. Chan† *Independent Director*	N/A
Aurora S. Lagman *Independent Director*	✓
Estela M. Perlas-Bernabe *Independent Director*	✓
Antonio S. Abacan, Jr. *Independent Director*	N/A

Term of Office

Pursuant to the Company's Amended By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office for a term of one (1) year and until the election and qualification of their successors, unless he resigns, dies, or is removed prior to such election. Any director elected in the interim serves for the remaining term until the next annual meeting of the stockholders.

The Company's Amended By-Laws provide that the annual stockholders' meeting shall be held on the first Wednesday of June of every year.

Independent Directors

The independent directors of the Company as of the year ended December 31, 2024, were Mr. Ricardo C. Marquez, Mr. Cirilo P. Noel, Ms. Aurora S. Lagman, Ms. Estela M. Perlas-Bernabe, and Mr. Antonio S. Abacan, Jr. In compliance with SEC Memorandum Circular No. 4, Series of 2017, none of the independent directors have served as such in the same company for a maximum cumulative term of nine (9) years. All the independent directors of the Company are independent of its management and substantial shareholders.

On June 5, 2024, the Board appointed Mr. Cirilo P. Noel as lead director among the Company's independent directors, granting him the authority to lead the Board of Directors in cases where management had clear conflicts of interest.

Significant Employees

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

Family Relationships

Mr. Ramon S. Ang is the father of Mr. John Paul L. Ang and Ms. Monica L. Ang-Mercado. There are no other family relationships up to the fourth civil degree either by consanguinity or affinity among the Company's directors, executive officers, or persons nominated or chosen by the Company to become its directors or executive officers.

Intermediate Parent Company

As of December 31, 2024, SMC owns and controls 5,245,082,440 common shares comprising 88.76% of the outstanding capital stock of the Company entitled to vote.

Involvement in Certain Legal Proceedings

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

Item 10. Executive Compensation

The aggregate compensation paid or incurred during the last two (2) fiscal years, as well as those estimated to be paid in the ensuing fiscal year, to the Company's Chief Executive Officer and Senior Executive Officers are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total Compensation of the Chief Executive Officer and Senior Executive Officers[1]	2025 (estimated)	P90.8 Million	P27.2 Million	P16.0 Million	P134.0 Million
	2024	P113.9 Millon	P70.9 Million	P14.2 Million	P199.0 Million
	2023	P110.9 Million	P38.9 Million	P8.7 Million	P158.5 Million

[1] *The Chief Executive Officer and Senior Executive Officers of the Company for 2023 were as follows: Ramon S. Ang, Roberto N. Huang[†] (who served until November 4, 2023), Francisco S. Alejo III, Emmanuel B. Macalalag, and Ildefonso B. Alindogan.*

The Chief Executive Officer and Senior Executive Officers of the Company for 2024 were as follows: Ramon S. Ang, John Paul L. Ang (elected as President and Chief Executive Officer at the organizational Board of Directors' meeting on June 5, 2024), Carlos Antonio M. Berba (elected as Chief Operating Officer – Beer at the organizational Board of Directors' meeting on June 5, 2024), Francisco S. Alejo III, and Emmanuel B. Macalalag.

The Chief Executive Officer and Senior Executive Officers of the Company for 2025 are as follows: John Paul L. Ang, Carlos Antonio M. Berba, Emmanuel B. Macalalag, Cynthia M. Baroy (elected as Chief Operating Officer – Spirits at the Board of Directors' meeting on November 6, 2024), and Monica L. Ang-Mercado (elected as Chief Finance Officer at the Board of Directors' meeting on February 5, 2025).

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
All other officers and directors as a group unnamed	2025 (estimated) 2024 2023	P629.4 Million P686.3 Million P686.7 Million	P189.6 Million P225.3 Million P325.4 Million	P175.6 Million P184.7 Million P185.9 Million	P994.6 Million P1,096.3 Million P1,198.0 Million
TOTAL	2025 (estimated) 2024 2023	P720.2 Million P800.2 Million P797.6 Million	P216.8 Million P296.2 Million P364.3 Million	P191.6 Million P198.9 Million P194.6 Million	P1,128.6 Million P1,295.3 Million P1,356.5 Million

Section 29 of the Revised Corporation Code of the Philippines (the "Law") provides that in the absence of any provision in the by-laws fixing their compensation, directors shall not receive any compensation in their capacity as such, except for reasonable per diems; provided, however, that the stockholders representing at least a majority of the outstanding capital stock may grant directors with compensation and approve the amount thereof at a regular or special meeting.

Article II, Section 5 of the Amended By-laws of the Company provides that the members of the Board of Directors shall each be entitled to a director's fee in the amount to be fixed by the stockholders at a regular or special meeting duly called for that purpose.

In view of the foregoing, considering that (a) the Amended By-laws of the Company does not fix compensation for directors, and (b) the stockholders have not granted directors any compensation or director's fee, the Company's directors do not receive any compensation or director's fee from the Company.

As allowed by the Law, however, each director receives a reasonable per diem of P25,000.00 for each Board meeting attended, and P20,000.00 for each Board Committee meeting attended. The directors did not participate in the determination of such per diems.

The Company paid a total of P3,135,000.00 in per diem allowances to the Board of Directors for meetings attended by them in 2024, as follows:

Executive Directors[2]	P 645,000.00
Non-executive Directors (other than Independent Directors)[3]	1,125,000.00
Independent Directors[4]	1,365,000.00
TOTAL	P 3,135,000.00

[2] *Comprised of Ramon S. Ang, John Paul L. Ang, Francisco S. Alejo III, Emmanuel B. Macalalag, and Carlos Antonio M. Berba.*

[3] *Comprised of Ferdinand K. Constantino, Aurora T. Calderon, Menardo R. Jimenez, Ma. Romela M. Bengzon (who served until June 4, 2024), Francis H. Jardeleza, and Monica L. Ang-Mercado.*

[4] *Comprised of Ricardo C. Marquez, Cirilo P. Noel, Winston A. Chan† (who served until May 24, 2024), Aurora S. Lagman, Estela M. Perlas-Bernabe, and Antonio S. Abacan, Jr.*

A breakdown of the per diem allowances received by each director for meetings attended by them in 2024 is provided below:

Director	Per Diems
Ramon S. Ang	P 125,000.00
John Paul L. Ang	145,000.00
Francisco S. Alejo III	150,000.00
Carlos Antonio M. Berba	75,000.00
Emmanuel B. Macalalag	150,000.00
Ferdinand K. Constantino	290,000.00
Aurora T. Calderon	270,000.00
Monica L. Ang-Mercado	50,000.00
Menardo R. Jimenez	250,000.00
Ma. Romela M. Bengzon	95,000.00
Francis H. Jardeleza	170,000.00
Ricardo C. Marquez	330,000.00
Cirilo P. Noel	270,000.00
Winston A. Chan†	90,000.00
Aurora S. Lagman	270,000.00
Estela M. Perlas-Bernabe	270,000.00
Antonio S. Abacan, Jr.	135,000.00
TOTAL	**P3,135,000.00**

There are no other arrangements pursuant to which any of the directors was compensated or is to be compensated, directly or indirectly, by the Company for services rendered during the last fiscal year, and the ensuing fiscal year.

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

There are neither compensatory plans nor arrangements with respect to an executive officer that result or will result from the resignation, retirement, or any other termination of such executive officer's employment with the Company, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

There are no outstanding warrants or options held by the Company's President, named executive officers and all directors and officers as a group.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Owners of record of more than 5% of the Company's voting[5] securities as of December 31, 2024, are as follows:

[5] *The holders of common shares have the right to vote on all matters requiring stockholders' approval.*

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent Ownership to Capital Stock
Common	San Miguel Corporation[6] SMC Head Office Complex 40 San Miguel Avenue, Mandaluyong City 1550, parent company of issuer	San Miguel Corporation	Filipino	5,245,082,440	88.7610%
Common	PCD Nominee Corporation[7] 37th Floor, Tower One, Enterprise Center Ayala Ave. corner Paseo de Roxas Ave., Makati City, no relation to issuer	Various[8]	Non-Filipino	379,152,114	6.4163%

The following are the number of shares of the Company's capital stock, all of which are voting shares, owned of record by the directors and key officers of the Company as of the start of the year, and as of the year ended December 31, 2024:

Name of Director/ Key Officer	Number of Shares as of December 31, 2023	Number of Shares as of December 31, 2024	% of Capital Stock
Ramon S. Ang	10 common shares (Direct)	10 common shares (Direct)	0%
John Paul L. Ang	10 common shares (Direct)	10 common shares (Direct)	0%
Francisco S. Alejo III	10 common shares (Direct); 230,000 common shares (Indirect)	10 common shares (Direct); 230,000 common shares (Indirect)	0%
Carlos Antonio M. Berba	N/A	10 common shares (Direct)	0%
Emmanuel B. Macalalag	10 common shares (Direct)	10 common shares (Direct)	0%
Ferdinand K. Constantino	10 common shares (Direct)	10 common shares (Direct)	0%
Aurora T. Calderon	10 common shares (Direct)	10 common shares (Direct)	0%
Menardo R. Jimenez	10 common shares (Direct)	10 common shares (Direct)	0%

[6] *The Board of Directors of SMC authorizes any one Group A signatory or any two Group B signatories to act and vote in person or by proxy, shares held by SMC in other corporations. The Group A signatories of SMC are Ramon S. Ang, John Paul L. Ang, Ferdinand K. Constantino, Virgilio S. Jacinto, Joseph N. Pineda, Aurora T. Calderon, Bella O. Navarra, Monica L. Ang-Mercado, Susan Y. Yu, and Bryan U. Villanueva. The Group B signatories of SMC are Cecile Caroline U. de Ocampo, Lorenzo G. Formoso III, Almira C. Dalusung, Ma. Raquel Paula G. Lichauco, Joseph Francis M. Cruz, Ildefonso B. Alindogan, and Nina Frances Therese B. Tenorio.*

[7] *Registered owner of shares held by participants in the Philippine Central Depository, Inc., a private company organized to implement an automated book entry of handling securities in the Philippines.*

[8] *None of the holders of the Company's common shares registered under the name of PCD Nominee Corporation owns more than 5% of the Company's shares.*

Monica L. Ang-Mercado	N/A	10 common shares (Direct)	0%
Francis H. Jardeleza	10 common shares (Direct)	10 common shares (Direct)	0%
Ricardo C. Marquez	10 common shares (Direct)	10 common shares (Direct)	0%
Cirilo P. Noel	10 common shares (Direct)	10 common shares (Direct)	0%
Aurora S. Lagman	10 common shares (Direct)	10 common shares (Direct)	0%
Estela M. Perlas-Bernabe	10 common shares (Direct); 3,000 common shares (Indirect)	10 common shares (Direct); 3,000 common shares (Indirect)	0%
Antonio S. Abacan, Jr.	N/A	10 common shares (Direct)	0%
Cynthia M. Baroy	N/A	None	0%
Ildefonso B. Alindogan *(who served until February 4, 2025)*	None	None	0%
Kristina Lowella I. Garcia	10,000 common shares (Indirect)	10,000 common shares (Indirect)	0%
Alexandra Victoria B. Trillana	None	None	0%
Johanna Dominique G. Esteban	N/A	None	0%

The aggregate number of shares owned of record by the Chief Executive Officer/President, key officers, and directors as a group as of December 31, 2024, is 233,150 shares or approximately 0.0039% of the Company's outstanding capital stock.

The aggregate number of shares owned of record by all officers and directors as a group as of December 31, 2024, is 243,150 shares or approximately 0.0041% of the Company's outstanding capital stock.

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

There is no person holding more than 5% of the Company's voting securities under a voting trust or similar agreement.

Since the beginning of the last fiscal year, there were no arrangements, which resulted in a change in control of the Company.

There are no shareholder agreements, provisions in the Company's by-laws, or other arrangements that constrain the directors' ability to vote independently. Neither does the Company have voting trust agreements, confidentiality agreements, and such other agreements that may impact the control, ownership, and strategic direction of the Company.

Item 12. Certain Relationships and Related Transactions

The Company recognizes that under the law, for a contract with an officer not to be voidable, the contract should be fair and reasonable under the circumstances and should have been previously authorized by the Board of Directors. The Company also recognizes that under the law, for a contract with a director not to be voidable, the presence of such a director in the board meeting in which the contract was approved should not be necessary to constitute a quorum for such a meeting, and the vote of such director should not be necessary for the approval of the contract. The contract should also be fair and reasonable under the circumstances.

The Company observes an arm's length policy in its dealings with related parties. Any transactions with affiliates and other related parties are entered into in the ordinary course of business. These transactions consist principally of the sale and/or purchase of goods and/or services. Transactions with related parties are made at normal market prices and terms. 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 Company does not enter related party transactions that can be classified as financial assistance granted by the Company to subsidiary or affiliate entities.

Moreover, consistent with the Company's Amended Manual on Corporate Governance that all material information, *i.e.*, anything that could potentially affect share price, should be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements. The Company's transactions with related parties are described in Note 30 (Related Party Disclosures) of the Company's 2024 Audited Consolidated Financial Statements attached hereto as **Annex "B"**, as well as the discussion under *Transactions with and/or Dependence on related parties* in Item 1 (Business) of this report.

There were no transactions with directors, officers, or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that are not in the ordinary course of business of the Company. There have been no complaints, disputes, or problems regarding related party transactions of the Company.

The Human Resources Division of the Company ensures the implementation of the Company's policy against conflicts of interest and the misuse of inside and proprietary information throughout the organization. Employees are required to promptly disclose any business and family-related interest or involvement, which, by nature, may directly or indirectly conflict with the interests of the Company to ensure that such potential conflicts of interest are raised and brought to the attention of management for resolution.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company is fully committed to the highest standards of corporate governance to protect the interests of all its stakeholders and to promote long-term sustainability of the Group. The Company continues to improve its policies and institutionalize good corporate governance practices, to ensure integrity, transparency, and proper governance in the conduct of its affairs.

The Company recognizes that to sustain good corporate governance within the organization, the same sound culture must be upheld and cultivated from the top. It is of paramount importance to monitor the governance structure and performance of the Board of Directors and top management according to their roles, responsibilities, and accountabilities.

Since the year 2011, it has been a policy and practice of the Company for its Board of Directors to conduct an annual self-assessment exercise through a questionnaire given to each director at the last regular meeting for the year, for the purpose of evaluating the performance of the Board that year and the effectiveness of the Company's governance processes and seeking ways to improve such performance.

The Company continually reviews this assessment process to take into consideration leading practices in corporate governance. In fact, the self-rating form had been revised in 2016 to cover the appraisal of the Board of Directors as a governing unit, of individual directors, of the different Board Committees, and of management, including the President.

The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each director, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflect the specific duties, responsibilities, and accountabilities of each party assessed as provided in the Company's Amended By-laws, Amended Manual on Corporate Governance (the "Manual"), Board Committee Charters, and governing policies.

Moreover, the questionnaire allows the director to provide comments and suggestions to further enrich the assessment process. In case clarification is needed on this policy and the performance assessment exercise, the Board addresses their queries to the Compliance Officer.

The Company has adopted the Manual, which is aligned with the new Code of Corporate Governance for Publicly-Listed Companies issued by the SEC in November 2016.

The evaluation by the Company to measure and determine the level of compliance of the Board of Directors and top-level management with its Manual is vested by the Board of Directors in the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual. Compliance by the Board of Directors and top-level management with the Manual is evaluated based on their compliance with the policies and procedures of the Company specifically adopted for good corporate governance.

The Company certifies that for 2024, it has complied with the provisions of its Manual.

On May 29, 2018, the Company submitted its first Integrated Annual Corporate Governance Report (I-ACGR) in accordance with SEC Memorandum Circular No. 17, series of 2017. Since then, the Company has been submitting and will continue to submit its I-ACGR within the prescribed period.

Starting in the year 2021, the Company engaged an independent third party, Good Governance Advocates and Practitioners of the Philippines ("GGAPP"), an organization of governance, ethics and compliance professionals, to conduct the 2021 annual performance assessment of the Board and key officers of the Company.

In August 2023, upon the endorsement of the Corporate Governance Committee, the Board of Directors approved the creation of the Board Risk Oversight and Sustainability Committee in place of the existing Board Risk Oversight Committee. The new Committee was tasked to assist the Board in determining sustainable development policies, directions, strategies, and in fulfilling its oversight responsibilities in relation to the Company's sustainability efforts and initiatives, as well as risk management systems.

In November 2023, upon the endorsement of the newly constituted Board Risk Oversight and Sustainability Committee, the Board of Directors approved the Charter of the said Committee in place of the existing Charter and updates to the Committee's self-assessment worksheet, to reflect the additional sustainability-related duties and responsibilities of the Committee.

In 2024, the Company again engaged the services of GGAPP to conduct the 2024 annual performance assessment of the Board and key officers of the Company. It will repeat this process every three (3) years thereafter, in compliance with Recommendation 6.1 of the SEC Code of Corporate Governance for Publicly-Listed Companies, as well as Section 7.1 of the Manual, which both provide that the Board assessment should be supported by an independent third-party facilitator every three (3) years.

Pursuant to its commitment to good governance and business practice, the Company continues to review and strengthen its policies and procedures in order to ensure that such policies and procedures are consistent with leading practices on good corporate governance, giving due consideration to developments in the area of corporate governance, which it determines to be in the best interests of the Company and its stockholders. In this regard, the Company has been regularly recognized as one of the top-performing corporate governance practitioners in the country since 2010. From 2019 to 2023, the Company was among the recipients of "The Golden Arrow Awards", which is a part of the ASEAN Corporate Governance Scorecard ("ACGS") Program. This is given to companies who have achieved a score of at least 80 points in the ACGS thus showing above and beyond compliance with the Philippines' Code of Corporate Governance for Publicly-Listed Companies.

Please refer to the 2024 SEC I-ACGR of the Company, which shall be submitted to the SEC on or before May 30, 2025, and thereafter posted on the Company's corporate website www.smfb.com.ph within five business days from submission to the SEC in compliance with SEC Memorandum Circular No. 15, series of 2017.

Please refer to the 2024 Sustainability Report of the Company attached hereto as **Annex "H"**, in accordance with SEC Memorandum Circular No. 4, series of 2019.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(A) Exhibits

The 2024 Audited Consolidated Financial Statements and the Supplementary Schedules (including the reports of the external auditors on the Supplementary Schedules) are attached hereto as **Annex "B"**.

(B) Reports on SEC Form 17-C

The Report on each SEC Form 17-C filed during the last 12-month period covered by this Report is attached hereto as **Annex "G"**.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code of the Philippines, this Report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 03 2025

By:

RAMON S. ANG
Chairman

JOHN PAUL L. ANG
President and Chief Executive Officer

MONICA L. ANG-MERCADO
Chief Finance Officer

ALEXANDRA VICTORIA B. TRILLANA
General Counsel, Corporate Secretary and Compliance Officer

SUBSCRIBED AND SWORN to before me this APR 03 2025 day of _____, 2025 affiants exhibiting to me their Passports, as follows:

NAME	PASSPORT NO.	EXPIRY DATE	PLACE OF ISSUE
Ramon S. Ang	P2247867B	May 21, 2029	Manila
John Paul L. Ang	P2247864B	May 21, 2029	Manila
Monica L. Ang-Mercado	P8260210B	December 9, 2031	Manila
Alexandra Victoria B. Trillana	P1495082A	April 13, 2028	NCR East

Page No. 118;
Doc. No. 25;
Book No. XXV;
Series of 2025.

MA. CELESTE L. LEGASPI
Notary Public for Pasig City
Commission until 31 December 2026
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 5 (2025-2026)/Roll No. 47611
IBP No. 503547; 1/9/2025; RSM
PTR No. 3038204; 1/6/2025; Pasig City
MCLE Compliance No. VII-0019519; 5/30/2022

Annex "A"

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

This discussion summarizes the significant factors affecting the consolidated financial position, financial performance and cash flows of San Miguel Food and Beverage, Inc. (SMFB or "the Parent Company") and its subsidiaries (collectively, referred to as the "Group") for the three-year period ended December 31, 2024. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024. All necessary adjustments to present fairly the Group's consolidated financial position as at December 31, 2024 and the financial performance and cash flows for the year ended December 31, 2024 and for all the other periods presented, have been made.

I. BASIS OF PREPARATION

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

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

Items	Measurement Basis
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation
Agricultural produce	Fair value less estimated costs to sell at the point of harvest

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest million (000,000), except when otherwise indicated.

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.
The FSRSC approved the adoption of a number of new and amendments to standards as part of PFRS Accounting Standards.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards effective January 1, 2024 and accordingly, changed its accounting policies in the following areas:

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

    - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;

    - clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

    - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and

    - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The adoption of the said amendments to standards did not have a material effect on the Group's consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2024 and have not been applied in preparing the consolidated financial statements. Except as otherwise indicated, the adoption of new and amendments to standards will not have any significant effect on the Group's consolidated financial statements.

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

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

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

Entities are required to disclose additional information about financial assets and financial liabilities with contingent features, and equity instruments classified at fair value through other comprehensive income.
The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted.

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to two standards:

  o 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*.

  o 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 the full amount for consideration that is unconditionally a receivable but at the same time recognize the 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:

  o 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.

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

  o Enhanced guidance is provided on how to group information in the financial statements. Additionally, entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

  In addition, all entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of income, the statement of cash flows, and the additional disclosures required for management-defined performance measures. The Group is also assessing the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as "other".

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

II. FINANCIAL PERFORMANCE

2024 vs 2023

	DECEMBER		HORIZONTAL ANALYSIS INCREASE (DECREASE)		VERTICAL ANALYSIS	
(in millions)	**2024**	**2023**	**AMOUNT**	**%**	**2024**	**2023**
SALES	400,872	379,822	21,050	6%	100%	100%
COST OF SALES	289,940	279,222	10,718	4%	72%	74%
GROSS PROFIT	110,932	100,600	10,332	10%	28%	26%
SELLING AND ADMINISTRATIVE EXPENSES	(55,140)	(52,189)	(2,951)	6%	(14%)	(14%)
OPERATING RESULTS	55,792	48,411	7,381	15%	14%	13%
INTEREST EXPENSE AND OTHER FINANCING CHARGES	(4,809)	(4,752)	(57)	1%	(1%)	(1%)
INTEREST INCOME	3,788	3,067	721	24%	1%	1%
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	19	(2)	21	(1050%)	0%	(0%)
OTHER INCOME (CHARGES) - NET	(1,123)	3,154	(4,277)	(136%)	(0%)	1%
INCOME BEFORE INCOME TAX	53,667	49,878	3,789	8%	13%	13%
INCOME TAX EXPENSE	12,734	11,773	961	8%	3%	3%
NET INCOME	**40,933**	**38,105**	**2,828**	**7%**	**10%**	**10%**
Attributable to:						
Equity holders of the Parent Company	25,743	23,118	2,625	11%	6%	6%
Non-controlling interests	15,190	14,987	203	1%	4%	4%
	40,933	**38,105**	**2,828**	**7%**	**10%**	**10%**

The Group delivered a strong performance in 2024, demonstrating sustained growth across its businesses.

Consolidated sales in 2024 amounted to P400,872 million, representing a 6% increase from the previous year, as all businesses achieved sales growth compared to 2023, driven by higher volumes and effective pricing strategies. Consolidated net income reached P40,933 million, reflecting a 7% increase over 2023.

<u>Sales</u>
Consolidated sales rose by 6%, from P379,822 million in 2023 to P400,872 million in 2024, driven by higher sales volumes and improved selling prices. Sales in the Beer and NAB segment grew by 4%, from P147,347 million in 2023 to P152,362 million in 2024. The Spirits segment saw a 17% increase, rising from P53,639 million in 2023 to P62,505 million in 2024. Meanwhile, sales in the Food segment increased by 3%, from P178,847 million in 2023 to P185,016 million in 2024.

<u>Cost of Sales</u>
Consolidated cost of sales rose by 4%, from P279,222 million in 2023 to P289,940 million in 2024. Costs in the Beer and NAB segment rose by 4%, from P93,015 in 2023 to P96,298 in 2024. Costs in the Spirits segment increased by 16%, from P40,835 million in 2023 to P47,270 million in 2024, while costs in the Food segment grew by 1%, from P145,395 million in 2023 to P146,390 million in 2024. These cost increases aligned with higher sales volume, increased manufacturing expenses, and elevated excise tax rates in the Beer and NAB and Spirits segments.

The following table summarizes the cost of sales for the year ended December 31, 2024:

(in millions)	Beer and NAB	Spirits	Food	Others	Eliminations / Reclassifications	Total
Inventories	P16,204	P17,603	P125,049	P-	(P11)	P158,845
Excise tax	71,140	27,481	-		-	98,621
Labor	2,205	445	2,746	2	-	5,398
Others	6,749	1,741	18,595	8	(17)	27,076
	P96,298	**P47,270**	**P146,390**	**P10**	**(P28)**	**P289,940**

Gross profit

Consolidated gross profit rose by 10%, from P100,600 million in 2023 to P110,932 million in 2024. Gross profit in the Beer and NAB segment grew by 5%, from P54,332 million in 2023 to P57,064 million in 2024. Gross profit in the Spirits segment increased by 19%, from P12,804 million in 2023 to P15,235 million in 2024, while gross profit in the Food segment expanded by 15%, from P33,452 million in 2023 to P38,626 million in 2024. These improvements were driven by higher sales volumes and increased selling prices, despite the impact of higher excise taxes and manufacturing costs.

Selling and Administrative Expenses

Consolidated selling and administrative expenses rose by 6%, from P52,189 million in 2023 to P55,140 million in 2024. Selling and administrative expenses in the Beer and NAB segment grew by 3%, from P22,924 million in 2023 to P23,642 million in 2024. Selling and administrative expenses in the Spirits segment increased by 11%, from P5,969 million in 2023 to P6,639 million in 2024, while selling and administrative expenses in the Food segment rose by 7%, from P23,728 million in 2023 to P25,325 million in 2024. The overall increase was primarily driven by initiatives aimed at supporting volume growth, as well as expenses related to newly-acquired company trucks and newly built facilities, resulting in higher depreciation and manpower-related costs.

Interest Expense and Other Financing Charges

Consolidated interest expense and other financing charges rose by 1%, from P4,752 million in 2023 to P4,809 million in 2024. The increase was primarily attributed to a higher average monthly loan balance in the current year compared to previous year, as well as higher interest rates on floating-rate obligations.

Interest Income

Consolidated interest income rose by 24%, from P3,067 million in 2023 to P3,788 million in 2024. This increase was mainly due to higher money market placements with longer maturity periods and more favorable interest rates.

Gain (loss) on sale of fixed assets

The Group recorded a net gain on sale of fixed assets amounting to P19 million in 2024, compared to a net loss of P2 million in 2023.

Other Income (Charges) - Net

The Group recognized net other charges amounting to P1,123 million in 2024, compared to net other income of P3,154 million in 2023. This change was primarily due to a one-time gain recorded in 2023 from the Spirits segment's assignment of product rights, the Beer and NAB segment's Tax Credit Certificate issued by the Bureau of Internal Revenue (BIR) received in 2023 pursuant to tax refund cases, impairment losses recognized by the Beer and NAB segment in 2024 for its machinery and equipment, including related spare parts, a one-time asset write-down in the Food segment in 2024, and higher foreign exchange and marked-to-market losses resulting from the depreciation of the peso in the current year.

Net Income before Income Tax

As a result of the foregoing, consolidated net income before income tax rose by 8%, from P49,878 million in 2023 to P53,667 million in 2024.

Income Tax Expense

The consolidated income tax expense rose by 8% amounting to P12,734 million in 2024, primarily due to higher taxable income.

Net Income
As a result of the foregoing, the Group's consolidated net income rose by 7%, from P38,105 million in 2023 to P40,933 million in 2024. Net income of the Beer and NAB segment increased by 1%, from P25,322 million in 2023 to P25,625 million in 2024. Net income of the Spirits segment grew by 3% from P7,046 million in 2023 to P7,257 million in 2024, while net income of the Food segment jumped by 33%, from P6,304 million in 2023 to P8,386 million in 2024.

Non-Controlling Interests
The share of non-controlling interests in the Group's net income increased by 1%, from P14,987 million in 2023 to P15,190 million in 2024, primarily due to the Group's higher net income.

Net Income after Tax and Non-Controlling Interests
As a result of the foregoing, the Group's consolidated net income after tax and non-controlling interests increased by 11% to P25,743 million for the year ended December 31, 2024, compared to P23,118 million for the year ended December 31, 2023. Net income after tax and non-controlling interests for the Beer and NAB segment rose by 3%, from P24,758 million in 2023 to P25,430 million in 2024. Net income after tax and non-controlling interests for the Spirits segment increased by 3%, from P7,046 million in 2023 to P7,257 million in 2024, while net income after tax and non-controlling interests for the Food segment jumped by 33%, from P5,681 million in 2023 to P7,568 million in 2024.

Business Highlights for the year ended December 31, 2024

Beer and NAB
The Beer and NAB segment under San Miguel Brewery Inc. (SMB) posted a 4% growth in revenue over 2023, reaching a total of P 153,362 million. This was driven by the full-year impact of the price increase implemented in March 2023 for domestic operations, along with another price increase effective September 1, 2024. Domestic operations contributed P137,560 million, while international operations contributed US$277 million.

Cost of sales increased by 4% or P3,283 million, primarily due to the rise in excise taxes for fermented liquors in the Philippines, from P41 per liter in 2023 to P43 per liter, effective January 1, 2024. Domestic operations accounted for P88,026 million, while international operations accounted for US$145 million.

As a result, income from operations rose by 6% from P31,408 million to P33,422 million. Domestic operations contributed P30,054 million, while international operations contributed US$59 million.

Interest income increased by 9% with higher interest rates for both domestic and international operations.

Impairment loss on noncurrent assets pertained to the impairment of fixed assets and spare parts of San Miguel Brewery Hong Kong Limited's (SMBHK).

Other income in 2023 was higher due to the recognition of a Tax Credit Certificate issued by the BIR for the 2012 San Mig Light tax case.

Income tax expense increased by 6%, or P455 million, due to higher taxable income.

As a result of the above, consolidated net income increased by 1% from P25,322 million to P25,625 million. Domestic operations contributed P22,856 million, while international operations contributed US$49 million.

Domestic Beer Operations

Domestic operations, including exports production allocated to the Philippines, accounted for 90% of total revenue, or P137,560 million, representing a 4% increase from 2023. This growth was driven by higher selling prices and improved sales volume. The increase in volume was supported by demand-generation initiatives and volume growth programs aimed at boosting offtake.

Income from operations grew by 7%, reaching to P30,054 million compared to the previous year. Net income for 2024 amounted to P30,233 million, reflecting a 38% increase from P21,954 million in 2023.

International Beer Operations

San Miguel Brewing International Limited (SMBIL) reported consolidated revenue of US$ 277 million for 2024, reflecting a slight decline from the US$ 281 million reported in the previous year. The decrease was primarily due to slightly lower volumes, an unfavorable sales mix, and the appreciation of the United States dollar against most local currencies.

Nevertheless, SMBIL's global San Miguel brand volumes continued to perform well, growing 7% year-over-year. However, consolidated volumes, which include local brands (i.e., subsidiary-owned beer brands in international markets) but exclude additional exports production allocated to the Philippines, declined slightly by 0.6%. The strong growth of San Miguel's global brands was offset by weaker sales of local and partner brands. When including additional export volumes allocated to the Philippines, SMBIL's consolidated volume would have reflected a 2% increase compared to the previous year.

In South China, volumes rose 3%, driven by stronger sales in the retail chains and wholesaler channels. In Vietnam, global San Miguel brands grew by 14%, fueled by the expansion of on-premise outlets and stronger sales in the modern trade off-premise channels. Exports volumes also increased by 9%, supported by higher sales in the United Arab Emirates (UAE), Canada, New Zealand, Malaysia and other markets across Asia and the Middle East.

However, these gains were partly offset by the volume decline in the Hong Kong, Thailand, and Indonesia operations. In Thailand, the drop was attributed to weaker demand in the Bangkok region and lower sales in the modern trade off-premise channel. In Hong Kong, volumes declined in line with the overall contraction in the beer industry and the continued increase in outbound tourism, particularly to Mainland China. In Indonesia, the local Anker Bir brand saw a decline due to intensified competition in the wholesaler channel.

Despite the slight revenue drop, SMBIL's consolidated operating income for 2024 reached US$ 59 million, slightly higher than the US$ 58.7 million recorded in 2023. This was driven by favorable margins and effective management of fixed costs .

Spirits

The Spirits segment under Ginebra San Miguel Inc. (GSMI) demonstrated robust performance, with revenues reaching P62,505 million, a 17% increase from P53,639 million in year 2023, driven by the overall volume growth and price increases. This revenue growth was accompanied by a 16% rise in the cost of sales amounting to P47,270 million compared to P40,835 million in the previous year, primarily due to higher excise tax and input costs.

Selling and administrative expenses increased by 11% to P6,639 million, up from P5,969 million in the previous year, mainly due to higher advertising and promotion expenses, delivery and marketing costs, and personnel expenses.

Interest expense and other financing charges rose significantly by 36%, from P61 million in 2023 to P83 million in 2024, driven by higher interest expense on defined benefit obligation.

Conversely, interest income posted a substantial increase of 55%, rising from P552 million in 2023 to P854 million in 2024, due to higher yields on money market placements.

Other income (charges) - net experienced a significant decline of 87%, from P2,038 million in 2023 to P266 million in 2024, due to a one-time income from the sale of rights recorded in 2023.

With the sustained revenue growth combined with effective cost management, the Spirits segment's consolidated net income for 2024 reached P7,257 million, representing a 3% increase from P7,046 million in 2023.

Food

The Food segment maintained strong topline performance, registering consolidated revenues of P185,016 million for the full year 2024, 3% higher than the previous year's level. Revenue growth was boosted by strong volume growth across most businesses, coupled with the favorable selling prices of Prepared and Packaged Food products and the sustained recovery of chicken prices from second quarter of the year.

The Protein business, comprised of poultry and fresh meats, posted revenues of P70,213 million, climbing 7% from the previous year, as the poultry business delivered higher volumes due to strong demand from the foodservice and retail markets. Selling prices of chicken also improved as the industry inventory of imported frozen chicken decreased. Meanwhile, resurgence of African Swine Fever (ASF) in several provinces continued to hamper plans for hog repopulation efforts, affecting revenue growth in the fresh meats business.

The Animal Nutrition and Health business, comprised of animal feeds, pet care products, and veterinary medicines, recorded revenues of P41,445 million, 8% lower than last year's level. Hog feed sales remained affected by ASF-induced industry depopulation, while unfavorable chicken prices in the first quarter led to limited farm loading, resulting in lower demand for broiler feeds. Additionally, competitive pricing strategies aimed at preserving market volume share, supported by lower input costs, contributed to the lower revenue performance.

The Prepared and Packaged Food business, comprised of processed meats, ready-to-eat and plant-based food, dairy, spreads, and coffee, boosted revenues to P57,395 million, an increase of 12% compared to full year 2023. This growth was driven by higher sales volumes and improved selling prices. Purefoods Luncheon Meat and Purefoods Corned Beef achieved strong double-digit volume growth, enabled by additional production capacity from a company-owned cannery. Tender Juicy® Hotdogs, SPAM®, sliced hams, and Purefoods native line products continued to surpass last year's volumes. Magnolia butter, cheese, margarine, salad aids, flour mixes, and ice cream, as well as the coffee business' Original and Sugarfree variants, also recorded higher volume achievements.

The Food segment's cost of sales amounted to P146,390 million, increasing at a slower pace of 1% compared to the same period last year. Sustained cost reductions in most major raw materials, such as corn, soybean meal, feed wheat, imported beef, and chicken meat, along with enhanced operational efficiencies enabled by the company-owned facilities, helped cushion the impact of increased sales volume.

The Food segment's gross profit rose to P38,626 million, 15% higher than the previous year's level, driven by higher volumes sold at lower costs of major raw materials, and favorable selling prices.

Selling and administrative expenses increased by 7%, reaching P25,325 million, mainly due to higher manpower requirements to support expansion, the implementation of government-mandated wage hikes, increased logistics costs, and higher spending on advertising and promotion to drive volume growth.

As a result, the Food segment's operating income rose to P13,301 million, up 37% from the previous year, marking a significant improvement over full-year 2023 operating results.

2023 vs 2022

(in millions)	DECEMBER 2023	2022	HORIZONTAL ANALYSIS INCREASE (DECREASE) AMOUNT	%	VERTICAL ANALYSIS 2023	2022
SALES	379,822	358,853	20,969	6%	100%	100%
COST OF SALES	279,222	261,480	17,742	7%	74%	73%
GROSS PROFIT	100,600	97,373	3,227	3%	26%	27%
SELLING AND ADMINISTRATIVE EXPENSES	(52,189)	(48,662)	(3,527)	7%	(14%)	(14%)
OPERATING RESULTS	48,411	48,711	(300)	(1%)	13%	14%
INTEREST EXPENSE AND OTHER FINANCING CHARGES	(4,752)	(3,538)	(1,214)	34%	(1%)	(1%)
INTEREST INCOME	3,067	821	2,246	274%	1%	0%
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	(2)	(2)	-	0%	(0%)	(0%)
OTHER INCOME (CHARGES) - NET	3,154	(223)	3,377	(1514%)	1%	(0%)
INCOME BEFORE INCOME TAX	49,878	45,769	4,109	9%	13%	13%
INCOME TAX EXPENSE	11,773	11,104	669	6%	3%	3%
NET INCOME	38,105	34,665	3,440	10%	10%	10%
Attributable to:						
Equity holders of the Parent Company	23,118	22,263	855	4%	6%	6%
Non-controlling interests	14,987	12,402	2,585	21%	4%	3%
	38,105	34,665	3,440	10%	10%	10%

The Group delivered a year of steady topline growth despite the challenging macroeconomic conditions.

Consolidated sales in 2023 amounted to P379,822 million, 6% higher from 2022, as all businesses delivered growth in sales compared to 2022 on improved volumes and pricing. This was attributed to improved volumes and pricing strategies. Consolidated net income, on the other hand, reached P38,105 million, 10% higher than in 2022.

Sales
Consolidated sales increased by 6%, from P358,853 million in 2022 to P379,822 million in 2023. Sales in the Beer and NAB segment increased by 8%, from P136,235 million in 2022 to P147,347 million in 2023, sales in the Spirits segment increased by 13%, from P47,341 million in 2022 to P53,639 million in 2023, and sales in the Food segment increased by 2%, from P175,288 million in 2022 to P178,847 million in 2023. The increase was propelled by higher volumes and better selling prices.

Cost of Sales
Consolidated cost of sales increased by 7%, from P261,480 million in 2022 to P279,222 million in 2023. Cost of sales in the Beer and NAB segment increased by 8%, from P85,779 in 2022 to P93,015 in 2023, cost of sales in the Spirits segment increased by 14%, from P35,863 million in 2022 to P40,835 million in 2023, and cost of sales in the Food segment increased by 4%, from P139,860 million in 2022 to P145,395 million in 2023. Cost increases were in line with higher sales volume across most segments, coupled with higher excise taxes and higher raw material costs in the earlier part of 2023 resulting from challenges such as inflationary pressures and operational setbacks.

The following table summarizes the cost of sales for the year ended December 31, 2023:

(in millions)	Beer and NAB	Spirits	Food	Eliminations / Reclassifications	Total
Inventories	P16,503	P15,886	P125,649	(P11)	P158,027
Excise tax	67,829	22,991	-	-	90,820
Labor	2,052	397	2,552	-	5,001
Others	6,631	1,561	17,194	(12)	25,374
	P93,015	**P40,835**	**P145,395**	**(P23)**	**P279,222**

Gross profit
Consolidated gross profit increased by 3%, from P97,373 million in 2022 to P100,600 million in 2023. Gross profit in the Beer and NAB segment increased by 8%, from P50,456 million in 2022 to P54,332 million in 2023, gross profit in the Spirits segment increased by 12%, from P11,478 million in 2022 to P12,804 million in 2023, and gross profit in the Food segment decreased by 6%, from P35,428 million in 2022 to P33,452 million in 2023, as the growth in volumes and prices were not sufficient to offset rising input costs.

Selling and Administrative Expenses
Consolidated selling and administrative expenses increased by 7%, from P48,662 million in 2022 to P52,189 million in 2023. Selling and administrative expenses in the Beer and NAB segment increased by 9%, from P20,940 million in 2022 to P22,924 million in 2023, selling and administrative expenses in the Spirits segment increased by 9%, from P5,491 million in 2022 to P5,969 million in 2023, and selling and administrative expenses in the Food segment increased by 5%, from to P22,158 million in 2022 to P23,224 million in 2023. The consolidated increase was primarily due to activities intended to further support volume growth and expenses related to newly-acquired company trucks and newly built facilities that resulted in an increase in depreciation and manpower-related expenses.

Interest Expense and Other Financing Charges
Consolidated interest expense and other financing charges increased by 34%, from P3,538 million in 2022 to P4,752 million in 2023. The increase was mainly due to higher interest rates on floating rate obligations and additional loan availment.

Interest Income
Consolidated interest income increased by 274%, from P821 million in 2022 to P3,067 million in 2023. The increase was primarily due to higher money market placements with longer maturity periods and improved rates, as well as interests earned on investments in debt instruments.

Other Income (Charges) - Net
The Group recognized net other income amounting to P3,154 million in 2023 compared to net other charges in 2022 amounting to P223 million. This was primarily due to higher foreign exchange and marked to market gains based on favorable exchange rate movements, the Spirits segment's recognized income from the assignment of product rights, the Beer and NAB segment's Tax Credit Certificate issued by the BIR pursuant to tax refund cases, lower closure and closed facility-related expenses, and lower casualty losses as compared to in 2022.

Net Income before Income Tax
As a result of the foregoing, consolidated net income before income tax increased by 9%, from P45,769 million in 2022 to P49,878 million in 2023.

Income Tax Expense
The consolidated income tax expense increased by 6% amounting to P11,773 million in 2023 due to higher taxable income of the Group.

Net Income
As a result of the foregoing, the Group's consolidated net income increased by 10%, from P34,665 million in 2022 to P38,105 million in 2023. Net income of the Beer and NAB segment increased by 16%, from P21,750 million in 2022 to P25,322 million in 2023, net income of the Spirits segment increased by 55%, from P4,547 million in 2022 to P7,046 million in 2023, and net income of the Food segment amounted to P6,590 million in 2023.

Non-Controlling Interests
Share of non-controlling interests in the Group's net income increased by 21%, from P12,402 million in 2022 to P14,987 million in 2023, mainly due to the higher net income of the Group.

Net Income after Tax and Non-Controlling Interests
As a result of the foregoing, the Group's consolidated net income after tax and non-controlling interests increased by 4% to P23,118 million for the year ended December 31, 2023 versus the P22,263 million for the year ended December 31, 2022. Net income after tax and non-controlling interests of the Beer and NAB segment increased by 15%, from P21,475 million in 2022 to P24,758 million in 2023, net income after tax and non-controlling interests of the Spirits segment increased by 55%, from P4,547 million in 2022 to P7,046 million in 2023, and net income after tax and non-controlling interests of the Food segment decreased by 35%, from P8,268 million in 2022 to P5,681 million in 2023.

Business Highlights for the year ended December 31, 2023

Beer and NAB
The Beer and NAB segment under SMB sustained its growth and recovery in 2023 with consolidated revenues of P147,321 million, 8% higher than 2022's revenue. The improvement was a result of higher volume performance coupled with the price increases for both its domestic and international operations.

Cost of sales increased by 8% to P93,009 million as of December 2023 with the higher sales volume of both domestic and international operations, and the increase in excise tax rate in the Philippines. The domestic operations accounted for P84,597 million, while the international operations recorded US$152 million.

Consequently, income from operations rose to P31,413 million, 6% higher than in 2022.

Domestic Beer Operations

Domestic operations sustained its growth and recovery in 2023 with revenue of P131,720 million, 8% higher than in 2022 mainly driven by volume growth and the impact of the price increase implemented on March 1, 2023. Volume growth was supported by the recovery of directly-served outlets, brand-building programs, consumer and trade activations as well as the resumption of tourism activities, fiestas and festivals.

Income from operations grew by 4% to P28,151 million compared to 2022. Net income of P21,954 million for 2023 was 12% higher than 2022's P19,542 million.

International Beer Operations

SMBIL registered US$281 million in consolidated revenue for the year 2023, 7% better than 2022 on account of the 6% growth in volumes.

SMBIL's global San Miguel brands including Red Horse grew across all operating countries and export markets, up 13% to negate the reduction in local beer brands (i.e., beer brands owned by the subsidiaries in the relevant markets) volume. Thailand operations' volumes were higher than in 2022 attributable to the continued implementation of its multi-channel programs, along with the re-opening of more on-premise outlets in the market. South China operations' volumes improved by 10% from 2022 as a result of increased outlet yield and outlet penetration on the back of an expanded network of dealers and wholesalers. While global San Miguel brands grew in Hong Kong, Vietnam, and Indonesia owing to the implementation of outlet penetration programs, this was offset by the shortfall in these markets' local beer brands. This was particularly more significant in the Indonesia operations as its local Anker beer brand contributes more than 80% of its total sales. SMBIL's Exports business posted a double-digit growth from 2022 resulting from higher shipments to UAE, Singapore, USA, and some markets in Africa.

SMBIL's consolidated operating income for 2023 reached US$58.7 million, 27% higher than 2022 owing to the volume growth, favorable margins, and controlled fixed costs.

Spirits
The Spirits segment under GSMI ended the year 2023 with revenues up 13% to P53,636 million from P47,336 million of 2022 driven by the price increase and higher volume in 2023. This, coupled with lower cost of packaging materials, offset by higher cost of alcohol and bottles resulted to P12,804 million in gross profit, 12% higher than in 2022.

Selling and marketing expenses jumped 9%, from P3,397 million in 2022 to P3,716 million in 2023, primarily due to higher delivery costs, advertising and promotion, and repairs and maintenance.

General and administrative expenses increased by 8% to P2,253 million on account of higher personnel cost, outside services, and local taxes.

Interest expense and other financing charges was higher by 15% or by P8 million mainly from GSMI's defined benefit plans.

Interest income in 2023 was higher at P552 million as compared with 2022's P131 million primarily attributable to higher placements with longer maturity period and better interest rates, and earnings from advances and investments.

Other income in 2023 amounted to P2,038 million, compared to 2022's net other charges of P6 million, largely driven by the one-time income for the transfer of product rights and foreign exchange gains.

Income tax expenses increased 53% to P2,319 million in 2023 from P1,511 million in 2022 due primarily to the segment's higher taxable income at year-end 2023.

Food

The Food segment posted revenues of P178,845 million in 2023, 2% higher compared to in 2022. Amid inflationary pressures affecting consumer demand, most businesses delivered higher revenues. The Protein business' volume achievement, however, was dampened by limited broiler supply in the first few months of 2023, as well as the lingering impact of ASF.

> The Protein business registered revenues of P65,651 million, 3% lower than in 2022, primarily due to capacity limitations that constrained poultry supply in the early part of 2023 While grown broiler supply eventually improved in the second quarter, a surge in the industry inventory of imported frozen chicken around second semester pulled chicken selling prices down, further affecting the poultry business' revenue achievement for balance of the year. Meanwhile, revenues of the fresh meats business were still hampered by the resurgence of ASF in several provinces, resulting in a deliberate downscaling of hog operations.
>
> The Animal Nutrition and Health business posted revenues of P44,908 million, 5% higher than in 2022, boosted by higher selling prices. The impact of industry depopulation caused by ASF, however, affected sales volumes.
>
> The Prepared and Packaged Food business delivered revenues of P51,351 million, up by 3% from 2022 level mainly on account of better selling prices. Despite tempered consumer spending, sales volume growth was noted for Purefoods Chicken Nuggets, Purefoods Luncheon Meat, Purefoods Chinese Luncheon Meat, as well as Magnolia butter, cheese, salad aids, and flour mixes. Volume growth momentum of San Mig Coffee Sugarfree and Original variants were likewise sustained.

The Food segment's cost of sales at P145,395 million was 4% higher compared to in 2022 resulting from elevated costs of some of the major raw materials, aggravated by the impact of the Philippine peso depreciation. Operating costs and depreciation of new company-owned facilities also contributed to higher input and production costs.

As increase in costs of major raw materials and other production overhead outpaced revenue growth, the Food segment's gross profit dropped to P33,452 million, 6% lower compared to 2022's level.

Selling and administrative expenses went up by 5% to P23,224 million mainly due to increase in manpower requirements to support expansion, as well as the implementation of wage board increases.

Hampered by the above-mentioned challenges, the Food segment's income from operations was weighed down to P10,228 million for the year 2023.

III. FINANCIAL POSITION

2024 vs 2023

(in millions)	December 2024	December 2023	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis 2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	58,221	57,007	1,214	2%	15%	16%
Trade and other receivables - net	29,456	25,869	3,587	14%	8%	7%
Inventories	47,582	43,096	4,486	10%	13%	12%
Current portion of biological assets - net	3,241	3,515	(274)	(8%)	1%	1%
Prepaid expenses and other current assets	5,506	6,216	(710)	(11%)	1%	2%
Assets held for sale	186	186	-	0%	0%	0%
Total Current Assets	144,192	135,889	8,303	6%	38%	38%
Noncurrent Assets						
Investments - net	17,388	17,128	260	2%	5%	5%
Property, plant and equipment - net	128,590	118,000	10,590	9%	34%	33%
Right-of-use assets - net	4,923	4,633	290	6%	1%	1%
Investment property - net	3,576	3,537	39	1%	1%	1%
Biological assets - net of current portion	2,652	2,667	(15)	(1%)	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,665	39,444	221	1%	11%	11%
Deferred tax assets	3,657	3,209	448	14%	1%	1%
Other noncurrent assets - net	31,467	30,272	1,195	4%	8%	9%
Total Noncurrent Assets	232,914	219,886	13,028	6%	62%	62%
Total Assets	**377,106**	**355,775**	**21,331**	**6%**	**100%**	**100%**
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	17,103	14,684	2,419	16%	5%	4%
Trade payables and other current liabilities	76,416	65,288	11,128	17%	20%	18%
Lease liabilities - current portion	735	418	317	76%	0%	0%
Income and other taxes payable	10,035	9,668	367	4%	3%	3%
Dividends payable	89	79	10	13%	0%	0%
Current maturities of long-term debt - net of debt issue costs	12,328	12,871	(543)	(4%)	3%	4%
Total Current Liabilities	116,706	103,008	13,698	13%	31%	29%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	67,652	69,939	(2,287)	(3%)	18%	20%
Deferred tax liabilities	23	26	(3)	(12%)	0%	0%
Lease liabilities – net of current portion	4,864	4,758	106	2%	1%	1%
Other noncurrent liabilities	7,672	8,929	(1,257)	(14%)	2%	3%
Total Noncurrent Liabilities	80,211	83,652	(3,441)	(4%)	21%	24%
Equity						
Capital stock	6,251	6,251	-	0%	2%	2%
Additional paid-in capital	366,620	366,620	-	0%	97%	103%
Equity adjustments from common control transactions	(327,793)	(327,793)	-	0%	(87%)	(92%)
Equity reserves	(1,711)	(2,094)	383	(18%)	(0%)	(1%)
Retained earnings:						
Appropriated	45,375	45,392	(17)	(0%)	12%	13%
Unappropriated	57,551	50,996	6,555	13%	15%	14%
Treasury stock	(30,182)	(30,182)	-	0%	(8%)	(8%)
Equity Attributable to Equity Holders of the Parent Company	116,111	109,190	6,921	6%	31%	31%
Non-controlling Interests	64,078	59,925	4,153	7%	17%	17%
Total Equity	180,189	169,115	11,074	7%	48%	48%
Total Liabilities and Equity	**377,106**	**355,775**	**21,331**	**6%**	**100%**	**100%**

Consolidated total assets as of December 31, 2024, amounted to P377,106 million, representing a 6% or P21,331 million increase compared to December 31, 2023. The increase was primarily driven by higher ending cash and receivable levels, as well as the Group's expansion projects.

Consolidated total liabilities as of December 31, 2024, amounted to P196,917 million, which is 5% or P10,257 million higher than the level as of December 31, 2023. The increase was mainly due to higher trade payables and other current liabilities.

Trade and other receivables increased by 14%, or by P3,587 million, due to higher sales and increased credit availment from dealers.

Inventories increased by 10%, or by P4,486 million, mainly due to the higher level of materials, supplies, and finished goods inventory.

Prepaid expenses and other current assets decreased by 11%, or by P710 million, due to lower input tax balance at year-end 2024 and the utilization of tax credits, partially offset by higher excise tax requirements.

Property, plant, and equipment increased by 9%, or by P10,590 million, primarily due to expansion projects in the Food and Beer and NAB segments.

Right-of-use assets increased by 6%, or by P290 million, mainly due to leases qualified under PFRS 16.

Deferred tax assets increased by 14%, or by P448 million, mainly due to the adjustment on retirement costs of the Group based on latest actuarial valuation report of retirement plans.

Notes payable increased by 16%, or by P2,419 million, mainly due to additional loan availments by the Food segment, partially offset by loan settlements in the Spirits segment.

Trade and other current liabilities increased by 17%, or by P11,128 million, primarily due to higher purchases of raw materials and the acquisition of fixed assets for various expansion projects.

Lease liabilities increased by 8%, or by P423 million, due to equivalent increases in leases qualified under PFRS 16.

Dividends payable increased by 13%, or by P10 million, mainly due to higher unclaimed dividends resulting from higher dividends declared during the year.

Other noncurrent liabilities decreased by 14%, or by P1,257 million, mainly due to the reclassification to current liabilities.

Consolidated total equity as of December 31, 2024, amounted to P180,189 million, reflecting a 7% or P11,074 million increase compared to December 31, 2023. The increase was primarily driven by net income amounting to P40,933 million, which was partially offset by the dividends declared by the Group amounting to P30,825 million.

2023 vs 2022

(in millions)	December 2023	December 2022	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis 2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	57,007	41,099	15,908	39%	16%	12%
Trade and other receivables - net	25,869	22,110	3,759	17%	7%	7%
Inventories	43,096	60,746	17,650)	(29%)	12%	18%
Current portion of biological assets - net	3,515	3,418	97	3%	1%	1%
Prepaid expenses and other current assets	6,216	5,412	804	15%	2%	2%
Assets held for sale	186	172	14	8%	0%	0%
Total Current Assets	135,889	132,957	2,932	2%	38%	39%
Noncurrent Assets						
Investments - net	17,128	17,143	(15)	(0%)	5%	5%
Property, plant and equipment - net	118,000	106,611	11,389	11%	33%	31%
Right-of-use assets - net	4,633	5,171	(538)	(10%)	1%	2%
Investment property - net	3,537	3,638	(101)	(3%)	1%	1%
Biological assets - net of current portion	2,667	2,671	4)	(0%)	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,444	39,365	79	0%	11%	12%
Deferred tax assets	3,209	2,510	699	28%	1%	1%
Other noncurrent assets - net	30,272	28,416	1,856	7%	9%	8%
Total Noncurrent Assets	219,886	206,521	13,365	6%	62%	61%
Total Assets	**355,775**	**339,478**	**16,297**	**5%**	**100%**	**100%**
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	14,684	21,055	(6,371)	(30%)	4%	6%
Trade payables and other current liabilities	65,288	62,536	2,752	4%	18%	18%
Lease liabilities - current portion	418	432	(14)	(3%)	0%	0%
Income and other taxes payable	9,668	5,474	4,194	77%	3%	2%
Dividends payable	79	67	12	18%	0%	0%
Current maturities of long-term debt - net of debt issue costs	12,871	506	12,365	2444%	4%	0%
Total Current Liabilities	103,008	90,070	12,938	14%	29%	27%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	69,939	77,733	(7,794)	(10%)	20%	23%
Deferred tax liabilities	26	23	3	13%	0%	0%
Lease liabilities – net of current portion	4,758	5,041	(283)	(6%)	1%	1%
Other noncurrent liabilities	8,929	7,538	1,391	18%	3%	2%
Total Noncurrent Liabilities	83,652	90,335	(6,683)	(7%)	24%	27%
Equity						
Capital stock	6,251	6,251	-	0%	2%	2%
Additional paid-in capital	366,620	366,620	-	0%	103%	108%
Equity adjustments from common control transactions	(327,793)	(327,793)	-	0%	(92%)	(97%)
Equity reserves	(2,094)	(836)	(1,258)	150%	(1%)	(0%)
Retained earnings:						
Appropriated	45,392	31,366	14,026	45%	13%	9%
Unappropriated	50,996	57,860	(6,864)	(12%)	14%	17%
Treasury stock	(30,182)	(30,182)	-	0%	(8%)	(9%)
Equity Attributable to Equity Holders of the Parent Company	109,190	103,286	5,904	6%	31%	30%
Non-controlling Interests	59,925	55,787	4,138	7%	17%	16%
Total Equity	169,115	159,073	10,042	6%	48%	47%
Total Liabilities and Equity	**355,775**	**339,478**	**16,297**	**5%**	**100%**	**100%**

Consolidated total assets as of December 31, 2023 amounted to P355,775 million, 5% or P16,297 million higher than as of December 31, 2022. The increase was primarily due to higher ending cash and receivable levels, and expansion projects of the Group. Consolidated total liabilities as of December 31, 2023 amounted to P186,660 million, 3% or P6,255 million higher than in December 31, 2022. The increase was primarily due to the availment of long-term debt of the Beer and NAB segment, and short-term loans of the Spirits segment.

Cash and cash equivalents increased by 39%, or by P15,908, due to higher cash generated from operations, proceeds from transfer of product rights, and deferred VAT remittance that was offset by payment of dividends and funding of investing activities.

Trade and other receivables increased by 17%, or by P3,759, due to higher sales and interest receivables from higher money market placements.

Inventories decreased by 29%, or by P17,650 million, mainly due to the normalized level coming from the high level in December 2022 due to purposive buying of raw materials at that time in anticipation of price increases, depletion of hedged meat materials, and higher production volumes.

Prepaid expenses and other current assets increased by 15%, or by P804 million, due to higher input tax balance as of the end of 2023 as a result of the BIR's implementation of quarterly filing of VAT starting 2023 compared to the usual monthly filings in the prior year, the Beer and NAB Segment's receipt of Tax Credit Certificate from tax refund cases, and higher excise tax prepayments.

Property, plant, and equipment increased by 11%, or by P11,389 million, mainly due to the expansion projects of the Food and Beer and NAB segments.

Right-of-use assets decreased by 10%, or by P538 million, mainly due to the depreciation of assets.

Deferred tax assets increased by 28%, or by P699 million, mainly due to the recognition of deferred tax on provision for inventory losses and adjustment on retirement costs of the Group based on latest actuarial valuation report of retirement plans.

Other noncurrent assets increased by 7%, or by P1,856 million, due to the Food segment's deposits on land for future development and reclassification of some property, plant, and equipment as idle assets, and the Beer and NAB segment's higher provision for deferred containers.

Notes payable decreased by 30%, or by P6,371 million, mainly due to the Food segment's settlement of short-term loans, partially offset by the Spirits segment's new availment.

Income and other taxes payable increased by 77%, or by P4,194 million, due to the higher taxable income of the Group and higher VAT payable due to the implementation of quarterly remittances starting 2023 as compared to 2022's monthly filing.

Dividends payable increased by 18%, or by P12 million, mainly due to higher unclaimed dividends relative to higher dividends declared during the year.

Long-term debt had a net increase of 6%, or by P4,571 million, mainly due to the availment of long-term loan of the Beer and NAB segment.

Other noncurrent liabilities increased by 18%, or by P1,391 million, mainly due to the Group's increase in retirement liabilities based on latest actuarial valuation report of retirement plans.

Consolidated total equity as of December 31, 2023 amounted to P169,115 million, 6% or P10,042 million higher than as of December 31, 2022. The increase was primarily due to the net income amounting to P38,105 million which was offset by the dividends declared by the Group amounting P26,390 million.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

	December 31		
(in Millions)	**2024**	2023	2022
Net cash flows provided by operating activities	P58,055	P71,388	P35,495
Net cash flows used in investing activities	(25,349)	(27,690)	(35,425)
Net cash flows used in financing activities	(32,080)	(27,751)	(1,382)

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

Net cash used in investing activities include the following:

	December 31		
(in Millions)	**2024**	2023	2022
Additions to investments, property, plant and equipment and investment property	(P16,688)	(P15,748)	(P26,463)
Increase in biological assets, intangible assets and other noncurrent assets	(12,522)	(15,153)	(9,860)
Interest received	3,690	2,937	730
Dividends received	145	139	137
Proceeds from sale of investments and property and equipment	26	135	31

Net cash used in financing activities consist of the following:

	December 31		
(in Millions)	**2024**	2023	2022
Proceeds from short-term and long-term borrowings	P314,749	P232,332	P112,453
Payments of short-term and long-term borrowings	(315,285)	(234,254)	(91,862)
Cash dividends paid	(30,815)	(26,378)	(21,370)
Payments of lease liabilities	(745)	(520)	(603)
Share issuance costs	(3)	(1)	-
Increase in non-controlling interests and others	8	-	-
Increase in other non-current liabilities	11	1,070	-

The effect of exchange rate changes on cash and cash equivalents amounted to P588 million, (P39) million, and P830 million for the periods ended December 31, 2024, 2023, and 2022, respectively.

V. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The unappropriated retained earnings of the Parent Company as of December 31, 2024 and 2023 are restricted in the amount of P182 million, representing the cost of common shares held in treasury.

The Group's unappropriated retained earnings include accumulated earnings in subsidiaries, which are not available for declaration as dividends until declared by the respective investees.

VI. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data as of the periods indicated below.

KPI	As of December 31, 2024	As of December 31, 2023
Liquidity:		
Current Ratio	1.24	1.32
Quick Ratio	0.75	0.81
Solvency:		
Debt to Equity Ratio	1.09	1.10
Asset to Equity Ratio	2.09	2.10
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	22.85%	21.76%
Interest Rate Coverage Ratio	12.16	11.50
Return on Assets	11.17%	10.96%

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Operating Efficiency:		
Volume Growth	2.00%	0.60%
Revenue Growth	5.54%	5.84%
Operating Margin	13.92%	12.75%

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

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

* *Excluding cash dividends paid to preferred shareholders*

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

VII. OTHER MATTERS

a) Commitments

   The Group’s outstanding purchase commitments as of December 31, 2024 and 2023 amounted to P94,986 million and P71,832 million, respectively.

b) There are no unusual items in terms of nature or amount that affect assets, liabilities, equity, net income, or cash flows, except for those mentioned in the Management’s Discussion and Analysis of Financial Position and Financial Performance.

c) There were no material changes in estimates of amounts reported in prior interim periods of the current year, nor were there material changes in estimates of amounts reported in prior financial years.

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

e) There were no known trends, events, or uncertainties expected to have a favorable or unfavorable impact on net sales, revenues, or income from continuing operation.

f) There were no known events that would trigger a direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

   Additionally, there were no material changes in contingent liabilities and contingent assets, except for Note 38 of the Audited Consolidated Financial Statements as at December 31, 2024.

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

h) Sales are affected by seasonality of customer purchasing patterns. In the Philippines, food and alcoholic beverages, including those produced by the Group, generally experience increased sales during the Christmas season. Additionally, alcoholic beverages see higher sales during the summer season, which typically slow down in the third quarter due to rainy weather. As a result, performance for any given quarter is not necessarily indicative of what may be expected for other quarters or the entire year, and the Group’s financial condition and results of operations may fluctuate significantly from quarter to quarter.

i) There were no material off-balance-sheet transactions, arrangements, obligations (including contingent obligations), or other relationships with unconsolidated entities or other parties created during the reporting period.

Outlook

SEC eFast Initial Acceptance

From noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Date Tue 4/15/2025 3:58 AM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Greetings!

SEC Registration No: 0000011840
Company Name: SAN MIGUEL FOOD AND BEVERAGE, INC.
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements.

A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

SAN MIGUEL
FOOD AND BEVERAGE, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of San Miguel Food and Beverage, 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, 2024, 2023 and 2022, 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 the 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 auditor 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.

RAMON S. ANG
Chairman

JOHN PAUL L. ANG
President
and Chief Executive Officer

MONICA L. ANG-MERCADO
Chief Finance Officer

Signed this 5th day of March 2025

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

Before me, a Notary Public for and in **PASIG CITY** City this **APR 0 3 2025** day of ______________ 2025, personally appeared:

Name	Passport No.	Expiry Date/Place Issued
Ramon S. Ang	P2247867B	May 21, 2029 / Manila
John Paul L. Ang	P2247864B	May 21, 2029 / Manila
Monical L. Ang-Mercado	P8260210B	December 9, 2031/ Manila

Known to me to be the same persons who executed the foregoing Statement of Management's Responsibility consisting of two (2) pages including this page on which this acknowledgement is written and that they acknowledged to me that the same is their free and voluntary act and deed and that of the principals they represent.

In WITNESS WHEREOF, I have affixed my notarial seal at the date and place first above written.

MA. CELESTE J. LEGASPI
Notary Public for Pasig City
Commission until 31 December 2026
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 5 (2025-2026)/Roll No. 47611
IBP No. 503547; 1/9/2025; RSM
PTR No. 3038204; 1/6/2025; Pasig City
MCLE Compliance No. VII-0019519; 5/30/2022

Doc. No. 115;
Page No. 24;
Book No. XXV;
Series of 2025

Annex "B"

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
San Miguel Food and Beverage, Inc.
40 San Miguel Avenue,
Mandaluyong City

Opinion

We have audited the consolidated financial statements of San Miguel Food and Beverage, Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, 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, 2024, and notes, comprising summary of 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

Impairment Testing of Trademarks, Brand Names and License (P39,351 million)
Refer to Note 16 to the consolidated financial statements.

The risk
The Group has assessed that the trademarks, brand names and license have indefinite useful lives considering that there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the Group. Trademarks, brand names and licenses represent 10% of the consolidated total assets of the Group. As required by Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, impairment testing is required annually for intangible assets with indefinite useful lives, irrespective of whether there is an indication that the related assets may be impaired.

We focused on this area because of the subjectivity and complexity of determining the recoverable amounts which involve significant estimation uncertainty. As a result, we assessed that the impairment testing is a key audit matter.

Our response
Our audit work over the valuation of trademarks, brand names and license included the following:

- We evaluated and assessed the methodology applied in the impairment review in accordance with PAS 36.

- We have updated our understanding of the management's annual impairment process.

- We evaluated the appropriateness of forecast cash flows prepared by management and consider the historical accuracy of management forecast by comparing prior year forecast to actual results.

- We challenged the Group's key assumptions for long-term growth rates in the forecasts by comparing them with historical results, economic and industry forecasts; and the Group's discount rate used in calculating the weighted average cost of capital using market comparable information. We have performed a range of sensitivity analysis to assess the impact of reasonably possible changes in key assumptions used by management. We have involved our own valuation specialists in the testing and evaluation of these key assumptions.

- We have also assessed the appropriateness and adequacy of the presentation and the relevant disclosures in the consolidated financial statements.

Revenue Recognition (P400,872 million)
Refer to Notes 6, 22 and 30 to the consolidated financial statements.

The risk
Revenue is an important measure used to evaluate the performance of the Group and is generated from various sources. 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, revenues 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 from recording of fictitious sales or recording of sales made in the subsequent accounting period.

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 process.

- We involved our information technology specific team members, 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 examined and traced sales transactions, on a sampling basis, to source documents such as sales invoice and/or delivery documents acknowledged by the customers and collection receipts.

- We tested sales transactions for the first month of the following financial year, on a sampling basis, to supporting documentation such as sales invoices acknowledged by the customers and delivery documents to assess whether these transactions are recorded in the appropriate financial year.

- We tested credit notes issued after the financial year, on a sampling basis, to identify and assess any credit notes that relate to sales transactions recognized during the financial year.

- We tested journal entries posted to revenue accounts to identify unusual or irregular items.

- We have also evaluated the appropriateness and adequacy of the presentation and the relevant disclosures in the consolidated financial statements.

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, 2024 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 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 audit 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 audit or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease its 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 PSA 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 PSA, 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 to 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters 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.

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 10467161
Issued January 2, 2025 at Makati City

April 14, 2025
Makati City, Metro Manila

SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(In Millions)

	Note	2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 7, 33, 34*	**P58,221**	P57,007
Trade and other receivables - net	*4, 8, 30, 33, 34*	**29,456**	25,869
Inventories	*4, 9*	**47,582**	43,096
Current portion of biological assets - net	*4, 10*	**3,241**	3,515
Prepaid expenses and other current assets	*11, 30, 33, 34, 36*	**5,506**	6,216
Assets held for sale	*5, 16, 27*	**186**	186
Total Current Assets		**144,192**	135,889
Noncurrent Assets			
Investments - net	*4, 12, 33, 34*	**17,388**	17,128
Property, plant, and equipment - net	*4, 13*	**128,590**	118,000
Right-of-use assets - net	*4, 14*	**4,923**	4,633
Investment property - net	*4, 15*	**3,576**	3,537
Biological assets - net of current portion	*4, 10*	**2,652**	2,667
Goodwill - net	*4, 16*	**996**	996
Other intangible assets - net	*4, 16*	**39,665**	39,444
Deferred tax assets	*4, 28*	**3,657**	3,209
Other noncurrent assets - net	*4, 17, 29, 30, 33, 34*	**31,467**	30,272
Total Noncurrent Assets		**232,914**	219,886
		P377,106	P355,775
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*18, 33, 34*	**P17,103**	P14,684
Trade payables and other current liabilities	*19, 30, 33, 34*	**76,416**	65,288
Lease liabilities - current portion	*4, 32, 33, 34*	**735**	418
Income and other taxes payable		**10,035**	9,668
Dividends payable	*21*	**89**	79
Current maturities of long-term debt - net of debt issue costs	*20, 33, 34*	**12,328**	12,871
Total Current Liabilities		**116,706**	103,008

Forward

	Note	2024	2023
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*20, 33, 34*	**P67,652**	P69,939
Deferred tax liabilities	*28*	**23**	26
Lease liabilities - net of current portion	*4, 32, 33, 34*	**4,864**	4,758
Other noncurrent liabilities	*4, 29, 30, 33, 34*	**7,672**	8,929
Total Noncurrent Liabilities		**80,211**	83,652
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	*21*	**6,251**	6,251
Additional paid-in capital	*21*	**366,620**	366,620
Equity adjustments from common control transactions	*21*	**(327,793)**	(327,793)
Equity reserves		**(1,711)**	(2,094)
Retained earnings:	*21*		
Appropriated		**45,375**	45,392
Unappropriated		**57,551**	50,996
Treasury stock	*21*	**(30,182)**	(30,182)
		116,111	109,190
Non-controlling Interests	*2, 5*	**64,078**	59,925
Total Equity		**180,189**	169,115
		P377,106	P355,775

See Notes to the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

(In Millions, Except Per Share Data)

	Note	**2024**	2023	2022
SALES	*6, 22, 30*	**P400,872**	P379,822	P358,853
COST OF SALES	*23, 30*	**289,940**	279,222	261,480
GROSS PROFIT		**110,932**	100,600	97,373
SELLING AND ADMINISTRATIVE EXPENSES	*24, 30*	**(55,140)**	(52,189)	(48,662)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*18, 20, 27, 32*	**(4,809)**	(4,752)	(3,538)
INTEREST INCOME	*7, 27, 30*	**3,788**	3,067	821
GAIN (LOSS) ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	*12, 13*	**19**	(2)	(2)
OTHER INCOME (CHARGES) - Net	*27*	**(1,123)**	3,154	(223)
INCOME BEFORE INCOME TAX		**53,667**	49,878	45,769
INCOME TAX EXPENSE	*28*	**12,734**	11,773	11,104
NET INCOME		**P40,933**	P38,105	P34,665
Attributable to:				
Equity holders of the Parent Company		**P25,743**	P23,118	P22,263
Non-controlling interests	*5*	**15,190**	14,987	12,402
		P40,933	P38,105	P34,665
Basic and Diluted Earnings per Common Share Attributable to Equity Holders of the Parent Company	*31*	**P4.36**	P3.91	P3.77

See Notes to the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions)

	Note	**2024**	2023	2022
NET INCOME		**P40,933**	P38,105	P34,665
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement loss on reserve for retirement plan	*29*	**(282)**	(2,155)	(1,849)
Income tax	*28*	**69**	548	457
Net gain on financial assets at fair value through other comprehensive income		**9**	23	5
		(204)	(1,584)	(1,387)
Items that may be reclassified to profit or loss				
Gain (loss) on exchange differences on translation of foreign operations		**1,103**	(88)	1,713
		1,103	(88)	1,713
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		**899**	(1,672)	326
TOTAL COMPREHENSIVE INCOME		**P41,832**	P36,433	P34,991
Attributable to:				
Equity holders of the Parent Company		**P26,126**	P21,860	P22,377
Non-controlling interests	*5*	**15,706**	14,573	12,614
		P41,832	P36,433	P34,991

See Notes to the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Millions)

		Equity Attributable to Equity Holders of the Parent Company														
						Equity Reserves										
		Capital Stock								Retained Earnings		Treasury Stock				
	Note	Common	Preferred	Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Reserve for Retirement Plan	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appro-priated	Unappro-priated	Common	Preferred	Total	Non-controlling Interests	Total Equity
As at January 1, 2024		**P5,951**	**P300**	**P366,620**	**(P327,793)**	**(P3,117)**	**P34**	**P1,066**	**(P77)**	**P45,392**	**P50,996**	**(P182)**	**(P30,000)**	**P109,190**	**P59,925**	**P169,115**
Remeasurement loss on reserve for retirement plan, net of deferred tax	29	-	-	-	-	(158)	-	-	-	-	-	-	-	(158)	(55)	(213)
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	534	-	-	-	-	-	534	569	1,103
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	7	-	-	-	-	-	-	7	2	9
Other comprehensive income (loss)		-	-	-	-	(158)	7	534	-	-	-	-	-	383	516	899
Net income		-	-	-	-	-	-	-	-	-	25,743	-	-	25,743	15,190	40,933
Total comprehensive income (loss)		-	-	-	-	(158)	7	534	-	-	25,743	-	-	26,126	15,706	41,832
Net addition to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	67	67
Reversal of appropriations - net	21	-	-	-	-	-	-	-	-	(17)	17	-	-	-	-	-
Cash dividends declared	21	-	-	-	-	-	-	-	-	-	(19,205)	-	-	(19,205)	(11,620)	(30,825)
As at December 31, 2024		**P5,951**	**P300**	**P366,620**	**(P327,793)**	**(P3,275)**	**P41**	**P1,600**	**(P77)**	**P45,375**	**P57,551**	**(P182)**	**(P30,000)**	**P116,111**	**P64,078**	**P180,189**

Forward

		Equity Attributable to Equity Holders of the Parent Company														
						Equity Reserves										
		Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Reserve for Retirement Plan	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock			Non-controlling Interests	Total Equity
	Note	Common	Preferred							Appro-priated	Unappro-priated	Common	Preferred	Total		
As at January 1, 2023		P5,951	P300	P366,620	(P327,793)	(P1,880)	P12	P1,109	(P77)	P31,366	P57,860	(P182)	(P30,000)	P103,286	P55,787	P159,073
Remeasurement loss on reserve for retirement plan, net of deferred tax	*29*	-	-	-	-	(1,237)	-	-	-	-	-	-	-	(1,237)	(370)	(1,607)
Loss on exchange differences on translation of foreign operations		-	-	-	-	-	-	(43)	-	-	-	-	-	(43)	(45)	(88)
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	22	-	-	-	-	-	-	22	1	23
Other comprehensive income (loss)		-	-	-	-	(1,237)	22	(43)	-	-	-	-	-	(1,258)	(414)	(1,672)
Net income		-	-	-	-	-	-	-	-	-	23,118	-	-	23,118	14,987	38,105
Total comprehensive income (loss)		-	-	-	-	(1,237)	22	(43)	-	-	23,118	-	-	21,860	14,573	36,433
Share issuance cost		-	-	-	-	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Appropriations during the year - net	*21*	-	-	-	-	-	-	-	-	14,026	(14,026)	-	-	-	-	-
Cash dividends declared	*21*	-	-	-	-	-	-	-	-	-	(15,955)	-	-	(15,955)	(10,435)	(26,390)
As at December 31, 2023		P5,951	P300	P366,620	(P327,793)	(P3,117)	P34	P1,066	(P77)	P45,392	P50,996	(P182)	(P30,000)	P109,190	P59,925	P169,115

Forward

		Equity Attributable to Equity Holders of the Parent Company														
						Equity Reserves										
		Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Reserve for Retirement Plan	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock			Non-controlling Interests	Total Equity
	Note	Common	Preferred							Appro-priated	Unappro-priated	Common	Preferred	Total		
As at January 1, 2022		P5,951	P300	P366,620	(P327,793)	(P1,131)	P12	P246	(P77)	P31,043	P48,448	(P182)	(P30,000)	P93,437	P52,025	P145,462
Remeasurement loss on reserve for retirement plan, net of deferred tax	*29*	-	-	-	-	(749)	-	-	-	-	-	-	-	(749)	(643)	(1,392)
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	858	-	-	-	-	-	858	855	1,713
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	-	5	-	-	-	-	-	5	-	5
Other comprehensive income (loss)		-	-	-	-	(749)	-	863	-	-	-	-	-	114	212	326
Net income		-	-	-	-	-	-	-	-	-	22,263	-	-	22,263	12,402	34,665
Total comprehensive income (loss)		-	-	-	-	(749)	-	863	-	-	22,263	-	-	22,377	12,614	34,991
Appropriations during the year - net	*21*	-	-	-	-	-	-	-	-	323	(323)	-	-	-	-	-
Cash dividends declared	*21*	-	-	-	-	-	-	-	-	-	(12,528)	-	-	(12,528)	(8,852)	(21,380)
As at December 31, 2022		P5,951	P300	P366,620	(P327,793)	(P1,880)	P12	P1,109	(P77)	P31,366	P57,860	(P182)	(P30,000)	P103,286	P55,787	P159,073

See Notes to the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

(In Millions)

	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P53,667**	P49,878	P45,769
Adjustments for:				
Depreciation and amortization and others - net	*25*	**16,893**	16,164	13,911
Interest expense and other financing charges	*27*	**4,809**	4,752	3,538
Impairment loss on property, plant and equipment and other noncurrent assets	*27*	**1,457**	-	(31)
Retirement costs	*29*	**980**	843	842
Impairment losses on receivables and write-down of inventories	*8, 9*	**304**	779	1,169
Net other charges (gain) on derivative transactions		**17**	(45)	89
Loss (gain) on sale of investments and property and equipment		**(15)**	(790)	2
Gain on fair valuation of agricultural produce	*9*	**(25)**	(8)	(17)
Dividend income		**(145)**	(139)	(137)
Interest income	*27*	**(3,788)**	(3,067)	(821)
Operating income before working capital changes		**74,154**	68,367	64,314
Decrease (increase) in:				
Trade and other receivables		**(7,541)**	(3,757)	801
Inventories		**(4,775)**	17,444	(16,608)
Current portion of biological assets		**274**	(96)	(312)
Prepaid expenses and other current assets		**529**	(725)	275
Increase in trade payables and other current liabilities		**14,444**	8,251	3,380
Cash generated from operations		**77,085**	89,484	51,850
Contributions paid	*29*	**(1,346)**	(1,274)	(654)
Interest paid		**(5,869)**	(5,443)	(4,316)
Income taxes paid		**(11,815)**	(11,379)	(11,385)
Net cash flows provided by operating activities		**58,055**	71,388	35,495

Forward

	Note	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments and property and equipment		**P26**	P135	P31
Increase in biological assets, intangible assets and other noncurrent assets	*10, 16, 17*	**(12,522)**	(15,153)	(9,860)
Additions to investments, property, plant and equipment and investment property	*12, 13, 15*	**(16,688)**	(15,748)	(26,463)
Dividends received		**145**	139	137
Interest received		**3,690**	2,937	730
Net cash flows used in investing activities		**(25,349)**	(27,690)	(35,425)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Short-term borrowings	*18*	**304,824**	227,369	100,543
Long-term borrowings	*20*	**9,925**	4,963	11,910
Increase (decrease) in other noncurrent liabilities and others		**19**	1,070	-
Payments of:				
Lease liabilities	*27, 32*	**(745)**	(520)	(603)
Long-term borrowings	*20*	**(12,880)**	(514)	(7,183)
Short-term borrowings	*18*	**(302,405)**	(233,740)	(84,679)
Cash dividends paid	*21*	**(30,815)**	(26,378)	(21,370)
Share issuance costs		**(3)**	(1)	-
Net cash flows used in financing activities		**(32,080)**	(27,751)	(1,382)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**588**	(39)	830
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,214**	15,908	(482)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**P57,007**	41,099	41,581
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**P58,221**	P57,007	P41,099

See Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Unless Otherwise Indicated)

1. Reporting Entity

San Miguel Food and Beverage, Inc. (SMFB or the Parent Company), a subsidiary of San Miguel Corporation (SMC or the Intermediate Parent Company), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) in October 1956 for a term of 50 years. On August 8, 2006, the stockholders approved the amendment to the Articles of Incorporation of the Parent Company, extending the term for which the corporation is to exist for another 50 years from October 30, 2006 or until October 30, 2056. The amendment was subsequently approved by the SEC.

The Parent Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines which took effect on February 23, 2019, the Parent Company shall have a perpetual corporate life.

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

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

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

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

2. 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 BOD on March 5, 2025.

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
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation
Agricultural produce	Fair value less estimated costs to sell at the point of harvest

Functional and Presentation Currency

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

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries:

	Percentage of Ownership		Country of Incorporation
	2024	2023	
Food			
San Miguel Mills, Inc. (SMMI) and subsidiaries [including Golden Bay Grain Terminal Corporation and Golden Avenue Corp.(GAC)]	**100.00**	100.00	Philippines
Magnolia Inc. and subsidiary, Golden Food Management, Inc.	**100.00**	100.00	Philippines
San Miguel Foods, Inc. (SMFI) and subsidiaries, Foodcrave Marketing, Inc., San Miguel Foods Mindanao, Inc. (SMFMI), San Miguel Foods South Luzon, Inc. (SMFSLI, formerly Artholand Property Development Inc. or APDI[(1)]) and JGT Holdings, Inc. (JGT)[(2)]	**99.99**	99.99	Philippines
PT San Miguel Foods Indonesia (PTSMFI) [(3)]	**75.00**	75.00	Indonesia
San Miguel Super Coffeemix Co., Inc. (SMSCCI)	**70.00**	70.00	Philippines
The Purefoods-Hormel Company, Inc. (PF-Hormel)	**60.00**	60.00	Philippines
San Miguel Foods International, Limited and subsidiary including San Miguel Foods Investment (BVI) Limited and subsidiary and San Miguel Pure Foods (VN) Co., Ltd.	**100.00**	100.00	British Virgin Islands (BVI)

Forward

	Percentage of Ownership		Country of
	2024	2023	**Incorporation**
Beer and NAB			
San Miguel Brewery Inc. and Subsidiaries	**51.16**	51.16	Philippines
San Miguel Brewing International Limited and subsidiaries [including Neptunia Corporation Limited and subsidiaries {including San Miguel Company Limited, San Miguel Company Limited (Taiwan Branch), San Miguel Brewery Hong Kong Ltd. (SMBHK) and subsidiaries (including Hong Kong Brewery Limited, San Miguel Shunde Holdings Limited and subsidiary, San Miguel (Guangdong) Brewery Co., Ltd.), San Miguel (Guangdong) Limited and subsidiary, Guangzhou San Miguel Brewery Co. Ltd. [(4)], San Miguel (China) Investment Company Limited (SMCIC) and San Miguel (Baoding) Brewery Co., Ltd.[(5)] (SMBB)}, San Miguel Holdings (Thailand) Limited and subsidiary, San Miguel Beer (Thailand) Limited, San Miguel Marketing (Thailand) Limited and subsidiaries {including Dragon Island Investments Limited, San Miguel (Vietnam) Limited, San Miguel Brewery Vietnam Company Limited, San Miguel Malaysia (L) Pte. Ltd. and Pt. Delta Djakarta Tbk and subsidiary}]			
Iconic Beverages, Inc. (IBI)			
Brewery Properties Inc. (BPI) and subsidiary, Brewery Landholdings, Inc.			
Spirits			
Ginebra San Miguel Inc. and Subsidiaries [including Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc. (EPSBPI), Ginebra San Miguel International Ltd. (GSMIL), GSM International Holdings Limited (GSMIHL), Global Beverages Holdings Limited, Siam Holdings Limited, Agricrops Industries Inc., Healthy Condiments, Inc. and Crown Royal Distillers, Inc.]	**75.78**	75.78	Philippines
Nine Dots Media Consulting Coporation (Nine Dots) [(6)]	**55.55**	-	Philippines

(1) The company was acquired on December 22, 2023.
(2) The company was acquired on July 29, 2024.
(3) The company has ceased operations in October 2021 and is in the process of liquidation.
(4) The company has ceased operations in November 2020 and is in the process of liquidation.
(5) The company has ceased operations in March 2020 and is in the process of liquidation.
(6) The company was acquired on November 14, 2024.

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. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the Parent Company and are presented in the consolidated statements of income, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in its subsidiaries as follows: SMFI, PTSMFI, SMSCCI, PF-Hormel, SMB, GSMI, and Nine Dots (Note 5).

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.

The FSRSC approved the adoption of a number of new and amendments to standards as part of PFRS Accounting Standards.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards effective January 1, 2024 and accordingly, changed its accounting policies in the following areas:

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

    - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;

    - clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

    - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and

    - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

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

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2024 and have not been applied in preparing the consolidated financial statements. Except as otherwise indicated, the adoption of new and amendments to standards will not have any significant impact on the Group's consolidated financial statements.

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

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to two standards:

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

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

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

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

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

- PFRS 18, *Presentation and Disclosure in Financial Statements*, replaces PAS 1. 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. Additionally, entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

  In addition, all entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

  The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of income, the statement of cash flows and the additional disclosures required for management-defined performance measures. The Group is also assessing the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as "other".

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

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, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

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

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

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

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

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

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, noncurrent receivables and deposits, and restricted cash are included under this category (Notes 4, 7, 8, 12, 17, 30, 33 and 34).

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

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

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

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

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

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

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

The Group’s investments in equity instruments at FVOCI are classified under this category (Notes 12, 33 and 34).

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

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

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income.

The Group’s derivative assets that are not designated as cash flow hedge are classified under this category (Notes 12, 30, 33 and 34).

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

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in

“Interest expense and other financing charges” account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

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

The Group’s liabilities arising from its trade transactions or borrowings such as loans payable, trade payables and other current liabilities, dividends payable, long-term debt, lease liabilities and other noncurrent liabilities are included under this category (Notes 18, 19, 20, 33 and 34).

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 and investments in debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

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

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

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

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

Inventories

Finished goods, goods in process, materials and supplies are valued 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 and goods in process	-	at cost, which includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs; finished goods also include unrealized gain (loss) on fair valuation of agricultural produce; costs are determined using the moving-average method.
Materials, supplies and others	-	at cost, using the specific identification method, first-in, first-out method or 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.

Goods in Process. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and 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.

Biological Assets and Agricultural Produce
The Group's biological assets include breeding stocks, growing hogs, poultry livestock and goods in process which are grouped according to their physical state, transformation capacity (breeding, growing or laying), as well as their particular stage in the production process.

Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably.

The Group's agricultural produce, which consists of grown broilers and marketable hogs harvested from the Group's biological assets, are measured at their fair value less estimated costs to sell at the point of harvest. The fair value of grown broilers is based on the quoted prices for harvested mature grown broilers in the market at the time of harvest. For marketable hogs, the fair value is based on the quoted prices in the market at any given time.

The Group, in general, does not carry any inventory of agricultural produce at any given time as these are either sold as live broilers and hogs or transferred to the different poultry or meat processing plants and immediately transformed into processed or dressed chicken and carcass.

The carrying amounts of the biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Amortization is computed using the straight-line method over the following estimated productive lives of breeding stocks:

	Amortization Period
Hogs - sow	3 years or 6 births, whichever is shorter
Hogs - boar	2.5 - 3 years
Poultry breeding stock	38 - 42 weeks

Business Combination
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Selling and administrative expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

- *Goodwill in a Business Combination*

  Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units.

  Each unit or group of units to which the goodwill is allocated:

  - represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

  - is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments.*

  Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

- *Intangible Assets Acquired in a Business Combination*
  The cost of an intangible asset acquired in a business combination is the fair value as at the date of acquisition, determined using discounted cash flows as a result of the asset being owned.

  Following initial recognition, intangible asset is carried at cost less any accumulated amortization and impairment losses, if any. The useful life of an intangible asset is assessed to be either finite or indefinite.

  An intangible asset with finite life is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

  A change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for as a change in accounting estimate. The amortization expense on intangible asset with finite life is recognized in the consolidated statements of income.

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 significant influence or 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 - 30
Buildings and improvements	3 - 50
Machinery and equipment	2 - 50
Furniture, other equipment and others	2 - 33
Leasehold improvements	3 - 50 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 the consolidated statements of income 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, land and leasehold improvements	2 - 50
Buildings and improvements	2 - 50
Furniture, other equipment and others	10 -12
Machinery and equipment	2 - 7

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 in the consolidated statements of income 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., lease 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, *Revenue from Contracts with Customers,* 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
Land improvements	5 - 50
Land Use Rights	42 - 50 or term of the lease, whichever is shorter
Buildings and improvements	5 - 50
Right-of-use assets	10 - 50 or term of the lease, whichever is shorter

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 the consolidated statements of income 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 or inventories, 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.

<u>Intangible Assets</u>
Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Amortization of other intangible assets with finite lives, which is computer software and licenses, is computed using the straight-line method over two to ten years.

The Group assessed the useful lives of trademarks, brand names and license to be indefinite. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the Group.

Trademarks, brand names and license with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

Deferred Containers

Returnable bottles, shells and pallets are measured at cost less accumulated depreciation and impairment, if any. These are presented as “Deferred containers - net” under “Other noncurrent assets - net” account in the consolidated statements of financial position and are depreciated over the estimated useful lives of two to ten years. Depreciable amount is equal to cost less estimated residual value, equivalent to the deposit value. Depreciation of deferred containers is included under “Selling and administrative expenses” account in the consolidated statements of income.

The remaining useful lives, residual values, and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from deferred containers.

The carrying amounts of deferred containers are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Refundable containers deposits are collected from customers based on deposit value and refunded when the containers are returned to the Group in good condition. These deposits are presented as “Containers deposit” under “Trade payables and other current liabilities” account in the consolidated statements of financial position.

Impairment of Non-financial Assets

The carrying amounts of investments, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers and idle assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, trademarks and brand names and license with indefinite useful lives are 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 Parent Company, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of income as accrued.

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. 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 Parent 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. 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 Parent 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 Food and Beverage
Revenue 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 and volume rebate do not result to significant variable consideration and are generally determined based on concluded sales transactions as at the end of each period. Payment is generally due within 30 to 60 days from delivery.

Revenue from Other Sources
Revenue from Agricultural Produce. Revenue from initial recognition of agricultural produce is measured at fair value less estimated costs to sell at the point of harvest. Fair value is based on the relevant market price at the point of harvest.

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.

Dividend Income. Dividend income is recognized when the Group's right to receive the payment is established.

Rent Income. Rent income from operating lease is recognized on a straight-line basis over the related lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Costs and Expenses
Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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 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 the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

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 the consolidated statements of income.

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 consolidated statements of income 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 the consolidated statements of income. 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 the consolidated statements of income, 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 and presented in the “Translation reserve” account in the consolidated statements of changes in equity. However, if the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statements of income as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investments 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 and presented in the “Translation reserve” account in the consolidated statements of changes in equity.

<u>Taxes</u>
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, associates 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, associates 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.

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

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.

Assets Held for Sale
The Group classifies noncurrent assets, or disposal groups comprising assets and liabilities as held for sale or distribution, if their carrying amounts will be recovered primarily through sale or distribution rather than through continuing use. The assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell or distribute, except for some assets which are covered by other standards. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statements of income. Gains are not recognized in excess of any cumulative impairment losses.

The criteria for held for sale or distribution is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision on distribution or sale will be withdrawn. Management must be committed to the sale or distribution within one year from date of classification.

Intangible assets, property, plant and equipment and investment property once classified as held for sale or distribution are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

Assets and liabilities classified as held for sale or distribution are presented separately as current items 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.

Basic and Diluted Earnings Per Common Share (EPS)
Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Operating Segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and 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 and estimates 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 and estimates 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:

Measurement of Biological Assets. Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably. The Group's biological assets or any similar assets prior to point of harvest have no active market available in the Philippine poultry and hog industries. Further, the existing sector benchmarks are determined to be irrelevant and the estimates (i.e., revenues due to highly volatile prices, input costs and efficiency values) necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value.

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 Company had determined that it retains all the significant risks and rewards of ownership of the property leased out on operating leases.

Rent income recognized in the consolidated statements of income amounted to P427, P264 and P199 in 2024, 2023 and 2022, respectively (Notes 27 and 32).

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.

Evaluating Control over its Investees. Determining whether the Group has control in an investee requires significant judgment. Although the Group owns less than 50% of the voting rights of BPI, management has determined that the Group has control in this entity by virtue of its exposure and rights to variable returns from its involvement in this investee and its ability to affect those returns through its power over the investee.

The Group receives substantially all of the returns related to BPI's operations and net assets and has the current ability to direct BPI's activities that most significantly affect the returns. The Group controls BPI since it is exposed, and has rights, to variable returns from its involvement with BPI and has the ability to affect those returns through such power over BPI.

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 Thai San Miguel Liquor Co. Ltd. (TSML) and Thai Ginebra Trading (TGT) as joint ventures (Note 12).

Classification of Financial Instruments. The Group exercises judgments in classifying financial instrument, 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 34.

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 two 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 does not indicate a significant increase in credit risk exposure of the Group from its trade receivables.

Trade receivables written off amounted to P11 and P84 in 2024 and 2023, respectively. The allowance for impairment losses on trade receivables amounted to P317 and P275 as at December 31, 2024 and 2023, respectively. The carrying amount of trade receivables amounted to P26,304 and P22,803 as of December 31, 2024 and 2023, respectively (Note 8).

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 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 additional provision for ECL on other financial assets at amortized cost was recognized in 2024 and 2023.

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

	Note	**2024**	2023
Other Financial Assets at Amortized Cost			
Cash and cash equivalents (excluding cash on hand)	*7*	**P54,655**	P55,260
Restricted cash (included under "Prepaid expenses and other current assets" account)	*33, 34*	**228**	271
Other current receivables - net (included under "Trade and other receivables - net" account	*8*	**3,976**	3,948
Financial assets at amortized cost (included under "Investments" account)	*12, 33, 34*	**11,500**	11,500
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	*17*	**244**	183

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 9, 10, 12, 13, 14, 15, 16, 17, 19 and 34.

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 P275, P200 and P126 in 2024, 2023 and 2022, respectively (Note 9).

The carrying amounts of inventories amounted to P47,582 and P43,096 as at December 31, 2024 and 2023, respectively (Note 9).

Estimated Useful Lives of Property, Plant and Equipment, Right-of-Use Assets, Investment Property, Deferred Containers and Idle Assets. The Group estimates the useful lives of property, plant and equipment, right-of-use assets, investment property, deferred containers and idle assets 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, deferred containers and idle assets 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, deferred containers and idle assets 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, deferred containers and idle assets would increase the recorded cost of sales and selling and administrative expenses and decrease noncurrent assets.

Property, plant and equipment, net of accumulated depreciation amounted to P143,347 and P131,752 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of property, plant and equipment amounted to P81,695 and P75,120 as at December 31, 2024 and 2023, respectively (Note 13).

Right-of-use assets, net of accumulated depreciation amounted to P5,016 and P4,721 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of right-of-use assets amounted to P3,510 and P3,112 as at December 31, 2024 and 2023, respectively (Note 14).

Investment property, net of accumulated depreciation amounted to P3,584 and P3,545 at December 31, 2024 and 2023, respectively. Accumulated depreciation of investment property amounted to P896 and P815 as at December 31, 2024 and 2023, respectively (Note 15).

Deferred containers, net of accumulated depreciation, included as part of “Other noncurrent assets - net” account in the consolidated statements of financial position amounted to P27,417 and P25,838 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of deferred containers amounted to P29,957 and P24,948 as at December 31, 2024 and 2023, respectively (Note 17).

Idle assets, net of accumulated depreciation and impairment amounted to P812 and P1,327 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of idle assets amounted to P2,356 and P2,374 as at December 31, 2024 and 2023, respectively (Note 17).

Estimated Useful Lives of Intangible Assets. The useful lives of intangible assets are assessed at the individual asset level as having either a finite or indefinite life. Intangible assets are regarded to have an indefinite useful life when, based on analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Intangible assets with finite useful lives, net of accumulated amortization, included as part of "Other intangible assets - net" account in the consolidated statements of financial position, amounted to P254 and P221 as at December 31, 2024 and 2023, respectively. Accumulated amortization of intangible assets with finite useful lives amounted to P1,345 and P1,264 as at December 31, 2024 and 2023, respectively (Note 16).

Impairment of Goodwill, Trademarks and Brand Names, License, Formulas and Recipes, and Franchise with Indefinite Useful Lives. The Group determines whether goodwill, trademarks and brand names, license, formulas and recipes, and franchise are impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill is allocated and the value in use of the trademarks and brand names, license, formulas and recipes, and franchise. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and from the trademarks and brand names, license, formulas and recipes, and franchise and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amount of goodwill amounted to P996 as at December 31, 2024 and 2023 (Note 16).

The combined carrying amounts of trademarks and brand names, license, formulas and recipes, and franchise with indefinite useful lives amounted to P39,416 and P39,228 as at December 31, 2024 and 2023, respectively (Note 16).

Realizability 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 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.

Deferred tax assets amounted to P3,657 and P3,209 as at December 31, 2024 and 2023, respectively (Note 28).

Impairment of Non-financial Assets. PFRS Accounting Standards requires that an impairment review be performed on investments, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers and idle 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 non-financial assets amounted to P16,916 and P15,463 as at December 31, 2024 and 2023, respectively (Notes 13, 14, 15, 16 and 17).

The combined carrying amounts of investments, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers and idle assets amounted to P185,062 and P172,418 as at December 31, 2024 and 2023, respectively (Notes 10, 12, 13, 14, 15, 16 and 17).

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 P5,599 and P5,176 as at December 31, 2024 and 2023, respectively (Notes 32, 33, and 34).

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 P22,377 and P21,998 as at December 31, 2024 and 2023, respectively (Note 29).

5. Investments in Subsidiaries

The following are the developments relating to the Parent Company's investments in shares of stock of subsidiaries:

a. SMFI

- SMFMI

  On December 4, 2023, SMFI incorporated SMFMI, with 175,000,000 common shares subscription amounting to P1.75 billion from SMFMI's authorized stock of 700,000,000 with par value of P10.00 or P7 billion. SMFMI has not started commercial operation as at December 31, 2024.

- SMFSLI

  On December 22, 2023, SMFI entered into a Share Purchase Agreement with San Miguel Equity Investments Inc. (SMEII) for the acquisition of SMEII's 100% interest in APDI equivalent to 1,020,000,000 shares for total consideration of P1.38 billion payable in three installments. As at December 31, 2024, a total of P917 has already been paid.

  On March 4, 2024, the BOD and shareholders of APDI approved the change in corporate name of APDI to SMFSLI, and the amendment of the Second Article of the Articles of Incorporation of APDI to align with the Primary and Secondary Purposes of the Company. These amendments were approved by the SEC on May 29,2024.

  On October 2, 2024, the BOD and stockholders of SMFSLI approved among others the (i) issuance of the remaining unissued shares of SMFSLI to SMFI at par value of P1.00 equivalent to total amount of P280 (ii) increase in authorized capital stock from P1.3 billion divided into 1,300,000,000 common shares to P7.5 billion divided into 7,500,000,000 common shares with a par value of P1.00 per common share and (iii) amendment to the articles of incorporation.

  On the same date, the BOD of SMFI approved among others the: (i) subscription to 280,000,000 unissued common shares of SMFSLI at P1.00 par value per share, equivalent to a total amount of P280 and (ii) twenty-five percent (25%) subscription in the increase of the authorized capital stock of SMFSLI or 1,550,000,000 common shares at P1.00 par value and payment of twenty-five percent (25%) of such subscription amounting to P387.5. Both subscriptions were paid in cash in the same month.

  SMFSLI has not yet started commercial operations as at December 31, 2024.

- JGT

  On July 29, 2024, the BOD of SMFI approved the acquisition of 100% of the outstanding capital stock of JGT from its stockholders for a total consideration of P125.

  JGT has not yet started commercial operations as at December 31, 2024.

b. On March 11, 2022, the BOD of Magnolia approved the plan to take steps to liquidate the properties related to the operation of La Pacita biscuit. The related trademark under the Parent Company amounting to P60 was also classified as assets held for sale in 2022 and was eventually disposed on March 10, 2023 (Notes 16 and 27).

c. On November 10, 2021, the BOD of the Parent Company ratified the approval on the closure of the operations of PT SMFI effective October 31, 2021. PTSMFI is still in the process of liquidation as of December 31, 2023. The Parent Company has recognized additional provision for impairment of its investment amounting to P122 based on its latest valuation in 2023.

d. In 2021, GBGTC recognized impairment loss amounting to P38 due to losses incurred from Typhoon Rolly and Ulysses in 2020. Proceeds from insurance claims were fully received as at December 31, 2023.

e. On June 13, 2022 the BOD of GAC approved the additional subscription by SMMI of shares of stock in GAC in the amount of P700, equivalent to 700,000 common shares with par value of P1,000 per share, comprising the increase in authorized capital stock of GAC.

   On November 22, 2022, SMMI subscribed and paid P175 equivalent to 25% of the approved additional subscription of P700. GAC recognized this amount for additional shares subscription as part of liabilities under “Deposit for future stock subscription”. Such deposit will be applied against the increase in its authorized capital stock. The balance of the subscription amounting to P525 was fully paid in 2023.

f. San Miguel Foods International, Limited (SMFIL)

   On February 10, 2023, the subscription agreement dated February 9, 2015 with subscribed shares of 1,150,000 common shares out of the authorized capital stock for a total subscription price of $1.15 million or $1.00 per common share, or P51 was terminated effective immediately due to the current business condition of SMFIL. Both SMFIL and the Parent Company shall bear their respective expenses incurred in connection with the cancellation of the proposed subscription by the Company in SMFIL and return of the deposit to the Parent Company.

   On August 28, 2024, the subscription agreement dated January 26, 2015 with subscribed shares of 1,527,000 common shares out of the authorized capital stock for a total subscription price of $1.527 million or $1.00 per common share, or P67 was terminated effective immediately due to the current business condition of SMFIL. Both SMFIL and the Parent Company shall bear their respective expenses incurred in connection with the cancellation of the proposed subscription by the Company in SMFIL and return of the deposit to the Parent Company.

g. Nine Dots

On November 6, 2024, the BOD of the Parent Company approved the proposed subscription to Nine Dots, an advertising agency specializing in digital marketing strategy, brand management, and content creation. On November 14, 2024, the Parent Company entered into a Subscription Agreement with Nine Dots for the subscription of 55.55% equivalent to 60,000,000 shares for a total consideration of P60.

The details of the Group's material non-controlling interests are as follows:

	December 31, 2024		December 31, 2023	
	SMB	**GSMI**	SMB	GSMI
Percentage of non-controlling interests	**48.84%**	**24.22%**	48.84%	24.22%
Carrying amount of non-controlling interests	**P54,508**	**P7,071**	P52,066	P5,280
Net income attributable to non-controlling interests	**P12,615**	**P1,758**	P12,655	P1,707
Other comprehensive income (loss) attributable to non-controlling interests	**(P460)**	**P33**	(P314)	P54
Dividends paid to non-controlling interests	**P9,713**	**P -**	P9,421	P -

The following are the financial information of SMB and GSMI:

	December 31, 2024		December 31, 2023	
	SMB	**GSMI**	SMB	GSMI
Current assets	**P55,754**	**P21,729**	P53,110	P20,359
Noncurrent assets	**121,704**	**8,803**	117,421	7,408
Current liabilities	**(29,649)**	**(7,507)**	(36,063)	(8,456)
Noncurrent liabilities	**(38,009)**	**(1,085)**	(31,858)	(911)
Net assets	**P109,800**	**P21,940**	P102,610	P18,400
Sales	**P153,362**	**P62,505**	P147,347	P53,639
Net income	**P25,625**	**P7,257**	P25,322	P7,046
Other comprehensive income (loss)	**1,023**	**(138)**	(640)	(224)
Total comprehensive income	**P26,648**	**P7,119**	P24,682	P6,822
Cash flows provided by operating activities	**P32,642**	**P7,105**	P34,468	P6,827
Cash flows used in investing activities	**(9,509)**	**(1,136)**	(8,336)	(450)
Cash flows used in financing activities	**(24,357)**	**(4,512)**	(16,136)	(1,984)
Effect of exchange rate changes on cash and cash equivalents	**622**	**(7)**	(71)	31
Net increase (decrease) in cash and cash equivalents	**(P602)**	**P1,450**	P9,925	P4,424

6. Segment Information

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

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

The Food segment is engaged in (i) the processing and marketing of branded value-added refrigerated processed meats and canned meat products, manufacturing and marketing of butter, margarine, cheese, milk, ice cream, jelly-based snacks and desserts, specialty oils, salad aids, snacks and condiments, marketing of flour mixes and the importation and marketing of coffee and coffee-related products (collectively known as "Prepared and Packaged Food"); (ii) the production and sale of feeds ("Animal Nutrition and Health"); (iii) the poultry and livestock farming, processing and selling of poultry and fresh meats ("Protein"); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, food services, franchising and international operations ("Others").

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

The Spirits segment is engaged in the production of hard liquor in the form of gin, Chinese wine, brandy, rum, vodka and other hard liquor variants which are available nationwide, while some are exported to select countries.

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

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

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

Financial information about reportable segments follows:

		2024						
	Note	**Food**	**Beer and NAB**	**Spirits**	**Others***	**Total Reportable Segments**	**Eliminations**	**Consolidated**
Sales								
External		**P185,014**	**P153,355**	**P62,503**	**P -**	**P400,872**	**P -**	**P400,872**
Inter-segment		**2**	**7**	**2**	**15**	**26**	**(26)**	**-**
Total sales		**P185,016**	**P153,362**	**P62,505**	**P15**	**P400,898**	**(P26)**	**P400,872**
Expenses								
Inventories		**P125,049**	**P16,204**	**P17,603**	**P -**	**P158,856**	**(P11)**	**P158,845**
Excise taxes		**-**	**71,140**	**27,481**	**-**	**98,621**	**-**	**98,621**
Total expenses		**P125,049**	**P87,344**	**P45,084**	**P -**	**P257,477**	**(P11)**	**P257,466**
Results								
Segment operating result		**P13,301**	**P33,422**	**P8,596**	**P465**	**P55,784**	**P8**	**P55,792**
Interest expense and other financing charges								**(4,809)**
Interest income								**3,788**
Gain on sale of investments and property and equipment								**19**
Other income (charges) - net								**(1,123)**
Income tax expense								**(12,734)**
Net income								**P40,933**
Attributable to:								
Equity holders of the Parent Company								**P25,743**
Non-controlling interests								**15,190**
Net income								**P40,933**

Forward

		2024						
	Note	**Food**	**Beer and NAB**	**Spirits**	**Others***	**Total Reportable Segments**	**Eliminations**	**Consolidated**
Other Information								
Segments assets		**P162,818**	**P124,727**	**P28,180**	**P1,523**	**P317,248**	**(P4,434)**	**P312,814**
Investments		**52**	**15,832**	**1,500**	**358,390**	**375,774**	**(358,386)**	**17,388**
Right-of-use assets - net								**4,923**
Goodwill, trademarks and brand names								**38,163**
Other assets								**161**
Deferred tax assets								**3,657**
Consolidated total assets								**P377,106**
Segment liabilities		**P55,800**	**P21,518**	**P6,689**	**P4,089**	**P88,096**	**(P4,482)**	**P83,614**
Loans payable								**17,103**
Long-term debt								**79,980**
Lease liabilities								**5,599**
Income and other taxes payable								**10,034**
Dividends and interest payable								**564**
Deferred tax liabilities								**23**
Consolidated total liabilities								**P196,917**
Capital expenditures	*13*	**P10,632**	**P4,086**	**P1,957**	**P12**	**P16,687**	**P -**	**P16,687**
Depreciation of property, plant and equipment	*13, 25*	**4,043**	**1,945**	**661**	**-**	**6,649**	**-**	**6,649**
Non-cash items and others (excluding depreciation of property, plant and equipment)		**4,406**	**5,910**	**50**	**(45)**	**10,321**	**(21)**	**10,300**
Impairment losses		**1,048**	**713**	**-**	**-**	**1,761**	**-**	**1,761**

** Includes Parent Company and Nine Dots Media*

	Note	Food	Beer and NAB	Spirits	Others*	Total Reportable Segments	Eliminations	Consolidated
		2023						
Sales								
External		P178,845	P147,341	P53,636	P -	P379,822	P -	P379,822
Inter-segment		2	6	3	-	11	(11)	-
Total sales		P178,847	P147,347	P53,639	P -	P379,833	(P11)	P379,822
Expenses								
Inventories		P125,649	P16,503	P15,886	P -	P158,038	(P11)	P158,027
Excise taxes		-	67,829	22,991	-	90,820	-	90,820
Total expenses		P125,649	P84,332	P38,877	P -	P248,858	(P11)	P248,847
Segment operating result		P9,724	P31,408	P6,835	P444	P48,411	P -	P48,411
Interest expense and other financing charges								(4,752)
Interest income								3,067
Gain on sale of investments and property and equipment								(2)
Other charges - net								3,154
Income tax expense								(11,773)
Net income								P38,105
Attributable to:								
Equity holders of the Parent Company								P23,118
Non-controlling interests								14,987
Net income								P38,105

Forward

		2023						
	Note	Food	Beer and NAB	Spirits	Others*	Total Reportable Segments	Eliminations	Consolidated
Other Information								
Segments assets		P147,790	P118,036	P25,498	P1,426	P292,750	(P164)	P292,586
Investments		46	15,580	1,500	358,393	375,519	(358,391)	17,128
Right-of-use assets - net								4,633
Goodwill, trademarks and brand names								38,084
Other assets								135
Deferred tax assets								3,209
Consolidated total assets								P355,775
Segment liabilities		P43,750	P19,806	P6,554	P4,047	P74,157	(P134)	P74,023
Loans payable								14,684
Long-term debt								82,810
Lease liabilities								5,176
Income and other taxes payable								9,668
Dividends and interest payable								273
Deferred tax liabilities								26
Consolidated total liabilities								186,660
Capital expenditures	*13*	P11,192	P3,590	P1,454	P -	P16,236	P -	P16,236
Depreciation of property, plant and equipment	*13, 25*	3,472	1,875	615	-	5,962	-	5,962
Non-cash items and others (excluding depreciation of property, plant and equipment)		4,802	5,277	11	(10)	10,080	-	10,080
Impairment Losses		138	610	30	-	778	-	778

** Includes the Parent Company and Nine Dots*

					2022			
	Note	Food	Beer and NAB	Spirits	Others*	Total Reportable Segments	Eliminations	Consolidated
Sales								
External		P175,287	P136,230	P47,336	P -	P358,853	P -	P358,853
Inter-segment		1	5	5	-	11	(11)	-
Total sales		P175,288	P136,235	P47,341	P -	P358,864	(P11)	P358,853
Expenses								
Inventories		P121,496	P14,471	P14,326	P -	P150,293	(P11)	P150,282
Excise taxes		-	62,894	19,920	-	82,814	-	82,814
Total expenses		P121,496	P77,365	P34,246	P -	P233,107	(P11)	P233,096
Segment operating result		P12,782	P29,516	P5,987	P424	P48,709	P2	P48,711
Interest expense and other financing charges								(3,538)
Interest income								821
Gain on sale of investments and property and equipment								(2)
Other charges - net								(223)
Income tax expense								(11,104)
Net income								P34,665
Attributable to:								
Equity holders of the Parent Company								P22,263
Non-controlling interests								12,402
Net income								P34,665

Forward

		2022						
	Note	Food	Beer and NAB	Spirits	Others*	Total Reportable Segments	Eliminations	Consolidated
Other Information								
Segments assets		P151,470	P104,206	P19,348	P1,538	P276,562	(P82)	P276,480
Investments		23	15,617	1,500	358,566	375,706	(358,563)	17,143
Right-of-use assets – net								5,171
Goodwill, trademarks and brand names								38,101
Other assets								73
Deferred tax assets								2,510
Consolidated total assets								P339,478
Segment liabilities		P40,746	P18,886	P6,162	P4,024	P69,818	(P71)	P69,747
Loans payable								21,055
Long-term debt								78,239
Lease liabilities								5,473
Income and other taxes payable								5,474
Dividends and interest payable								394
Deferred tax liabilities								23
Consolidated total liabilities								P180,405
Capital expenditures	*13*	P16,629	P1,959	P990	P -	P19,578	P -	P19,578
Depreciation of property, plant and equipment	*13, 25*	2,895	1,834	565	-	5,294	-	5,294
Non-cash items and others (excluding depreciation of property, plant and equipment)		4,200	4,497	130	(5)	8,822	(2)	8,820
Impairment Losses		64	1,064	10	-	1,138	-	1,138

** Includes the Parent Company and Nine Dots*

Disaggregation of Revenue:

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

	Food			Beer and NAB			Spirits			Consolidated		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022
Sales recognized at point in time	**P184,990**	P178,824	P175,262	**P153,355**	P147,341	P136,230	**P62,503**	P53,636	P47,336	**P400,848**	P379,801	P358,828
Sales recognized over time	**24**	21	25	**-**	-	-	**-**	-	-	**24**	21	25
Total External Sales	**P185,014**	P178,845	P175,287	**P153,355**	P147,341	P136,230	**P62,503**	P53,636	P47,336	**P400,872**	P379,822	P358,853

7. Cash and Cash Equivalents

This account consists of:

	Note	**2024**	2023
Cash in banks and on hand		**P15,973**	P14,781
Short-term investments		**42,248**	42,226
	4, 33, 34	**P58,221**	P57,007

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 (Note 27).

8. Trade and Other Receivables

This account consists of:

	Note	**2024**	2023
Trade		**P26,621**	P23,078
Non-trade		**1,317**	1,592
Amounts owed by related parties	*30*	**2,659**	2,384
		30,597	27,054
Less allowance for impairment losses	*4*	**1,141**	1,185
	4, 33, 34	**P29,456**	P25,869

Trade receivables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade receivables include advances to contract growers and breeders, receivables from truckers and toll partners, insurance and freight claims, receivables from employees, interest and others.

The movements in the allowance for impairment losses are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P1,185**	P1,193
Provisions during year - net		**31**	113
Amounts written off	*4*	**(75)**	(121)
Balance at end of year		**P1,141**	P1,185

9. Inventories

This account consists of:

	Note	**2024**	2023
At net realizable value:			
Finished goods and goods in process		**P14,026**	P15,659
Materials and supplies		**33,556**	27,437
	4	**P47,582**	P43,096

The cost of inventories as at December 31 are as follows:

	2024	2023
Finished goods and goods in process	**P14,301**	P15,880
Materials and supplies	**33,783**	27,758
	P48,084	P43,638

The write-down of inventories amounted to P275, P200 and P126 in 2024, 2023 and 2022, respectively (Notes 4, 23 and 24). The Group has written off inventories amounting to P314, P97 and P198 in 2024, 2023 and 2022, respectively.

The allowance for write-down of inventories to net realizable value amounted to P502 and P542 as at December 31, 2024 and 2023, respectively.

The cost of inventories used recognized under "Cost of sales" account in consolidated statements of income amounted to P158,845, P158,027 and P150,282 in 2024, 2023 and 2022, respectively (Note 23).

The fair value of agricultural produce less costs to sell, which formed part of the cost of the finished goods inventory, amounted to P138 and P115 as at December 31, 2024 and 2023, respectively, with corresponding costs at point of harvest amounting to P113 and P107, respectively. Net unrealized gain on fair valuation of agricultural produce amounted to P25, P8 and P17 in 2024, 2023 and 2022, respectively (Note 22).

The fair values of marketable hogs and grown broilers, which comprised the Group's agricultural produce, are categorized as Level 1 and Level 3, respectively, in the fair value hierarchy based on the inputs used in the valuation techniques.

The valuation model used is based on the following: (a) quoted prices for harvested mature grown broilers at the time of harvest; and (b) quoted prices in the market at any given time for marketable hogs; provided that there has been no significant change in economic circumstances between the date of the transactions and the reporting date. Costs to sell are estimated based on the most recent transaction and is deducted from the fair value in order to measure the fair value of agricultural produce at point of harvest. The estimated fair value would increase (decrease) if weight and quality premiums increase (decrease) (Note 4).

10. Biological Assets

This account consists of:

	Note	2024	2023
Current:			
Growing stocks		**P2,446**	P2,608
Goods in process		**795**	907
		3,241	3,515
Noncurrent:			
Breeding stocks - net		**2,652**	2,667
	4	**P5,893**	P6,182

Growing stocks pertain to growing hogs and poultry livestock, while goods in process pertain to hatching eggs.

The amortization of breeding stocks recognized in the consolidated statements of income amounted to P3,339, P4,054 and P3,303 in 2024, 2023 and 2022 respectively (Note 25).

The movements in biological assets are as follows:

	Note	**2024**	2023
Cost			
Balance at beginning of year		**P6,210**	P6,116
Increase (decrease) due to:			
Production		**61,112**	62,668
Purchases		**897**	607
Mortality		**(338)**	(320)
Harvest		**(58,580)**	(58,792)
Retirement		**(3,394)**	(4,069)
Balance at end of year		**5,907**	6,210
Accumulated Amortization			
Balance at beginning of year		**28**	27
Amortization	*25*	**3,339**	4,054
Retirement		**(3,353)**	(4,053)
Balance at end of year		**14**	28
Carrying Amount		**P5,893**	P6,182

The Group harvested approximately 574 million and 540.4 million kilograms of grown broilers in 2024 and 2023, respectively, and 0.03 million and 0.04 million heads of marketable hogs in 2024 and 2023, respectively.

The aggregate fair value less estimated costs to sell of agricultural produce harvested during the year, determined at the point of harvest, amounted to P61,738 and P51,664 in 2024 and 2023, respectively.

11. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	**2024**	2023
Prepaid income tax	*36*	**P3,439**	P2,750
Input tax		**782**	1,913
Prepaid expenses	*30*	**797**	1,101
Restricted Cash	*33, 34*	**228**	271
Advances to contractors and suppliers		**151**	108
Derivative assets	*33, 34*	**85**	50
Others		**24**	23
		P5,506	P6,216

Prepaid expenses include prepaid rent, insurance, promotional expenses and various operating expenses.

Prepaid insurance and rent owed by related parties amounting to P271 and P281 as at December 31, 2024 and 2023, respectively (Note 30).

The methods and assumptions used to estimate the fair value of derivative assets are discussed in Note 34.

12. Investments

This account consists of:

	Note	**2024**	2023
Financial assets at amortized cost	*33, 34*	**P11,500**	P11,500
Financial assets at FVOCI	*33, 34*	**5,888**	5,628
Investments in joint ventures - net		**-**	-
	4	**P17,388**	P17,128

Financial Assets at Amortized Cost
As at December 31, 2024, the Group has investment in debt instruments amounting to P11,500, with interest rates from 5.78% to 7.85% and maturities up to 2029 (Note 33 and 34).

Financial Assets at FVOCI
The Group's financial assets at FVOCI pertain to investments in shares of stock and other equity securities.

The Group's financial assets at FVOCI are as follows:

	Note	**2024**	2023
Redeemable perpetual securities		**P5,785**	P5,580
Other equity securities		**103**	48
	33, 34	**P5,888**	P5,628

On August 4, 2020, SMB, through San Miguel Brewing International Ltd. (SMBIL), signed a subscription agreement with SMC for the subscription of the latter's redeemable perpetual securities (RPS) with aggregate face value amount of $100 or P4,850. The RPS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. SMBIL will have the right to receive distribution at 2.5% per annum, payable quarterly in arrears every November 5, February 5, May 5 and August 5 of each year commencing on November 5, 2020. SMC has a right to defer this distribution under certain conditions. SMBIL received dividend income amounting to P144, P139 and P136 for the years ended December 31, 2024, 2023 and 2022, respectively and are presented as part of "Other income - net" in the consolidated statements of income.

The methods and assumptions used to estimate the fair value of financial assets at FVOCI are discussed in Note 34.

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 GSMI 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.

The details of the investment in TSML which is accounted for using the equity method are as follows:

	2024	2023
Current assets	**P270**	P332
Noncurrent assets	**670**	683
Current liabilities	**(1,369)**	(1,320)
Net liabilities	**(429)**	(305)
Percentage of ownership	**44.9%**	44.9%
Amount of investment in joint venture	**P -**	P -
Carrying amount of investment in joint venture - net	**P -**	P -

	2024	2023
Sales	**P1**	P3
Cost of sales	**(44)**	(61)
Operating expenses	**(25)**	(171)
Other charges	**(37)**	(31)
Net loss	**(105)**	(260)
Percentage of ownership	**44.9%**	44.9%
Share in net loss	**(47)**	(117)
Share in other comprehensive loss	**-**	-
Total comprehensive loss	**(P47)**	(P117)

In 2019, the Group assessed that its investment in TSML is impaired. 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 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 P244 as at December 31, 2024 and 2023.

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 3).

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 P459 and P412 as at December 31, 2024 and 2023, respectively.

b. TGT

GSMI, through GSMIHL, 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 investment in TGT which is accounted for using the equity method are as follows:

	2024	2023
Current assets	**P19**	P18
Current liabilities	**(1,029)**	(989)
Net liabilities	**(1,010)**	(971)
Percentage of ownership	**44.9%**	44.9%
Amount of investment in joint venture	**P -**	P -
Carrying amount of investment in joint venture - net	**P -**	P -

	2024	2023
Sales	**P -**	P0.1
Cost of sales	**-**	(0.1)
Operating expenses	**(0.1)**	(0.2)
Net loss	**(0.1)**	(0.2)
Percentage of ownership	**44.9%**	44.9%
Share in net loss	**-**	-
Share in other comprehensive loss	**-**	-
Total comprehensive loss	**P -**	P -

GSMI discontinued recognizing its share in the net liabilities of TGT since the cumulative losses already exceeded the cost of investment. If TGT reports profits subsequently, GSMI 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 P295 as at December 31, 2024 and 2023.

13. Property, Plant and Equipment

This account consists of:

	Note	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Leasehold Improvements	Capital Projects in Progress	Total
Cost								
January 1, 2023		P16,593	P39,859	P93,749	P6,169	P1,789	P33,387	P191,546
Acquisition of a subsidiary		1,202	-	-	-	-	-	1,202
Additions		2	353	468	254	22	15,137	16,236
Disposals		(6)	(144)	(769)	(239)	(14)	(6)	(1,178)
Reclassifications		880	3,740	8,022	1,067	355	(14,526)	(462)
Currency translation adjustments		5	(127)	(346)	(4)	-	-	(472)
December 31, 2023		18,676	43,681	101,124	7,247	2,152	33,992	206,872
Acquisition of a subsidiary		121	-	-	-	-	-	121
Additions		2	255	141	180	4	16,105	16,687
Disposals		-	(19)	(483)	(200)	(1)	(3)	(706)
Reclassifications		791	6,033	6,970	897	165	(13,938)	918
Currency translation adjustments		61	330	775	21	-	7	1,194
December 31, 2024		**19,651**	**50,280**	**108,527**	**8,145**	**2,320**	**36,163**	**225,086**
Accumulated Depreciation								
January 1, 2023		1,764	12,358	52,604	3,549	512	-	70,787
Depreciation	*25*	218	1,189	3,775	678	102	-	5,962
Disposals		(6)	(101)	(672)	(232)	(14)	-	(1,025)
Reclassifications		(70)	(397)	27	29	(4)	-	(415)
Currency translation adjustments		1	(42)	(145)	(3)	-	-	(189)
December 31, 2023		1,907	13,007	55,589	4,021	596	-	75,120
Depreciation	*25*	198	1,364	4,196	783	108	-	6,649
Disposals		-	(19)	(391)	(193)	(1)	-	(604)
Reclassifications		-	1	(7)	(15)	-	-	(21)
Currency translation adjustments		2	150	384	15	-	-	551
December 31, 2024		**2,107**	**14,503**	**59,771**	**4,611**	**703**	**-**	**81,695**

Forward

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Leasehold Improvements	Capital Projects in Progress	Total
Accumulated Impairment Losses							
January 1, 2023	P -	P3,415	P10,659	P73	P1	P -	P14,148
Disposals	-	(42)	(79)	(6)	-	-	(127)
Currency translation adjustments	-	(72)	(196)	(1)	-	-	(269)
December 31, 2023	-	3,301	10,384	66	1	-	13,752
Impairment	-	460	168	45	-	-	673
Disposals	-	-	(91)	(1)	-	-	(92)
Currency translation adjustments	-	104	361	3	-	-	468
December 31, 2024	**-**	**3,865**	**10,822**	**113**	**1**	**-**	**14,801**
Carrying Amount							
December 31, 2023	P16,769	P27,373	P35,151	P3,160	P1,555	P33,992	P118,000
December 31, 2024	**P17,544**	**P31,912**	**P37,934**	**P3,421**	**P1,616**	**P36,163**	**P128,590**

Depreciation recognized in the consolidated statements of income amounted to P6,649, P5,962 and P5,294 in 2024, 2023 and 2022, respectively (Note 25).

The Group has interest amounting to P1,409, P1,155 and P753 which were capitalized in 2024, 2023 and 2022, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 5.79% to 6.84%, 3.35% to 6.84% and 3.35% to 4.47% in 2024, 2023 and 2022, respectively. The unamortized capitalized borrowing costs amounted to P4,866 and P3,092 as at December 31, 2024 and 2023, respectively.

Certain fully depreciated property, plant and equipment with aggregate cost of P46,262 and P42,833 as at December 31, 2024 and 2023, respectively, are still being used in the Group's operations.

In 2024, SMBHK identified a shortfall in the actual results against previous forecasts due to various factors, including but not limited to, a decline in demand for its own brewed products in light of fierce market competition and more outbound travel spending. Indicators of impairment existed for the noncurrent assets employed in the manufacturing operations in Hong Kong, comprising primarily the production plant and machineries.

SMBHK determined the recoverable amount of the cash-generating unit to which these assets belong to amounted to P1,706 as at December 31, 2024, which is lower than the carrying amount. Based on management's assessment, impairment loss of P673 was recognized in property, plant and equipment employed in the SMBHK's production plant and presented as part of "Impairment losses on noncurrent assets" under "Other income and charges" account in the consolidated statements of income (Note 27). The recoverable amount of the SMBHK's production plant has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on the business forecasts approved by management covering a period of five years. Cash flows beyond the five-year period are extrapolated using a steady annual growth rate. The pre-tax discount rate used in the value-in-use calculation is 13.3% as at December 31, 2024. As the carrying amount of the SMBHK's production plant has been reduced to its recoverable amount, any adverse change in the assumptions used in the value-in-use calculation would result in further impairment losses.

14. Right-of-Use Assets

The movements in this account are as follows:

	Note	Land, Land and Leasehold Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Total
Cost						
January 1, 2023		P5,036	P2,564	P34	P439	P8,073
Additions		11	163	-	30	204
Disposals/reclassifications		70	(394)	-	(103)	(427)
Currency translation adjustments		(23)	3	2	1	(17)
December 31, 2023		5,094	2,336	36	367	7,833
Additions		247	788	3	4	1,042
Disposals/reclassifications		(96)	(303)	-	(1)	(400)
Currency translation adjustments		48	-	2	-	50
December 31, 2024		**5,293**	**2,821**	**41**	**370**	**8,525**
Accumulated Depreciation						
January 1, 2023		1,266	1,114	8	426	2,814
Depreciation	*25*	286	368	5	19	678
Reclassifications		24	(285)	-	(105)	(366)
Currency translation adjustments		(12)	(2)	-	-	(14)
December 31, 2023		1,564	1,195	13	340	3,112
Depreciation	*25*	291	545	5	17	858
Reclassifications		(51)	(431)	-	(1)	(483)
Currency translation adjustments		22	-	1	-	23
December 31, 2024		**1,826**	**1,309**	**19**	**356**	**3,510**
Accumulated Impairment Losses						
January 1 and December 31 2023		88	-	-	-	88
Currency translation adjustments		4	-	-	-	4
December 31, 2024		**92**	**-**	**-**	**-**	**92**
Carrying Amount						
December 31, 2023		P3,442	P1,141	P23	P27	P4,633
December 31, 2024		**P3,375**	**P1,512**	**P22**	**P14**	**P4,923**

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 more than one to fifty 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 recognized interest expense related to these leases amounting to P424, P381 and P403 in 2024, 2023 and 2022, respectively (Note 27). 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 expenses relating to short-term leases and leases of low-value assets amounted to P272, P365 and P368 in 2024, 2023 and 2022, respectively.

The Group had total cash outflows for leases of P1,797, P1,476 and P1,439 in 2024, 2023 and 2022 respectively (Note 32).

15. Investment Property

The movements in this account are as follows:

	Note	Land and Land Improvements	Land Use Rights	Buildings and Improvements	Total
Cost					
January 1, 2023		P2,804	P732	P888	P4,424
Disposals		(3)	-	-	(3)
Reclassifications		(58)	-	10	(48)
Currency translation adjustments		-	(6)	(7)	(13)
December 31, 2023		2,743	726	891	4,360
Additions		1	-	-	1
Reclassification		41	-	-	41
Currency translation adjustments		-	37	41	78
December 31, 2024		**2,785**	**763**	**932**	**4,480**
Accumulated Depreciation					
January 1, 2023		-	309	469	778
Depreciation	*25*	-	17	21	38
Reclassification		-	-	5	5
Currency translation adjustments		-	(3)	(3)	(6)
December 31, 2023		-	323	492	815
Depreciation	*25*	-	18	22	40
Currency translation adjustments		-	17	24	41
December 31, 2024		**-**	**358**	**538**	**896**
Accumulated Impairment Losses					
December 31, 2023 and 2024		8	-	-	8
Carrying Amount					
December 31, 2023		P2,735	P403	P399	P3,537
December 31, 2024		**P2,777**	**P405**	**P394**	**P3,576**

No impairment loss was recognized in 2024, 2023 and 2022.

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2023, 2022 and 2021.

The fair value of investment property amounting to P14,679 and P13,324 as at December 31, 2024 and 2023, respectively, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 4).

The fair value of investment property was determined either by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers or the credit management group provide the fair value of the Group's investment property on a regular basis.

Valuation Technique and Significant Unobservable Inputs
The valuation of investment property applied the following approaches:

Sales Comparison Approach. The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. 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.

Income Approach. The rental value of the subject property was determined using the Income Approach. Under the Income Approach, the market value of the property is determined first, and then proper capitalization rate is applied to arrive at its rental value. The rental value of the property is determined on the basis of what a prudent lessor or a prospective lessee are willing to pay for its use and occupancy considering the prevailing rental rates of similar property and/or rate of return a prudent lessor generally expects on the return on its investment. A study of current market conditions indicates that the return on capital for similar real estate investment ranges from 3% to 5%.

The valuation using the Income Approach considers the capitalization of net rent income receivable from existing tenancies and the reversionary value of the property after tenancies expire by reference to market sales transactions. The significant unobservable input in the fair value measurement is the discount rate, which ranged from 2% to 4% in 2024 and 2023.

16. Goodwill and Other Intangible Assets

This account consists of:

	2024	2023
Goodwill	**P996**	P996
Other intangible assets	**39,665**	39,444
	P40,661	P40,440

Other intangible assets consist of:

	2024	2023
Trademarks and brand names	**P37,108**	P37,030
License	**2,243**	2,133
Computer software and licenses	**249**	216
Formulas and recipes	**58**	58
Franchise	**7**	7
	P39,665	P39,444

The movements in other intangible assets with indefinite useful lives are as follows:

	Trademarks and Brand Names	License	Formulas and Recipes and Franchise	Total
Cost				
January 1, 2023	P37,301	P2,126	P65	P39,492
Cumulative translation adjustments	(19)	7	-	(12)
December 31, 2023	37,282	2,133	65	39,480
Cumulative translation adjustments	91	110	-	201
December 31, 2024	**37,373**	**2,243**	**65**	**39,681**
Accumulated Impairment Losses				
January 1, 2023	254	-	-	254
Cumulative translation adjustments	(2)	-	-	(2)
December 31, 2023	252	-	-	252
Cumulative translation adjustments	13	-	-	13
December 31, 2024	**265**	**-**	**-**	**265**
Carrying Amount				
December 31, 2023	P37,030	P2,133	P65	P39,228
December 31, 2024	**P37,108**	**P2,243**	**P65**	**P39,416**

The movements in other intangible assets with finite useful lives are as follows:

	Note	Computer Software and Licenses
Cost		
January 1, 2023		P1,346
Additions		111
Disposals/reclassifications		29
Cumulative translation adjustments		(1)
December 31, 2023		1,485
Additions		107
Disposals/reclassifications		-
Cumulative translation adjustments		7
December 31, 2024		**1,599**
Accumulated Amortization		
January 1, 2023		1,214
Amortization	*25*	52
Disposals/reclassifications		(1)
Cumulative translation adjustments		(1)
December 31, 2023		1,264
Amortization	*25*	77
Disposals/reclassifications		(1)
Cumulative translation adjustments		5
December 31, 2024		**1,345**
Accumulated Impairment Losses		
December 31, 2023 and 2024		5
Carrying Amount		
December 31, 2023		P216
December 31, 2024		**P249**

Goodwill, trademarks and brand names, license, formulas and recipes, and franchise with indefinite lives acquired through business combinations, have been allocated to individual cash-generating units, for impairment testing as follows:

	2024		2023	
	Goodwill	**Trademarks and Brand Names, License, Formulas and Recipes and Franchise**	Goodwill	Trademarks and Brand Names, License, Formulas and Recipes and Franchise
Parent	**P -**	**P3,189**	P -	P3,189
Food	**177**	**162**	P177	163
Spirits	**819**	**-**	819	-
Beer and NAB	**-**	**36,065**	-	35,876
Total	**P996**	**P39,416**	P996	P39,228

Goodwill
The recoverable amount of goodwill has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit to arrive at its terminal value. The growth rates used which range from 1% to 5% and 3% to 5% in 2024 and 2023, respectively, are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections ranged from 7.5% to 9% in 2024 and 8% to 11% in 2023. 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).

No impairment loss was recognized for goodwill in 2024, 2023 and 2022.

Trademarks and Brand Names
The recoverable amount of trademarks and brand names has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. The growth rates used which range from 2% to 12% and 2% to 5% in 2024 and 2023, respectively, are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections range from 7% to 12% in 2024 and 2023. The recoverable amount of trademarks and brand names has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

Management's calculations are updated to reflect the most recent developments as at reporting date. Management's expectations reflect performance to date and are based on its experience in times of recession and consistent with the assumptions that a market participant would make.

License
The recoverable amount of the license has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. In 2024 and 2023, the 3% growth rate used is consistent with the long-term average growth rates for the industry. The discount rates applied to after tax cash flow projections range from 5.3% to 6.1% in 2024 and 5.0% to 7.0% in 2023.

No impairment loss was recognized in the value of licenses in 2024 and 2023.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts is based would not cause their carrying amounts to exceed their recoverable amounts.

The calculations of value in use (terminal value) 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 Rate. The risk-adjusted weighted average cost of capital is used 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 investment proposals.

Raw Material Price Inflation. Consumer price forecast is obtained from indices during the budget period from which raw materials are purchased. Values assigned to key assumptions are consistent with external sources of information.

17. Other Noncurrent Assets

This account consists of:

	Note	**2024**	2023
Deferred containers - net	*4*	**P26,872**	P24,910
Deposits on land for future development		**1,938**	2,442
Idle assets - net		**812**	1,327
Noncurrent receivables and deposits	*4, 30, 33, 34*	**244**	183
Others	*29, 30*	**1,601**	1,410
		P31,467	P30,272

"Others" include pallets, kegs and CO2 cylinders, defined benefit retirement asset and other noncurrent assets.

"Noncurrent receivables and deposits" and "Others" accounts include amounts owed by related parties amounting to P507 and P317 as at December 31, 2024 and 2023, respectively (Note 30).

The methods and assumptions used to estimate the fair values of noncurrent receivables and deposits are discussed in Note 34.

The movements in the deferred containers are as follows:

	Note	2024	2023
Cost			
Balance at beginning of year		**P50,786**	P46,063
Additions		**7,838**	6,948
Disposals/reclassifications		**(1,247)**	(2,259)
Currency translation adjustments		**(4)**	34
Balance at end of year		**57,373**	50,786
Accumulated Depreciation			
Balance at beginning of year		**24,948**	20,510
Depreciation	*25*	**5,548**	5,039
Disposals/reclassifications		**(538)**	(596)
Currency translation adjustments		**(1)**	(5)
Balance at end of year		**29,957**	24,948
Accumulated Impairment			
Balance at beginning of year		**928**	1,091
Impairment		**-**	487
Disposals/reclassification		**(384)**	(650)
Balance at the end of year		**544**	928
		P26,872	P24,910

Idle assets, net of accumulated depreciation and impairment amounted to P812 and P1,327 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of idle assets amounted to P2,356 and P2,374 as at December 31, 2024 and 2023, respectively. Accumulated impairment loss on idle assets amounted to P1,222 and P438 as at December 31, 2024 and 2023, respectively.

In 2024, based on management's assessment certain idle assets consisting of buildings and improvements and machinery and equipment with carrying amount of P784 is higher compared to the recoverable amount. Impairment loss amounted to P784 was recognized due to discontinued hog farm operations and indefinitely suspended capital projects and is presented as part of "Reversal (provision) on impairment" under "Other income and charges" account in the consolidated statements of income (Note 27).

18. Loans Payable

This account consists of peso-denominated short-term borrowings amounted to P17,103 and P14,684 as at December 31, 2024 and 2023, respectively (Notes 33 and 34)

Loans payable mainly represent unsecured peso currency-denominated amounts obtained from local banks. Interest rates for peso-denominated loans ranged from 4.25% to 6.10% and 4.75% to 6.85% in 2024 and 2023, respectively (Note 27).

Changes in liabilities arising from financing activities are as follows:

	2024	2023
Balance as at January 1	**P14,684**	P21,055
Changes from Financing Activities		
Proceeds from borrowings	**304,824**	227,369
Payments of borrowings	**(302,405)**	(233,740)
Total Changes from Financing Activities	**2,419**	(6,371)
Balance as at December 31	**P17,103**	P14,684

19. Trade Payables and Other Current Liabilities

This account consists of:

	Note	**2024**	2023
Trade		**P15,315**	P11,887
Non-trade		**34,141**	27,912
Amounts owed to related parties	*30*	**17,216**	17,032
Derivative liabilities	*33, 34*	**150**	80
Containers deposit		**7,810**	6,730
Others		**1,784**	1,647
	33, 34	**P76,416**	P65,288

Trade payables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade payables include accruals for various selling and administrative expenses.

"Others" include accruals for payroll, interest, repairs and maintenance, freight, trucking and handling and other payables.

The methods and assumptions used to estimate the fair value of derivative liabilities are discussed in Note 34.

20. Long-term Debt

This account consists of:

	Note	2024	2023
Bonds:			
Series H bonds, fixed interest rate of 6.00% maturing in 2024 *(a)*		**P -**	P2,538
Series A bonds, fixed interest rates of 5.05% maturing 2025 *(b)*		**7,995**	7,973
Series B bonds, fixed interest rates of 5.25% maturing 2027 *(b)*		**6,968**	6,954
Term note:			
Fixed interest rate of 3.80% to 6.84% with maturities up to 2031 (*c*)		**38,756**	38,789
Fixed interest rate of 3.5483% maturing in 2029 (*d*)		**9,662**	9,804
Floating interest rate based on 3-month BVAL plus margin or 28-day BSP Term Deposit Auction Facility (BSP TDF) plus margin, whichever is higher, maturing in 2029 (*d*)		**7,729**	7,842
Fixed interest rate of 3.2840% with maturities up to 2026 (*e*)		**1,889**	1,940
Fixed interest rate of 3.846% (*f*)		**6,981**	6,970
	33, 34	**79,980**	82,810
Less current maturities		**12,328**	12,871
		P67,652	P69,939

Bonds

(a) The amount represents unsecured long-term debt incurred by SMB to support the redemption of the Series B bonds which matured on April 4, 2014.

SMB's Philippine peso-denominated fixed rate bonds are comprised of the Series H bonds in the aggregate principal amount of P2,538 which were part of SMB's P15,000 bonds (P15,000 Bonds) which were issued on April 2, 2014 (P15,000 Bonds Issue Date) and matured on April 2, 2024.

The P15,000 Bonds originally consisted of the Series G bonds (with a term of seven years from the P15,000 Bonds Issue Date) and Series H bonds (with a term of ten years from the P15,000 Bonds Issue Date) which were sold to the public pursuant to a registration statement that was rendered effective, and permit to sell issued, by the SEC on March 17, 2014 and were listed on the PDEx for trading on April 2, 2014. Interest on the P15,000 Bonds are paid every April 2 and October 2 of each year. The Series G bonds with an aggregate principal amount of P12,462 matured on April 5, 2021 while the Series H bonds with an aggregate principal amount of P2,538 matured on April 2, 2024 and were accordingly redeemed by SMB on the said dates using proceeds from term loans and available cash.

Under the trust agreement for the Series H bonds, SMB is required to comply with two financial covenants: minimum interest coverage ratio of 4.75 and maximum debt to equity ratio of 3.5, as well as non-financial covenants, such as among others, covenants relating to continued compliance with applicable laws; restrictions on engaging in businesses other than those prescribed under its articles of incorporation, merger and consolidation, disposal of all or substantially all of its assets, payment of dividends and redemption of capital stock in the event of default; maintenance of equality in priority of obligations; and negative pledge. As at December 31, 2023, SMB was in compliance with its covenants for the Series H bonds.

(b) On February 21, 2020, the SEC issued to SMFB the Permit to Sell P15,000 fixed rate bonds, consisting of five-year Series A Bonds due 2025 and seven-year Series B Bonds due in 2027.

The bonds were issued and listed in the PDEx on March 10, 2020.

The proceeds were used to redeem the outstanding FBP2 Shares and payment of transaction-related fees, costs and expenses.

The Series A bonds will mature and paid on March 10, 2025.

The Series A Bonds and Series B Bonds have fixed interest rate equivalent to 5.050% per annum and 5.250% per annum, respectively and are carried at amortized cost. Unamortized debt issue costs as of December 31, 2024 and 2023 amounted to P5 and P27, and P32 and P49 for Series A and Series B, respectively.

Term Note

(c) On December 10, 2024, the SMB entered into separate agreements for unsecured, long-term, interest-bearing loans with local banks amounting to P5,000 (P5,000 Loan), P2,000 (P2,000 Loan), and P3,000 (P3,000 Loan) to refinance the maturity of the term loan amounting to P10,000 which matured on December 26, 2024. The loans are carried at amortized cost and bear annual interest rate at Philippine peso fixed-rate of 6.57%. The interest rates are subject to repricing on the first and third anniversary from the initial drawdown date. The P5,000 Loan and P2,000 Loan are payable in five years and will mature in December 2029, while the P3,000 Loan is payable in seven years and will mature in December 2031.

On December 19, 2022, SMB entered into an agreement for an unsecured, long-term, interest-bearing loan with a local bank amounting to P10,000 to finance its capital expenditures. On December 20, 2022, SMB availed of P5,000 from the P10,000 loan facility. The loan is carried at amortized cost and bears annual interest rate at Philippine peso fixed-rate of 6.84% for two years, subject to repricing thereafter. The loan is payable in five years and will mature in December 2027. On February 21, 2023, SMB availed of P5,000 from the P10,000 loan facility. The loan is carried at amortized cost and bears annual interest rate at Philippine peso fixed-rate of 6.53% for two years, subject to repricing thereafter. The loan is payable in four years and ten months and will mature in December 2027.

On March 21, 2022, SMB entered into an agreement for an unsecured, long-term, interest-bearing loan with a local bank amounting to P4,000 and P3,000 to be used to refinance the maturity of the Series F bonds which matured on April 4, 2022. The loans are carried at amortized cost and bears annual interest rates at Philippine peso fixed rate of 4.63% and 5.75%, respectively. The loans are payable in three years and five years, respectively, and will mature in April 2025 and April 2027, respectively.

On March 25, 2021, SMB entered into separate agreements for unsecured, long-term, interest-bearing loans with several local banks amounting in total to P12,000 to be used to refinance the maturity of the Series G bonds which matured on April 5, 2021 and/or general corporate purposes. The loans are carried at amortized cost and bears annual interest rates at Philippine peso fixed-rate ranging from 3.80% to 4.15%. The P10,000 of the P12,000 loan is payable in five years and will mature in April 2026, while the remaining P2,000 is payable in seven years and will mature in April 2028, in accordance with the terms of the loan agreements.

On December 19, 2019, SMB entered into an agreement for an unsecured, long-term, interest-bearing loan with a local bank amounting to P10,000 to be used for general corporate purposes. The loan is carried at amortized cost and bears annual interest rate at Philippine peso fixed-rate of 4.63%. The loan is payable in five years and matured in December 2024.

Unamortized debt issue costs amounted to P164 and P154 as at December 31, 2024 and 2023, respectively.

(d) On December 3, 2019, SMFI entered into an unsecured, long-term, interest-bearing loan from a local bank amounting to P18,000 for the purpose of refinancing its existing short-term loan obligations, funding capital expansion projects and for other general corporate requirements. On December 12, 2019, P10,000 was initially drawn down from the credit facility and the remaining balance of P8,000 were availed in various dates during 2020. The loan is payable for ten years, in quarterly installments which will commence in March 2023. The loan is initially subject to a floating interest rate based on BVAL plus margin or BSP TDF overnight rate plus margin, whichever is higher with a one-time option to convert to fixed rate within two years.

On December 14, 2020, SMFI exercised its one-time option to convert its P10,000 loan to fixed interest rate.

Unamortized debt issue costs amounted to P73 and P86 as at December 31, 2024 and 2023, respectively.

(e) On December 11, 2019, SMMI entered into an unsecured, long-term, interest-bearing loan from a local bank amounting to P2,000 for the purpose of refinancing its existing short-term loans and used for general corporate requirements. On December 19, 2019, the loan was drawn down from the credit facility. The loan is carried at amortized cost, is initially priced on a floating rate basis, and bears an annual interest rate at Philippine peso rate of 4.72%. The loan is payable for seven years, in quarterly installments which will commence in March 2023. The loan is subject to a floating interest rate based on BVAL plus margin or BSP TDF overnight rate plus margin, whichever is higher with a one-time option to convert to a fixed interest rate within two years which is based on the applicable 7-Year PHP BVAL + 0.60%, payable quarterly and fixed for the entire term of the loan.

On December 19, 2020, the SMMI exercised its one-time option to convert to fixed interest rate for its P2,000 loan.

Unamortized debt issue costs amounted to P4 and P6 as at December 31, 2024 and 2023, respectively.

(f) On September 24, 2021, PF-Hormel entered into an unsecured, long-term, interest-bearing loan from a local bank amounting to P7,000 for general corporate purposes, including but not limited to, the refinancing of existing indebtedness for borrowed money and/or capital expenditure. On September 29, 2021, the total amount of loan was withdrawn from credit facility. The loan shall be for a term of five years from the borrowing date and shall be payable in lump sum on the maturity date. Interest on the unpaid principal of the loan is payable on each interest payment date for the relevant interest period then ending.

Unamortized debt issue costs amount to P19 and P30 as of December 31, 2024 and 2023, respectively.

The Group is in compliance with the covenants of the debt agreements as at December 31, 2024 and 2023.

SMB

SMB is required to comply with two financial covenants: minimum interest coverage ratio of 4.75 for loans secured in 2019 and 2.0 for loans secured in 2022, 2023 and 2024, and maximum debt to equity ratio of 3.5 for all loans secured, as well as non-financial covenants, such as among others, covenants relating to continued compliance with applicable laws; restrictions on engaging in businesses other than those prescribed under its articles of incorporation, merger and consolidation, disposal of all or substantially all of material operating assets, payment of dividends, redemption of capital stock and management bonuses and profits in the event of default; maintenance of equality in priority of obligations; and negative pledge.

SMFB

SMFB has to ensure that its debt-to-equity ratio will not exceed 3.5 times and EBITDA to interest expense ratio will not fall below 2.0 times. This loan defined total debt as all interest-bearing obligations evidenced by bonds, debentures, notes or other similar instruments while equity is total equity as shown in the consolidated statements of financial position. SMFB complied with the above requirements in 2024 and 2023 with a debt-to-equity ratio of 0.57 and 0.61 as at December 31, 2024, and 2023, respectively, and EBITDA to interest expense ratio of 15.20 and 14.06 as at December 31, 2024 and 2023, respectively.

SMFI

SMFI has to ensure that its debt-to-equity ratio will not exceed 3.5 times and EBITDA to interest coverage ratio will not fall below 2.0 times. This loan defined total debt as the aggregate amount (without duplication) of all debt of SMFI while equity is the total assets minus total liabilities plus deposit for future subscription as reported in the separate statements of financial position. SMFI complied with the above requirements with a debt-to-equity ratio of 0.85 and 0.77 as at December 31, 2024 and 2023, respectively, and EBITDA to interest coverage ratio of 17.20 and 22.93 as at December 31, 2024 and 2023, respectively.

SMMI

SMMI has to ensure that its debt-to-equity ratio will not exceed 3.5 times and EBITDA to interest coverage ratio will not fall below 2.0 times. This loan defined total debt as the aggregate amount (without duplication) of all debt of SMMI while equity is the total assets minus total liabilities as reported in the separate statements of financial position. SMMI complied with the above requirements with a debt-to-equity ratio of 0.58 and 0.88 as at December 31, 2024 and 2023, respectively, and EBITDA to interest coverage ratio of 10.95 and 5.88 as at December 31, 2024 and 2023, respectively.

PF-Hormel

PF-Hormel has to ensure that its debt-to-equity ratio will not exceed 3.5 times and EBITDA to interest coverage ratio will not fall below 2.0 times. This loan defined total debt as the aggregate amount (without duplication) of all debt of PF-Hormel while equity is the total assets minus total liabilities plus deposit for future subscription as reported in the separate statements of financial position. PF-Hormel complied with the above requirements with a debt-to-equity ratio of 0.89 and 0.83 as at December 31, 2024 and 2023 and EBITDA to interest coverage ratio of 13.53 and 8.47 as at December 31, 2024 and 2023, respectively.

Interest expense recognized in the consolidated statements of income follows:

	Note	**2024**	2023	2022
Bonds		**P811**	P924	P1,040
Term note		**2,515**	2,437	1,519
	27	**P3,326**	P3,361	P2,559

The movements in debt issue costs are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P350**	P434
Additions		**75**	38
Amortization	*27*	**(125)**	(122)
Balance at end of year		**P300**	P350

Changes in liabilities arising from financing activities are as follows:

	2024	2023
Balance as at January 1	**P82,810**	P78,239
Changes from Financing Activities		
Proceeds from borrowings	**9,925**	4,963
Payments of borrowings	**(12,880)**	(514)
Total Changes from Financing Activities	**(2,955)**	4,449
Others	**125**	122
Balance as at December 31	**P79,980**	P82,810

Repayment Schedule
The annual maturities of long-term debt are as follows:

Year	Gross Amount	Debt Issue Costs	Net
2025	P12,342	P14	P12,328
2026	19,008	39	18,969
2027	20,270	95	20,175
2028	2,268	7	2,261
2029 and thereafter	26,392	145	26,247
	P80,280	**P300**	**P79,980**

Contractual terms of the Group's interest-bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 33.

21. Equity

Capital Stock
As at December 31, 2024 and 2023, the Parent Company's common stock, at P1.00 par value per common share, consists of the following number of shares:

	2024	2023	2022
Issued shares at beginning of year	**5,951,297,670**	5,951,297,670	5,951,297,670
Treasury shares	**(42,077,580)**	(42,077,580)	(42,077,580)
Issued and outstanding at end of year	**5,909,220,090**	5,909,220,090	5,909,220,090
Authorized shares	**11,600,000,000**	11,600,000,000	11,600,000,000

As at December 31, 2024 and 2023, the Parent Company's preferred stock, at P10.00 par value per preferred share, consists of the following number of shares:

	2024	2023	2022
Issued shares at beginning of year	**30,000,000**	30,000,000	30,000,000
Treasury shares	**(30,000,000)**	(30,000,000)	(30,000,000)
Issued and outstanding at end of year	**-**	-	-
Authorized shares	**40,000,000**	40,000,000	40,000,000

Common Shares
As at December 31, 2016, prior to business reorganization, the Parent Company has a total of 166,667,096 issued and outstanding common shares held by a total of 132 common stockholders.

On November 3, 2017, the BOD of SMC approved the internal restructuring to consolidate its food and beverage businesses under SMFB. The corporate reorganization is expected to result in synergies in the food and beverage business units of the San Miguel Group, unlock greater shareholder value by providing a sizeable consumer vertical market under SMC, and provide investors direct access to the consumer business of the San Miguel Group through SMFB.

In this connection, the following corporate actions were approved by the BOD of the Parent Company on November 3, 2017: (a) amendments to the Articles of Incorporation to change/expand the primary purpose of SMFB to include the beverage business and accordingly change its corporate name from “San Miguel Pure Foods Company Inc.” to "San Miguel Food and Beverage, Inc.", reduce the par value of SMFB’s common shares from P10.00 per share to P1.00 per share, and deny pre-emptive rights for issuances or dispositions of all common shares (collectively, the “First Amendments”); (b) upon approval by the SEC of the First Amendments, the increase in SMFB’s authorized capital stock by P9,540 divided into 9,540,000,000 common shares with a par value of P1.00 per share, and the amendment to the Articles of Incorporation to reflect such increase (the “Increase”); (c) the acquisition of all of SMC’s common shares in San Miguel Brewery Inc. (SMB) and Ginebra San Miguel Inc. (GSMI) (collectively, the “Exchange Shares”) and issuance by SMFB of 4,242,549,130 new common shares (the “New Shares”) to SMC from the Increase, as consideration for the Exchange Shares; (d) the tender offer for SMB and GSMI shares held by minority shareholders, if required; and the listing on the PSE of the additional shares resulting from the reduction of par value of common shares and the New Shares to be issued to SMC.

On January 18, 2018, the stockholders of SMFB, in its special stockholders’ meeting, approved the foregoing corporate actions.

On March 14, 2018, the following amendments to the By-laws of SMFB were approved by the BOD of the Parent Company: (i) the change in corporate name to “San Miguel Food and Beverage, Inc.” in the Title of the By-laws; (ii) the change in Official Seal of SMFB to reflect the said new corporate name in Article XI of the By-laws; and (iii) the disqualification for director in SMFB to the effect that persons engaged in any business that competes with or is antagonistic to that of SMFB are disqualified from sitting in the BOD of SMFB, in Article II, Section 1 of the By-laws (collectively, the “Corporate Name Related Amendments”).

On March 23, 2018, the SEC approved the First Amendments to the Articles of Incorporation of SMFB.

On April 5, 2018, SMC and SMFB signed the Deed of Exchange of Shares pursuant to which SMC will transfer to SMFB the Exchange Shares at the total transfer value of P336,349. As consideration for its acquisition of the Exchange Shares, SMFB shall issue unto SMC the New Shares which will be taken out of the Increase. As such, the issuance of the New Shares to SMC and the transfer of the Exchange Shares to SMFB were conditioned upon the approval by the SEC of the Increase.

On May 11, 2018, the stockholders of SMFB, in its regular stockholders’ meeting, approved the: (i) amendments to the By-laws of SMFB to reflect the Corporate Name Related Amendments, and (ii) delegation to management of the authority previously approved by the BOD on March 14, 2018, to sign, execute and deliver all documents on behalf of SMFB, as well as to take all other actions in order for SMFB to comply with the minimum public ownership requirement of the SEC and PSE for publicly listed companies, including the offer and issuance of new common shares to the public.

On June 18, 2018, the SEC approved the Corporate Name Related Amendments to the By-laws of SMFB.

On June 29, 2018, the SEC approved the Increase by virtue of the issuance to SMFB of the Certificate of Approval of Increase of Capital Stock and Certificate of Filing of Amended Articles of Incorporation. As a result of the approval of the Increase, which involved the issuance by SMFB of the New Shares to SMC in consideration for the Exchange Shares, the consolidation of the food and beverage businesses of SMC under SMFB was completed.

With the approval of the Increase, the SEC consequently accepted and approved the transfer value of the Exchange Shares amounting to P336,349, the investment value of SMFB in SMB and GSMI.

As the issuance of the New Shares resulted in SMFB's public ownership level falling below the minimum ten percent (10%) requirement under the PSE's Amended Rule on Minimum Public Ownership ("MPO Rule"), the PSE suspended the trading of SMFB's common and preferred shares (collectively, the "FB Shares") commencing July 6, 2018 and until SMFB is able to secure a favorable ruling/opinion from the Bureau of Internal Revenue (BIR) on the appropriate taxes to be imposed on the trades of FB Shares through the PSE during the period not exceeding six months (the "MPO Exemption Period").

On July 20, 2018, SMFB received BIR Ruling No. 1092-2018 which confirmed that the share swap and the follow-on offer of common shares and all trades of FB Shares through the PSE during the MPO Exemption Period are not subject to capital gains tax of 15% under of Revenue Regulations (RR) No.16-2012 as amended by RR No. 11-2018 (TRAIN Law), and that the stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) shall be imposed on all trades through the PSE of FB Shares during the same period. The temporary exemption is effective until December 31, 2018. On July 23, 2018, the PSE lifted the trading suspension of FB Shares.

On September 19, 2018, SMFB filed with the PSE an Application for Listing of Stocks, for the listing of the New Shares issued by SMFB to SMC. The PSE issued a Notice of Approval for the listing of the New Shares on November 5, 2018 and such shares were listed with the PSE effective November 9, 2018.

On October 12, 2018, the BIR issued BIR Certification No. 010-2018, which confirmed the tax-free transfer by SMC of the Exchange Shares, in consideration for the New Shares. On October 31, 2018, the BIR issued the Electronic Certificate Authorizing Registration (eCAR) covering this transaction. The Exchange Shares were issued and registered in the name of SMFB in the stock and transfer books of SMB and GSMI, as the case may be, on November 5, 2018.

On October 26, 2018, the SEC issued the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale relating to the offer of up to 1,020,050,000 common shares in SMFB owned by SMC in a secondary sale transaction to institutional investors inclusive of the PSE Trading Participants' share allocation at an offer price of P85.00 per share.

On November 12, 2018, the secondary offering was completed. A total of 400,940,590 SMFB common shares plus the over-allotment option of 60,141,090 SMFB common shares owned by SMC have been sold at a price of P85.00 per share to institutional investors inclusive of the PSE Trading Participants' share allocation, for a total amount of P39,192 million. With the completion of the offering, SMFB is compliant with the MPO Rule.

As at December 31, 2024 and 2023, the Parent Company has a total of 183 and 178 common stockholders, respectively.

Preferred Shares issued and listed with the PSE on March 3, 2011
A summary of the Terms of the Offer is set out below:

The Parent Company, through its underwriters and selling agents, offered 15,000,000 cumulative, non-voting, non-participating and non-convertible preferred shares at an offer price of P1,000.00 per share during the period February 14 to 25, 2011. The dividend rate was set at 8% per annum with dividend payment dates on March 3, June 3, September 3 and December 3 of each year calculated on a 30/360-day basis, as and if declared by the BOD. The preferred shares are redeemable in whole or in part, in cash, at the sole option of the Parent Company, at the end of the 5th year from issuance date or on any dividend payment date thereafter, at the price equal to the issue price plus any accumulated and unpaid cash dividends. Optional redemption of the preferred shares prior to 5th year from issuance date was provided under certain conditions (i.e., accounting, tax or change of control events), as well as on the 3rd anniversary from issuance date or on any dividend payment date thereafter, as and if declared by the BOD. Unless the preferred shares are redeemed by the Parent Company on its 5th year anniversary, the dividend rate shall be adjusted thereafter to the higher of the dividend rate of 8% or the ten-year PDST-F rate prevailing on the optional redemption date plus 3.33% per annum.

On February 3, 2015, the Parent Company's BOD approved the redemption on March 3, 2015 of the 15,000,000 outstanding preferred shares issued on March 3, 2011 at the redemption price of P1,000.00 per share.

The redemption price and all accumulated unpaid cash dividends were paid on March 3, 2015 to relevant stockholders of record as at February 17, 2015. The redeemed preferred shares thereafter became part of the Parent Company's treasury shares.

Perpetual Series "2" Preferred Shares Issued and Listed with the PSE on March 12, 2015
On January 20, 2015, the BOD of the PSE approved, subject to SEC approval and certain conditions, the application of the Parent Company to list up to 15,000,000 perpetual series "2" preferred shares (FBP2 Shares) with a par value of P10.00 per share to cover the Parent Company's preferred shares offering at an offer price of P1,000.00 per share and with a dividend rate to be determined by management.

On February 5, 2015, the SEC favorably considered the Parent Company's Registration Statement covering the registration of up to 15,000,000 FBP2 Shares at an offer price of P1,000.00 per share (the "FBP2 Shares Offering"), subject to the conditions set forth in the pre-effective letter issued by the SEC on the same date.

On February 9, 2015, the PSE issued, subject to certain conditions, the Notice of Approval on the Parent Company's application to list up to 15,000,000 FBP2 Shares with a par value of P10.00 per share to cover the FBP2 Shares Offering at an offer price of P1,000.00 per share and with a dividend rate still to be determined by management on February 11, 2015, the dividend rate setting date.

On February 11, 2015, further to the authority granted by the Parent Company's BOD to management during the BOD meetings on November 5, 2014 and February 3, 2015 to fix the terms of the FBP2 Shares Offering, management determined the terms of the FBP2 Shares (Terms of the Offer), including the initial dividend rate for the FBP2 Shares at 5.6569% per annum.

A summary of the Terms of the Offer is set out below:

The Parent Company, through its underwriters and selling agents, offered up to 15,000,000 cumulative, non-voting, non-participating and non-convertible peso-denominated perpetual series 2 preferred shares at an offer price of P1,000.00 per share during the period February 16 to March 5, 2015. The dividend rate was set at 5.6569% per annum with dividend payable once for every dividend period defined as (i) March 12 to June 11, (ii) June 12 to September 11, (iii) September 12 to December 11, or (iv) December 12 to March 11 of each year, calculated on a 30/360-day basis, as and if declared by the BOD. The series 2 preferred shares are redeemable in whole and not in part, in cash, at the sole option of the Parent Company, on the 3rd anniversary of the listing date or on any dividend period thereafter, at the price equal to the offer price plus any accumulated and unpaid cash dividends. The series 2 preferred shares may also be redeemed in whole and not in part, under certain conditions (i.e., accounting, tax or change of control events). Unless the series 2 preferred shares are redeemed by the Parent Company on the 5th year anniversary of the listing date, the dividend rate shall be adjusted thereafter to the higher of the dividend rate of 5.6569% or the 3-day average of the 7-year PDST-R2 plus 3.75%.

On February 12, 2015, the SEC rendered effective the Registration Statement and other papers and documents attached thereto filed by the Parent Company, and issued the Order of Registration of up to 15,000,000 FBP2 Shares at an offer price of P1,000.00 per share. The Certificate of Permit to Offer Securities for Sale was issued by the SEC on the same date.

On March 12, 2015, the Parent Company's 15,000,000 FBP2 Shares with par value of P10.00 per share were issued and listed with the PSE.

The proceeds from the issuance of FBP2 Shares, net of transaction costs, amounted to P14,885.

On February 3, 2020, the Parent Company's BOD approved the redemption on March 12, 2020 of the 15,000,000 outstanding FBP2 shares issued on March 12, 2015 at the redemption price of P1,000.00 per share.

The redemption price and all accumulated unpaid cash dividends were paid on March 12, 2020 to relevant stockholders of record as at February 17, 2020.

Treasury Shares

Treasury shares, totaling 42,077,580 common shares as at December 31, 2024 and 2023, and 30,000,000 preferred shares as at December 31, 2024 and 2023, respectively, are carried at cost.

Retained Earnings

Unappropriation

The Group's unappropriated retained earnings include the accumulated earnings in subsidiaries which is not available for declaration as dividends until declared by the respective investees.

The Parent Company's retained earnings as at December 31, 2024 and 2023 is restricted in the amount of P182 representing the cost of common shares held in treasury.

Appropriation

(a) Food
On June 6, 2024, the BOD of SMFI approved the reversal of P5,000 of its retained earnings appropriated in 2022 and the appropriation of P8,000 for its multi-tier poultry farms that are expected to be completed within the next four years.

On June 1, 2023, the BOD of SMFI appropriated an additional P8,000 of its retained earnings for its port and grain terminal projects which are expected to be completed within the next five years.

On June 13, 2022, the BOD of SMFI approved the reversal of previous appropriations of P8,000 in 2015 and 2018 for the on-going expansion projects, and the appropriation of P9,000 for its succeeding feedmill expansion projects that are expected to be completed within the next four years.

(b) Beer and NAB
On March 7, 2023, the BOD of SMB approved additional appropriations of P10,000 of its retained earnings for the repayment of a term loan with a local bank secured in December 2022 and P2,538 for the redemption of the Series H bonds which matured in April 2024. The P12,538 appropriation was reversed upon the redemption of the Series H bonds in April 2024.

On December 2, 2022, the BOD of SMB appropriated an additional P7,000 of its retained earnings for the repayment of its term loans with various banks entered in 2022 and P200 for the construction projects in Novaliches and Sariaya, Quezon. Target completion date of Novaliches and Sariaya, Quezon projects is in December 2025 and December 2027, respectively.

On December 3, 2021, the BOD of SMB approved additional appropriations of P16,211 of its retained earnings for the repayment of the SMB's term loans with various banks entered in 2021 and construction of malt terminal in Lucanin Bataan. P71 and P437 were disbursed in 2023 and 2022, respectively while P31 was paid to a local bank for partial payment of principal in 2022. On March 5, 2024, the Company appropriated an additional P1,700 for the Lucanin project. The appropriations to the extent disbursed were accordingly reversed. Lucanin project is expected to be completed in June 2025.

On December 4, 2020, the BOD of SMB approved additional appropriations amounting to P17,000 of its retained earnings for the repayment of the term loan entered in 2019 and redemption of the Series F bonds in April 2022. The P7,000 appropriation for the redemption of SMB's Series F bonds was reversed upon the redemption of the said bonds in April 2022 while the P10,000 appropriation was reversed upon the payment of the term loan in December 2024.

On December 4, 2019, the BOD of SMB approved additional appropriations amounting to P19,962 of its retained earnings for the redemption of the Series G bonds in April 2021 and capacity expansion of SMB's brewery to support volume growth. A total of P17,462 has been disbursed and accordingly reversed from 2020 to 2021. Out of the remaining P2,500 appropriation will be used for the capacity expansion of Bacolod Brewery, P859, P558 and P878 were disbursed in 2024, 2023 and 2022, respectively and were accordingly reversed. The remaining amount of the appropriation pertains to support facilities expected to be completed in December 2025.

Of the P11,600 appropriations in 2018 for the construction of a new brewery in Tagoloan, Misamis Oriental and for the construction of brewhouse and cellars in Sta. Rosa, Laguna. A total of P11,000 has been disbursed and accordingly from 2019 to 2021. Out of the remaining P600, P297, P126 and P177 were disbursed in 2024, 2023 and 2022, were accordingly reversed, respectively and were accordingly reversed.

(c) Spirits
On November 10, 2021, the BOD of GSMI approved the appropriation of P3,512 retained earnings, of the said amount, P3,000 will be used for expansion of capacity to support increase in demand and P512 will be used for rehabilitation of its existing facilities until 2027.

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

2024

Class of Shares	**Date of Declaration**	**Date of Record**	**Date of Payment**	**Dividend Per Share**
Common	**February 1, 2024**	**February 16, 2024**	**March 1, 2024**	**P0.45**
	May 8, 2024	**May 23, 2024**	**June 7, 2024**	**0.45**
	August 7, 2024	**August 22, 2024**	**September 6, 2024**	**0.90**
	November 6, 2024	**November 20, 2024**	**December 6, 2024**	**1.45**

2023

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	February 2, 2023	February 17, 2023	March 3, 2023	P0.40
	May 9, 2023	May 24, 2023	June 8, 2023	0.40
	August 2, 2023	August 16, 2023	September 1, 2023	0.95
	November 8, 2023	November 22, 2023	December 7, 2023	0.95

Some of the Group's subsidiaries have adjusted unrestricted retained earnings per SEC Revised Securities Regulation Code Rule 68 that exceed their paid-in capital as at December 31, 2024.

Equity Adjustments from Common Control Transactions
The "Equity adjustments from common control transactions" account relate to the acquisition of SMB and GSMI by SMFB through a share swap transaction with SMC in 2018, arising from the difference between the consideration transferred and the net assets acquired. The acquisition is considered to be a business combination of entities under common control as the combining entities are all under the common control of SMC before and after the acquisition. The Group recognized the assets acquired and liabilities assumed at their carrying amounts in the consolidated financial statements of SMC. The carrying amounts in the consolidated financial statements of SMC are based on the fair values of assets and liabilities as of the date SMB and GSMI became subsidiaries of SMFB and adjusted for subsequent transactions. Any goodwill relating to SMB and GSMI recognized in the consolidated financial statements of SMC is also recognized.

22. Revenues

This account consists of:

	Note	**2024**	2023	2022
Sale of goods		**P400,824**	P379,792	P358,811
Service revenues and others		**23**	22	25
Fair valuation adjustments on agricultural produce - net	*9*	**25**	8	17
	6, 30	**P400,872**	P379,822	P358,853

23. Cost of Sales

This account consists of:

	Note	**2024**	2023	2022
Inventories	*9*	**P158,845**	P158,027	P150,282
Taxes and licenses		**99,518**	91,510	83,491
Depreciation and amortization	*25*	**9,084**	9,097	7,809
Communications, light, fuel and water		**9,024**	8,943	9,452
Personnel	*26*	**5,398**	5,001	4,359
Freight, trucking and handling		**4,830**	4,117	4,186
Repairs and maintenance		**2,015**	1,648	1,231
Rent	*4, 32*	**301**	205	222
Write-down of inventories to net realizable value	*9*	**106**	57	6
Others		**819**	617	442
		P289,940	P279,222	P261,480

24. Selling and Administrative Expenses

This account consists of:

	2024	2023	2022
Selling	**P36,931**	P35,212	P32,009
Administrative	**18,209**	16,977	16,653
	P55,140	P52,189	P48,662

Selling expenses consist of:

	Note	2024	2023	2022
Freight, trucking and handling		**P10,097**	P9,561	P9,391
Advertising and promotions		**7,229**	6,678	6,022
Depreciation and amortization	*25*	**6,551**	6,088	4,977
Contracted services		**5,095**	4,667	3,822
Personnel	*26*	**3,996**	3,752	3,508
Rent	*4, 32*	**1,783**	1,651	1,626
Taxes and licenses		**570**	545	500
Write-down of inventories to net realizable value	*9*	**169**	603	1,287
Others		**1,441**	1,667	876
		P36,931	P35,212	P32,009

Administrative expenses consist of:

	Note	2024	2023	2022
Personnel	*26*	**P7,413**	P7,033	P6,775
Contracted services		**2,957**	2,487	2,269
Management fees	*30*	**1,373**	1,381	1,488
Depreciation and amortization	*25*	**1,258**	979	1,125
Taxes and licenses		**818**	770	641
Corporate special program		**729**	490	723
Repairs and maintenance		**645**	576	517
Communications, light, fuel and water		**544**	512	619
Professional fees		**519**	515	479
Rent	*4, 32*	**490**	925	814
Supplies		**245**	233	273
Travel and transportation		**240**	187	123
Insurance		**72**	111	399
Others		**906**	778	408
		P18,209	P16,977	P16,653

25. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	**2024**	2023	2022
Cost of sales:				
Biological assets	*10*	**P3,339**	P4,054	P3,303
Property, plant and equipment	*13*	**5,331**	4,729	4,212
Right-of-use assets	*14*	**201**	188	171
Deferred containers and others	*15, 16, 17*	**213**	126	123
	23	**9,084**	9,097	7,809
Selling and administrative expenses:				
Property, plant and equipment	*13*	**1,318**	1,233	1,082
Right-of-use assets	*14*	**657**	490	591
Deferred containers and others	*15, 16, 17*	**5,834**	5,344	4,429
	24	**7,809**	7,067	6,102
		P16,893	P16,164	P13,911

"Others" include depreciation of investment property and amortization of land use rights, computer software and licenses and pallets, kegs and CO_2 cylinders.

26. Personnel Expenses

This account consists of:

	Note	**2024**	2023	2022
Salaries and allowances		**P10,283**	P9,588	P8,845
Retirement costs	*29*	**980**	843	842
Other employee benefits		**5,544**	5,355	4,955
		P16,807	P15,786	P14,642

Personnel expenses are distributed as follows:

	Note	**2024**	2023	2022
Cost of sales	*23*	**P5,398**	P5,001	P4,359
Selling expenses	*24*	**3,996**	3,752	3,508
Administrative expenses	*24*	**7,413**	7,033	6,775
		P16,807	P15,786	P14,642

27. Other Income and Charges

These accounts consist of:

(a) Interest Expense and Other Financing Charges

	2024	2023	2022
Interest expense	**P4,145**	P4,215	P3,181
Other financing charges	**664**	537	357
	P4,809	P4,752	P3,538

Amortization of debt issue costs included as part of "Other financing charges" amounted to P125, P122 and P107 in 2024, 2023 and 2022, respectively (Note 20).

Interest expense on loans payable, long-term debt and lease liabilities is as follows:

	Note	2024	2023	2022
Loans payable	*18*	**P395**	P473	P219
Long-term debt	*20*	**3,326**	3,361	2,559
Lease liabilities	*32*	**424**	381	403
		P4,145	P4,215	P3,181

(b) Interest Income

	Note	2024	2023	2022
Interest from short-term investments, cash in banks and others	*7*	**P3,507**	P2,617	P753
Interest on amounts owed by related parties	*30*	**281**	450	68
		P3,788	P3,067	P821

(c) Other Income (Charges)

	Note	2024	2023	2022
Rent income	*32*	**P427**	P264	P199
Gain on sale of scrap materials		**42**	47	49
Miscellaneous gain - net (a)	*36*	**-**	2,579	200
Gain (loss) on foreign exchange - net	*33*	**(83)**	105	(226)
Gain (loss) on derivatives - net	*34*	**(125)**	2	(503)
Reversal (provision) on impairment (b)	*13, 17*	**(1,457)**	-	31
Others - net (c)		**73**	157	27
		(P1,123)	P3,154	(P223)

(a) Miscellaneous gain represents the amount of recognized income from the assignment of product rights, tax credit certificates issued by the BIR to SMB for the tax refund cases involving various San Miguel beer products (Note 36), and loss on sale of La Pacita (Note 5).

(b) SMMI
In 2022, SMMI recognized impairment loss amounting to P31 due to losses to its properties sustained from a fire incident occurred in its production plant in 2020 and was retired in 2022.

(c) "Others - net" include casualty losses, including African Swine Fever (ASF) mortalities, retirement of breeding stocks, closure of facilities, gain on insurance proceeds, and dividend income on investments.

28. Income Taxes

(a) The components of income tax expense are shown below:

	2024	2023	2022
Current	**P13,109**	P11,923	P11,039
Deferred	**(375)**	(150)	65
	P12,734	P11,773	P11,104

(b) Deferred tax asset and liabilities as at December 31 arise from the following:

	2024	2023
Net defined benefit retirement obligation and equity reserve for retirement plan	**P2,080**	P1,989
Allowance for impairment losses on receivables and write-down of inventories	**615**	712
NOLCO	**23**	8
MCIT	**16**	10
Unrealized gain on derivatives - net	**53**	34
Others	**847**	430
	P3,634	P3,183

The above amounts are reported in the consolidated statements of financial position as follows:

	Note	**2024**	2023
Deferred tax assets	*4*	**P3,657**	P3,209
Deferred tax liabilities		**(23)**	(26)
		P3,634	P3,183

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

					December 31, 2024		
	Balance at Beginning of Year	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Others**	**Balance at End of Year**	**Deferred Tax Asset**	**Deferred Tax Liability**
Net defined benefit retirement obligation and equity reserve for retirement plan	**P1,989**	**(P11)**	**P68**	**P34**	**P2,080**	**P2,080**	**P -**
Allowance for impairment losses on receivables and write-down of inventories	**712**	**(98)**	**-**	**1**	**615**	**613**	**2**
NOLCO	**8**	**11**	**-**	**4**	**23**	**23**	**-**
MCIT	**10**	**6**	**-**	**-**	**16**	**15**	**1**
Unrealized loss on derivatives - net	**34**	**19**	**-**	**-**	**53**	**69**	**(16)**
Others	**430**	**448**	**(1)**	**(30)**	**847**	**857**	**(10)**
	P3,183	**P375**	**P67**	**P9**	**P3,634**	**P3,657**	**(P23)**

					December 31, 2023		
	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Balance at End of Year	Deferred Tax Asset	Deferred Tax Liability
Net defined benefit retirement obligation and equity reserve for retirement plan	P1,074	P365	P548	P2	P1,989	P2,008	(P19)
Allowance for impairment losses on receivables and write-down of inventories	669	43	-		712	713	(1)
NOLCO	3	5	-	-	8	8	-
MCIT	15	(5)	-	-	10	10	-
Unrealized loss on derivatives - net	69	(38)	-	3	34	33	1
Others	657	(220)	-	(7)	430	437	(7)
	P2,487	P 150	P548	(P2)	P3,183	P3,209	(P26)

As at December 31, 2024, the NOLCO of the Group, which are presented as part of “Deferred tax assets” account in the consolidated statements of financial position, that can be claimed as deduction from future taxable income are as follows:

Year Incurred/Paid	Carryforward Benefits Up to	NOLCO
2020	December 31, 2025	**P80**
2021	December 31, 2026	**78**
2022	December 31, 2025	**9**
2023	December 31, 2026	**7**
2024	December 31, 2027	**43**
		P217

As at December 31, 2024, the MCIT of the Group, which are presented as part of “Deferred tax assets” account in the consolidated statements of financial position, that can be claimed as deduction from future taxable income are as follows:

Year Incurred/Paid	Carryforward Benefits Up to	MCIT
2022	December 31, 2025	**P7**
2024	December 31, 2027	**6**
		P13

Temporary differences on the combined carryforward benefits of MCIT and NOLCO amounting to P154, P240 and P240 as at December 31, 2024, 2023 and 2022, respectively, were not recognized. Management believes that it may not be probable that sufficient future taxable profits will be available against which the combined carryforward benefits of MCIT and NOLCO can be utilized.

On September 30, 2020, the BIR issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 (bbbb) of RA No. 11494 (“Bayanihan to Recover as One Act”), relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five (5) consecutive taxable years following the year such loss was incurred.

(c) The reconciliation between the statutory income tax rate on income before income tax and the Group’s effective income tax rate is as follows:

	2024	2023	2022
Statutory income tax rate	**25.00%**	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subjected to final tax	**(1.29%)**	(1.18%)	(0.35%)
Others - net	**0.02%**	(0.22%)	(0.39%)
Effective income tax rates	**23.73%**	23.60%	24.26%

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which provides that MCIT is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

Effective July 1, 2023, as prescribed by BIR Revenue Memorandum Circular (RMC) No. 69-2023 issued on June 20, 2023, the rate of MCIT for domestic corporations shall be reverted from 1% to 2% of their gross income.

(d) International Tax Reform - Pillar Two Model Rules

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 Group operates. For Vietnam, the legislation is effective beginning January 1, 2024. For Hong Kong, Indonesia, and Malaysia, the legislation is not yet effective as at December 31, 2024.

The Group, being part of the of the Top Frontier, is in scope of the enacted or substantively enacted legislation and has performed a Transitional Country-by-Country (CbCR) Safe Harbor (TCSH) test to determine jurisdictions that can be excluded from the full Pillar Two calculations. The test was based on the most recent tax filings, CbCR reports, and financial statements for the covered entities of the Group. All jurisdictions passed the TCSH test.

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

29. Retirement Plan

SMFB, SMB and GSMI, including majority of their subsidiaries, have funded, noncontributory, defined benefit retirement plans (collectively, the Retirement Plans) covering all of their permanent employees. The Retirement Plans pay out benefits based on final pay. In 2021, the GSMI, SMFI, PF-Hormel and Magnolia 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, 2024. Valuations are obtained on a periodic basis.

Majority of the Retirement Plans are registered with the BIR as tax-qualified plans under Republic Act (RA) No. 4917, as amended. The control and administration of Retirement Plans are vested in the Board of Trustees of each Retirement Plan. Majority of the Board of Trustees of the Retirement Plans who exercises voting rights over the shares and approves material transactions are employees and/or officers of SMFB, SMB, GSMI and their subsidiaries. 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 Obligation		Net Defined Benefit Retirement Liability	
	2024	2023	**2024**	2023	**2024**	2023
Balance at beginning of year	**P16,522**	P15,617	**(P21,998)**	(P19,110)	**(P5,476)**	(P3,493)
Recognized in Profit or Loss						
Current service costs	**-**	-	**(980)**	(843)	**(980)**	(843)
Interest expense	**-**	-	**(1,335)**	(1,366)	**(1,335)**	(1,366)
Interest income	**984**	1,111	**-**	-	**984**	1,111
	984	1,111	**(2,315)**	(2,209)	**(1,331)**	(1,098)
Recognized in Other Comprehensive Income						
Remeasurements:						
Actuarial losses arising from:						
Experience adjustments	**-**	-	**(64)**	(756)	**(64)**	(756)
Changes in financial assumptions	**-**	-	**(74)**	(1,338)	**(74)**	(1,338)
Changes in demographics assumptions	**-**	-	**10**	(39)	**10**	(39)
Return on plan assets excluding interest income	**(149)**	(22)	**-**	-	**(149)**	(22)
Translation adjustments	**21**	(3)	**(26)**	3	**(5)**	-
	(128)	(25)	**(154)**	(2,130)	**(282)**	(2,155)
Others						
Contributions	**1,326**	1,258	**-**	-	**1,326**	1,258
Benefits paid	**(1,982)**	(1,439)	**2,003**	1,455	**21**	16
Other adjustments	**(87)**	-	**87**	(4)	**-**	(4)
	(743)	(181)	**2,090**	1,451	**1,347**	1,270
Balance at end of year	**P16,635**	P16,522	**(P22,377)**	(P21,998)	**(P5,742)**	(P5,476)

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 the consolidated statements of income amounted to P980, P843 and P842 in 2024, 2023 and 2022, respectively (Note 26).

The above net defined benefit retirement liability was included in the consolidated statements of financial position as part of:

	Note	2024	2023
Other noncurrent assets	*17*	**P6**	P4
Other noncurrent liabilities		**(5,748)**	(5,480)
		(P5,742)	(P5,476)

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2024 and 2023.

The Group's plan assets consist of the following:

	In Percentages	
	2024	2023
Investments in marketable securities and shares of stock	**81.62**	79.02
Investments in pooled funds:		
Stock trading portfolio	**1.29**	1.32
Fixed income portfolio	**5.47**	6.24
Investments in real estate	**1.07**	1.13
Others	**10.56**	12.29

Investments in Marketable and Debt Securities
As at December 31, 2024, the plan assets include:

- 23,916,720 common shares, 8,598,530 Subseries "2-F", 8,369,770 Subseries "2-I", 3,263,040 Subseries "2-J", 2,498,200 Subseries "2-K", 2,173,800 Subseries "2-L, 5,333,600 Subseries "2-N", and 3,107,000 Subseries "2-O" preferred shares of SMC with fair market value per share of P86, P73.30, P72.25, P71.90, P70, P77.65, P79.70 and P82.30, respectively;

- Investment in SMC bonds amounting to P2,367;

- 46,097,900 common shares and 364,160 Subseries "PRF3B", 117,000 Subseries "PRF4B", 504,000 Subseries "PRF4C" preferred shares, 161,000 Subseries "PRF4D", and 177,000 Subseries "PRF4E" of Petron with fair market value per share of P2.43, P1,030, P1,020, P1,043, P1,050 and P1,050, respectively;
- Investment in Petron bonds amounting to P339;

- 15,784,000 common shares of SMB with fair market value per share of P20.00;

- 4,906,134 common shares of GSMI with fair market value per share of P275.00;

- 13,491,500 common shares of SMFB with fair market value per share of P52.75;

- Investment in SMFB bonds amounting to P183;

- 3,152,443 common shares of Top Frontier with fair market value per share of P63.10;

- 192,144 common shares of PSE with fair market value of P164

- Investment in South Luzon Tollway Corporation (SLTC) bonds amounting to P100;

- Investment in SMC Tollways Corporation (SMCTC) bonds amounting to P125;

- Investment in SMC Global Power Holdings Corp. (SMC Global) bonds amounting to P850;

- Investment in Bank of Commerce (BOC) bonds amounting to P297;

- Investment in other equities amounting to P8; and

- Investment in other bonds amounting to P100.

As at December 31, 2023, the plan assets include:

- 21,801,420 common shares, 8,583,030 Subseries "2-F", 8,369,770 Subseries "2-I", 3,263,040 Subseries "2-J", 2,498,200 Subseries "2-K", 2,107,100 Subseries "2-L, 5,333,600 Subseries "2-N", and 3,107,000 Subseries "2-O" preferred shares of SMC with fair market value per share of P102.10, P72.5, P70.5, P67.95, P68, P78, P77 and P78, respectively;

- Investment in SMC bonds amounting to P1,631;

- 37,404,900 common shares and 364,160 Subseries "PRF3B", 117,000 Subseries "PRF4B", and 504,000 Subseries "PRF4C" preferred shares of Petron with fair market value per share of P3.55, P980, P1,000 and P973, respectively;

- Investment in Petron bonds amounting to P329;

- 28,549,900 common shares of SMB with fair market value per share of P20.00;

- 4,861,134 common shares of GSMI with fair market value per share of P168.70;

- 12,347,650 common shares of SMFB with fair market value per share of P51;

- Investment in SMFB bonds amounting to P178;

- 3,152,443 common shares of Top Frontier with fair market value per share of P101.90;

- 192,144 common shares of PSE with fair market value of P170

- Investment in SLTC bonds amounting to P100;

- Investment in SMC Global bonds amounting to P1,075;

- Investment in BOC bonds amounting to P299;

- Investment in other equities amounting to P11; and

- Investment in other bonds amounting to P101.

The fair market value per share of the above shares of stock is determined based on quoted market prices in active markets as of the reporting date (Note 4).

The Group's Retirement Plans recognized gains (losses) on the investment in marketable securities of SMC and its subsidiaries amounting to P297, P345 and (P1,140) in 2024, 2023 and 2022, respectively.

Dividend income from the investment in shares of stock of SMC and its subsidiaries amounted to P440, P297 and P240 in 2024, 2023 and 2022, respectively.

Investments in Shares of Stock

The Group's plan assets also include SMB Retirement Plan's investment in 8,608,494 preferred shares of stock of BPI (inclusive of nominee shares), accounted for under the cost method, amounting to P859 as at December 31, 2024 and 2023 (Note 30).

Investments in Pooled Funds

Investments in pooled funds were established mainly to put together a portion of the funds of the Retirement Plans of SMC and its domestic subsidiaries 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 of the Group's Retirement Plans approved the percentage of assets 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.

Investment income and expenses are allocated to the plans based on their pro-rata share in net assets of pooled funds. The Retirement Plans' interests in the net assets of the pooled funds were 57.8% and 64.5% of fixed income portfolio as at December 31, 2024 and 2023, respectively. The Retirement Plans' interests in net assets of the pooled funds were 86.1% and 85.6% of stock trading portfolio as at December 31, 2024 and 2023, respectively.

Approximately 77.9% and 78.9% of the Retirement Plans' investments in pooled funds in stock trading portfolio include investments in shares of stock of SMC and its subsidiaries as at December 31, 2024 and 2023, respectively.

Approximately 68% and 67.5% 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, 2024 and 2023, respectively.

Investments in Real Estate

The Retirement Plans of the Group have investments in real estate properties. The fair value of investment property amounted to P181 as at December 31, 2024 and 2023.

Others
Others include the Retirement Plan's investments in government securities, cash and cash equivalents, receivables and deposits which earn interest.

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 the amount of P1,284 to the Retirement Plans in 2025.

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) 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	
	2024	2023
Discount rate	**6.04%-6.27%**	6.10% - 6.58%
Salary increase rate	**5.00%**	5.00%

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

The weighted average duration of defined benefit retirement obligation ranges from 4.70 to 11.00 years and 1.50 to 11.70 years as at December 31, 2024 and 2023 respectively.

As at December 31, 2024 and 2023, 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:

	2024		2023	
	1 Percent Increase	**1 Percent Decrease**	1 Percent Increase	1 Percent Decrease
Discount rate	**(P1,283)**	**1,486**	(P1,229)	P1,369
Salary increase rate	**1,494**	**(1,319)**	1,406	(1,247)

Transactions with the Retirement Plans are made at normal market prices.

30. Related Party Disclosures

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

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

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

	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Intermediate Parent Company	**2024**	**P302**	**P1,827**	**P5,986**	**P1,026**	On demand except redeemable perpetual securities; non-interest bearing	Unsecured; no impairment
	2023	245	1,590	5,744	1,060		
Entities under Common Control of the Intermediate Parent Company	**2024**	**1,142**	**44,372**	**2,481**	**22,220**	On demand; non- interest bearing	Unsecured; no impairment
	2023	1,078	36,777	1,968	23,196		
Joint Venture	**2024**	**13**	**-**	**622**	**5**	On demand; interest bearing	Unsecured; with impairment
	2023	40	-	625	2		
Associate of Intermediate Parent Company	**2024**	**269**	**-**	**3,515**	**-**	Upon maturity; interest bearing	Unsecured; no impairment
	2023	411	-	3,506	-		
Shareholders in Subsidiaries	**2024**	**72**	**2,773**	**118**	**60**	On demand; non-interest bearing	Unsecured; no impairment
	2023	315	3,845	176	57		
Total	**2024**	**P1,798**	**P48,972**	**P12,722**	**P23,311**		
Total	2023	P2,089	P42,212	P12,019	P24,315		

a. Amounts owed by related parties consist of current and noncurrent receivables arising from sale of goods and services, deposits and share in expenses. It also includes investments in equity that pertains to subscription in redeemable perpetual securities and investments in debt securities under investment agreement with Bank of Commerce, both are presented as part of "Investments - net" account in the consolidated statements of financial position (Notes 8, 11, 12 and 17).

b. Amounts owed to related parties consist of trade and non-trade payables arising from purchases of materials, bottles, shells, cartons, fuel and power and non-trade payables arising from professional fees, insurance, lease of outdoor advertising spaces, lease of land and building, management fees, reimbursement of expenses, and other services rendered by related parties (Note 19). Amounts owed to related parties included under “Other noncurrent liabilities” account in the consolidated statements of financial position amounted to P1,725 and P3,433 as at December 31, 2024 and 2023, respectively.

c. The Group has entered into various lease agreements with related parties as a lessor and lessee (Note 32).

d. TSML executed various promissory notes in favor of GSMI. The details of which are as follows:

   - Principal sum of THB250 together with interest of 5.5% per annum, which interest shall accrue on March 13, 2014.

   - Principal sum of THB50 together with interest of 5.0% per annum, which interest shall accrue on September 2, 2013.

   - Principal sum of THB25 together with interest of 5.0% per annum, which interest shall accrue on June 14, 2013.

   - Principal sum of THB75 together with interest of 3.0% per annum, which interest shall accrue on September 6, 2011.

   - Principal sum of THB75 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 GSMI and the stipulated interest shall be payable every three months.

   The receivables from TSML amounting to P540 as at December 31, 2024 and 2023, are included as part of “Amounts owed by related parties” under “Trade and other receivables -net” account in the consolidated statements of financial position (Note 8). Allowance for impairment losses pertaining to these non-trade receivables amounted to P540 as at December 31, 2024 and 2023.

e. On September 29, 2022, SMFI entered into separate Contract to Sell Agreements with Grand Planters International, Inc., Dewsweeper Industrial Park, Inc. and Bluelight Industrial Estate, Inc. for the acquisition of parcels of land located in the provinces of Quezon and Negros Occidental. Total purchase price amounted to P5,135, payable on installments basis up to 2026 and subject to interest as agreed by the relevant parties.

f. The compensation of the key management personnel of the Group, by benefit type, follows:

	Note	**2024**	2023	2022
Short-term employee benefits		**P233**	P214	P206
Retirement costs	*29*	**32**	19	12
		P265	P233	P218

31. Basic Earnings Per Common Share

Basic EPS is computed as follows:

	2024	2023	2022
Net income attributable to equity holders of the Parent Company (a)	**P25,743**	P23,118	P22,263
Weighted average number of common shares (in millions) (b)	**5,909**	5,909	5,909
Basic/diluted earnings per common share attributable to equity holders of the Parent Company (a/b)	**P4.36**	P3.91	P3.77

As at December 31, 2024, 2023 and 2022, the Group has no dilutive equity instruments.

32. Lease Commitments

Operating Leases

Group as Lessor

The Group has entered into lease agreements on its investment property, offices and machinery and equipment. The non-cancellable leases have lease term of one to five years. Some lease agreements include a clause to enable upward revision of the rental change on an accrual basis based on prevailing market conditions.

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

Operating Leases under PFRS 16	**2024**	2023
Within one year	**P1,258**	P888
After one but not more than five years	**3,515**	2,760
After five years	**8,376**	8,981
	P13,149	P12,629

Rent income recognized in the consolidated statements of income amounted to P427, P264 and P199 in 2024, 2023 and 2022, respectively (Notes 4 and 27).

Group as Lessee

The Group leases a number of equipment, offices, warehouses, factory facilities and parcels of land under operating lease. The leases will expire in various terms. Some leases provide 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 Group recognized interest expense related to these leases amounting to P424, P381 and P403 in 2024, 2023 and 2022, respectively (Note 27).

Changes in liabilities arising from financing activities are as follows:

	2024	2023
Balance as at January 1	**P5,176**	P5,473
Changes from Financing Activities		
Payments of lease liabilities	**(745)**	(520)
Total Changes from Financing Activities	**(745)**	(520)
Other Changes		
Additions during the year	**1,168**	223
Balance as at December 31	**P5,599**	P5,176

Rent expense recognized in the consolidated statements of income amounted to P2,574, P2,781 and P2,662 in 2024, 2023 and 2022, respectively (Notes 4, 23, 24 and 30).

33. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

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

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

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

The principal non-trade related financial instruments of the Group include cash and cash equivalents, investments in equity and debt instruments, restricted cash, noncurrent receivables and deposit, short-term and long-term loans, lease liabilities and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, trade payables and other current liabilities, excluding statutory liabilities, and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group such as commodity and currency options and forwards are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to commodity price and foreign currency risks arising from the operating activities. The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

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

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

The BOD constituted the Audit Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements, including the disclosure control and procedures; e) evaluation of management's process to assess and manage the enterprise risk issues; f) evaluation and monitoring of related party transactions; and g) fulfillment of the other responsibilities set out by the BOD. The Audit Committee shall also review the financial reports.

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

The Audit Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

<u>Interest Rate Risk</u>

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

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

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

December 31, 2023	<1 Year	>1 - 3 Years	>3 - 5 Years	>5 Years	Total
Fixed Rate					
Philippine peso-denominated	P12,761	P24,286	P29,178	P9,255	P75,480
Interest rate	3.284%-6.00%	3.284%-5.050%	3.548%-6.8412%	3.548%	
Floating Rate	120	238	238	7,285	7,881
Philippine peso-denominated					
Interest rate		BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	
	P12,881	P24,524	P29,416	P16,540	P83,361

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P78 and P79 for the year ended December 31, 2024 and 2023, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

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.

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

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

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

Foreign Currency Risk

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

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso equivalents as at December 31 are as follows:

	2024		2023	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	**US$220**	**P12,718**	US$297	P16,460
Trade and other receivables	**30**	**1,738**	34	1,899
Prepaid expenses and other current assets	**9**	**534**		
Noncurrent receivables	**-**	**-**	-	7
	259	**14,990**	331	18,366
Liabilities				
Trade payables and other current liabilities	**144**	**8,343**	123	6,818
Lease liabilities	**-**	**-**	1	39
Other noncurrent liabilities	**-**	**-**	-	17
	144	**8,343**	124	6,874
Net Foreign Currency-denominated Monetary Assets	**US$115**	**P6,647**	US$207	P11,492

The Group reported net foreign exchange gain (loss) amounting to (P83), P105 and (P226) in 2024, 2023 and 2022, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 27). These mainly resulted from the movements of the Philippine peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2024	**57.845**
December 31, 2023	55.370
December 31, 2022	55.755

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

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations) as at December 31, 2024 and 2023.

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

	2023			
	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity (Net of Tax)	Effect on Income before Income Tax	Effect on Equity (Net of Tax)
Cash and cash equivalents	(P34)	(P289)	P34	P289
Trade and other receivables	(6)	(33)	6	33
	(40)	(322)	40	322
Trade payables and other current liabilities	52	110	(52)	(110)
Lease liabilities	-	1	-	(1)
	52	111	(52)	(111)
	P12	(P211)	(P12)	P211

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.

Commodity Price Risk

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

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

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

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

Liquidity Risk

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

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

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

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

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

December 31, 2023	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P57,007	P57,007	P57,007	P -	P -	P -
Trade and other receivables -net	25,869	25,869	25,869	-	-	-
Derivative assets (included under “Prepaid expenses and other current assets” account)	50	50	50	-	-	-
Financial assets at FVOCI (included under “Investments - net” account)	5,628	5,628	-	-	-	5,628
Financial assets at amortized cost (included under “Investments - net” account)	11,500	16,131	764	841	2,520	12,006
Noncurrent receivables and deposit - net (included under “Other noncurrent assets - net” account)	183	183	-	29	29	125
Financial Liabilities						
Loans payable	14,684	14,658	14,658	-	-	-
Trade payables and other current liabilities (excluding derivative liabilities)	65,208	65,208	65,208	-	-	-
Derivative liabilities (included under “Trade payables and other current liabilities” account)	80	80	80	-	-	-
Long-term debt (including current maturities)	82,810	96,190	16,926	15,395	46,680	17,189
Lease liabilities (including current portion)	5,176	11,546	708	643	1,798	8,397
Other noncurrent liabilities	3,447	3,447	-	3,430	-	17

Credit Risk

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

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

Trade and Other Receivables

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

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

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

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

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

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

- High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents, restricted cash, investment in debt instruments and derivative assets.

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

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

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

	Note	**2024**	2023
Cash and cash equivalents (excluding cash on hand)	*7*	**P54,655**	P55,260
Trade and other receivables -net	*8*	**29,456**	25,869
Restricted cash	*11*	**228**	271
Derivative assets	*11*	**85**	50
Financial assets at amortized cost		**11,500**	11,500
Noncurrent receivables and deposits - net	*17*	**244**	183
		P96,168	P93,133

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.

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

	Financial Assets at Amortized Cost				
2023	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL -credit impaired	Financial Assets at FVPL	Total
Cash and cash equivalents (excluding cash on hand)	P55,260	P -	P -	P -	P55,260
Trade and other receivables - net	25,869	-	1,185	-	27,054
Restricted Cash	271	-	-	-	271
Derivative assets	-	-	-	50	50
Financial assets at amortized cost	11,500	-	-	-	11,500
Noncurrent receivables and deposits -net	-	183	-	-	183
	P92,900	P183	P1,185	P50	P94,318

The aging of receivables is as follows:

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

December 31, 2023	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P17,016	P621	P459	P18,096
Past due:				
1 - 30 days	4,790	165	202	5,157
31 - 60 days	491	61	78	630
61 - 90 days	186	129	35	350
Over 90 days	595	616	1,610	2,821
	P23,078	P1,592	P2,384	P27,054

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

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

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period (Note 4). There are no significant changes in the credit quality of the counterparties during the year.

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

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties. The Group does not execute any credit guarantee in favor of any counterparty.

Financial and Other Risks Relating to Livestock

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

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

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

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

Other Market Price Risk

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

Capital Management

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

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

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

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

The Group is not subject to externally imposed capital requirements.

34. 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 as at December 31, 2024 and 2023:

	2024		2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P58,221**	**P58,221**	P57,007	P57,007
Trade and other receivables – net	**29,456**	**29,456**	25,869	25,869
Restricted cash (included under "Prepaid expenses and other current assets" account)	**228**	**228**	271	271
Derivative assets (included under "Prepaid expenses and other current assets" account)	**85**	**85**	50	50
Financial assets at FVOCI (included under "Investments - net" account)	**5,888**	**5,888**	5,628	5,628
Financial assets at amortized cost (included under "Investments - net" account)	**11,500**	**11,500**	11,500	11,500
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	**244**	**244**	183	183
Financial Liabilities				
Loans payable	**17,103**	**17,103**	14,684	14,684
Trade payables and other current liabilities (excluding derivative liabilities)	**76,266**	**76,266**	65,208	65,209
Derivative liabilities (included under "Trade payables and other current liabilities" account)	**150**	**150**	80	80
Long-term debt (including current maturities)	**79,980**	**78,615**	82,810	80,692
Other noncurrent liabilities	**1,924**	**1,924**	3,447	3,447

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

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

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

Financial Assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

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

Loans Payable, Trade Payables and Other Current Liabilities, and Other Noncurrent Liabilities. The carrying amounts of loans payable and trade payables approximates fair value due to the relatively short-term maturities of these financial instruments. In the case of other noncurrent liabilities, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

Long-term Debt. The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. As at December 31, 2024 and 2023, discount rates used ranges from 5.37% to 6.44% and from 5.03% to 5.96% respectively.

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

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

Derivative Instruments Not Designated as Hedges
The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding commodity options and embedded currency forwards which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives
Freestanding derivatives consist of various commodity options entered into by SMC on behalf of the Group.

As of December 31, 2024 and 2023, the Group has no outstanding bought and sold options covering its wheat and soybean meal requirements.

Embedded Derivatives
The Group's embedded derivatives include currency forwards embedded in non-financial contracts. As of December 31, 2024 and 2023, the total outstanding notional amount of such embedded currency forwards amounted to US$128 and US$109, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to (P66) and (P30) as of December 31, 2024 and 2023, respectively.

The Group recognized marked-to-market gains (losses) from embedded derivatives amounting to (P125), P2 and (P503) in 2024, 2023 and 2022, respectively (Note 27).

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

	Note	**2024**	2023
Balance at beginning of year		**(P30)**	(P104)
Net change in fair value of non-accounting hedges	*27*	**(125)**	2
		(155)	(102)
Less fair value of settled instruments		**89**	72
Balance at end of year		**(P66)**	(P30)

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:

2024	**Level 1**	**Level 2**	**Total**
Financial Assets			
Derivative assets	**P -**	**P85**	**P85**
Financial assets at FVOCI	**5,850**	**38**	**5,888**
Financial assets at amortized cost	**11,500**	**-**	**11,500**
Financial Liabilities			
Derivative liabilities	**-**	**150**	**150**

2023	Level 1	Level 2	Total
Financial Assets			
Derivative assets	P -	P50	P50
Financial assets at FVOCI	5,628	-	5,628
Financial assets at amortized cost	11,500	-	11,500
Financial Liabilities			
Derivative liabilities	-	80	80

The Group has no financial instruments valued based on Level 3 as at December 31, 2024 and 2023. In 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

35. Registration with the Board of Investments (BOI) and the Authority of Freeport Area of Bataan (AFAB)

Certain expansion projects of SMFB's consolidated subsidiaries are registered with the BOI, as pioneer and non-pioneer status, or with AFAB. As registered enterprises, these SMFB's subsidiaries are subject to certain requirements and are entitled to certain tax and non-tax incentives.

<u>SMFI</u>
SMFI is registered with the BOI and AFAB for certain feedmill, poultry, meats and ready-to-eat meals projects. In accordance with the provisions of Executive Order No. 226 (EO No. 226) otherwise known as "The Omnibus Investment Code of 1987" and the Republic Act No. 9728 (RA No. 9728), also known as "The Freeport Area of Bataan Act of 2009", pursuant to RA No. 11534 or the CREATE Act, the projects are entitled, among others, to fiscal incentives described as follows:

- *New Producer of Animal Feeds (Pellet, Crumble and Mash).* The San Ildefonso, Bulacan feedmill project (Bulacan Feedmill Project) was registered with the BOI on a non-pioneer status on April 14, 2016 under Certificate of Registration No. 2016-074. The Bulacan Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

  Notwithstanding the expiration of ITH benefit in 2022, SMFI is still required to continue the submission of annual reports to the BOI until 2027, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- *New Producer of Animal and Aqua Feeds.* The Sta. Cruz, Davao feedmill project (Davao Feedmill Project) was registered with the BOI on a non-pioneer status on April 14, 2016 under Certificate of Registration No. 2016-073. The Davao Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

  On May 24, 2019, the BOI approved SMFI's request to move the Davao Feedmill Project's start of commercial operations and ITH reckoning date to April 2019.

  Notwithstanding the expiration of ITH benefit in 2023, SMFI is still required to continue the submission of annual reports to the BOI until 2028, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- *New Producer of Animal Feeds (Pellet, Crumble and Mash).* The Mandaue, Cebu feedmill project (Cebu Feedmill Project) was registered with the BOI on a non-pioneer status on November 10, 2015 under Certificate of Registration No. 2015-251. The Cebu Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

  On May 24, 2019, the BOI approved SMFI's request to move the Cebu Feedmill Project's start of commercial operations and ITH reckoning date to December 2019.

  Notwithstanding the expiration of ITH benefit in 2023, the SMFI is still required to continue the submission of annual reports to the BOI until 2028, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- SMFI's Bataan feedmill project (Bataan Feedmill Project) was registered with the AFAB as a *Manufacturer of Feeds for Poultry, Livestock and Marine Species* on January 6, 2017 under Certificate of Registration No. 2017-057, valid for a period of one year, renewable annually subject to qualifications as determined by AFAB.

  Said AFAB registration of the Bataan Feedmill Project has been renewed accordingly as follows:

Registration Renewal Date	Certificate of Registration No.	Annual Period Covered
March 6, 2018	2018-096	2018
February 14, 2019	2019-079	2019
December 10, 2019	2020-047	2020
December 29, 2020	2021-081	2021
May 30, 2022	2022-111	2022

  Under the terms of SMFI's AFAB registration, the Bataan Feedmill Project is entitled to incentives which include, among others, ITH for four years from May 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

- *New Domestic Producer of Animal Feeds (in Pellet, Crumble and Mash).* The Phividec, Tagoloan, Misamis Oriental feedmill project (CDO Feedmill Project) was registered with the BOI on a pioneer status on May 27, 2020 under Certificate of Registration No. 2020-075. The CDO Feedmill Project is entitled to ITH for four years from June 2020 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

  Notwithstanding the expiration of ITH benefit in 2024, the SMFI is still required to continue the submission of annual reports to the BOI until 2029, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- *New Domestic Producer of Animal Feeds (in Pellet, Crumble and Mash).* The Barangay Soyung, Echague, Isabela feedmill project (Echague Feedmill Project) was registered with the BOI pursuant to CREATE Act on a non-pioneer status on June 5, 2023 under Certificate of Registration No. 2023-100. The Echague Feedmill Project is entitled to ITH for six years from June 5, 2023 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

- N*ew Domestic Producer of Dressed Whole Chickens, Further Processed/Cut Up Chickens, and Other Chicken Parts (Liver, Gizzard, Fats, and Skins)*. The Barangay Darong, Sta. Cruz, Davao del Sur Magnolia Poultry Processing Plant project (MPPP Davao del Sur Project) was registered with the BOI pursuant to RA No. 11534 (CREATE Act) on a non-pioneer status on January 3, 2024 under Certificate of Registration No. 2024-006. The MPPP Davao del Sur Project is entitled to ITH for five years from January 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

- *New Domestic Producer of Dressed Whole Chickens, Further Processed/Cut Up Chickens, and Other Chicken Parts (Liver, Gizzard, Fats, and Skins)*. The Barangay Ilaya, Palsabangon, Pagbilao, Quezon Magnolia Poultry Processing Plant project (MPPP Pagbilao Project) was registered with the BOI pursuant to RA No. 11534 (CREATE Act) on a non-pioneer status on June 20, 2024 under Certificate of Registration No. 2024-133. The MPPP Pagbilao Project is entitled to ITH for six years from June 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

- *New Domestic Producer of Animal Feeds*. The Barangay Pulong Balibaguhan, Mabini, Batangas feedmill project (Mabini Feedmill Project) was registered with the BOI pursuant to RA No. 11534 (CREATE Act) on a non-pioneer status on July 16, 2024 under Certificate of Registration No. 2024-201. The Mabini Feedmill Project is entitled to ITH for six years from July 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

With the current provisions of RA No. 11534 or the CREATE Act, registered investment projects prior to CREATE granted with ITH are entitled to finish their ITH entitlement as scheduled, and are given an option to reapply for new tax incentives for the same activity as provided under Section 294 (B) of the same Act.

<u>SMMI</u>
SMMI was registered with the BOI under Registration No. 2016-035 on a non-pioneer status as an Expanding Producer of Wheat Flour and its By-Products (Bran and Pollard) for its flour mill expansion project in Mabini, Batangas on February 16, 2016.

Under the terms of SMMI's BOI registration and subject to certain requirements as provided in EO No. 226, SMMI is entitled to incentives which include, among others, ITH for three years from July 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On October 25, 2017, the BOI approved SMMI's request to adjust the ITH reckoning date to December 2018 or actual start of commercial operations, whichever is earlier.

On July 25, 2019, the BOI approved SMMI's subsequent request to further adjust the ITH reckoning date to July 2019 or actual start of commercial operations, whichever is earlier. The ITH period of the project commenced on December 1, 2019.

On August 7, 2020, by virtue of Resolution No. 15-19, Series of 2020, the BOI approved SMMI's request for amendment of ITH Base Figure from peso sales value of P9,582 to sales volume of 388,447 metric tons.

The three-year income tax holiday incentive ended June 30, 2022.

Notwithstanding the expiration of ITH benefit in 2022, SMMI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

PF-Hormel

PF-Hormel was registered with the BOI under Registration No. 2017-033 on a non-pioneer status as an Expanding Producer of Processed Meat (Hotdog) for its project in General Trias, Cavite on January 31, 2017.

Under the terms of PF-Hormel's BOI registration and subject to certain requirements as provided in EO No. 226, PF-Hormel is entitled to incentives which include, among others, ITH for three years from December 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH period of the project commenced on December 1, 2017 until November 2020.

Notwithstanding the expiration of ITH benefit in 2020, PF-Hormel is still required to submit the annual reports to the BOI until 2025, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

Domestic Producer of Canned Meat Products. The Sitio de Fuego, Barangay San Francisco, General Trias, Cavite cannery project (PHC Cannery Project) was registered with the BOI pursuant to CREATE Act on a non-pioneer status on January 3, 2024 under Certificate of Registration No. 2024-005. The PHC Cannery Project is entitled to ITH for six years from January 2024 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

36. Other Matters

(a) Toll Agreements

The significant subsidiaries of SMFB have entered into toll processing with various contract growers, breeders, contractors and processing plant operators (collectively referred to as the "Parties"). The terms of the agreements include the following, among others:

- The Parties have the qualifications to provide the contracted services and have the necessary manpower, facilities and equipment to perform the services contracted.

- Tolling fees paid to the Parties are based on the agreed rate per acceptable output or processed product. The fees are normally subject to review in cases of changes in costs, volume and other factors.

- The periods of the agreement vary. Negotiations for the renewal of any agreement generally commence six months before expiry date.

Total tolling expenses amounted to P7,237, P7,234 and, P7,876, respectively, in 2024, 2023 and 2022.

(b) Contingencies

The Group is a party to certain lawsuits or claims (mostly labor-related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group.

- Claims for Tax Refund

  i. Filed by SMC

  In 2004, SMC was assessed excise taxes by the BIR on "San Mig Light" which at that time was one of its products. These assessments were contested by SMC but nonetheless made the corresponding payments. Consequently, SMC filed three claims for refund for overpayments of excise taxes with the BIR.

  The first and second claims for refund were then elevated to the Court of Tax Appeals (CTA) and went all the way to the Supreme Court which was resolved in favor of SMC. On September 8, 2020, the BIR issued TCC Nos. 121-20-00012 and 121-20-00013 amounting to P782 and P926, respectively in favor of SMC. P773 out of P782 TCC and P274 out of P926 were was partially applied to SMC's tax obligations as at December 31, 2024.

  The third claim for refund was consolidated with a claim for refund which was filed by SMB, a company to which, effective October 1, 2007, SMC had spun off its domestic beer business. The claim was also favorably resolved in favor of SMC and SMB. On August 10, 2020, the BIR issued TCC No. 121-20-00010 amounting to P105 in favor of SMC, which was applied in full to SMC's tax obligations as at December 31, 2021.

  ii. Filed by SMB

  SMB filed 13 claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review. Five of these claims (i.e., CTA Case Nos. 7973, 8209, 8400, 8591 and 8748) were decided by the Supreme Court in favor of SMB and tax credit certificates amounting to P1,430, P1,569 and P761 were received in 2019, 2020 and 2023, respectively. One claim (CTA Case No. 10241) was withdrawn with the issuance of a tax credit certificate in the amount of P162 in 2021. The remaining seven claims for refund are still pending before the courts, as follows:

  (a) Claim for refund of overpayments for the period of January 1, 2013 to December 31, 2013 - Third Division docketed as CTA Case No. 8955 (December 19, 2014);

  (b) Claim for refund of overpayments for the period of January 1, 2014 to December 31, 2014 - Third Division docketed as CTA Case No. 9223 (December 22, 2015);

  (c) Claim for refund of overpayments for the period of January 1, 2015 to December 31, 2015 - Second Division docketed as CTA Case No. 9513 (December 28, 2016);

(d) Claim for refund of overpayments for the period from January 1, 2016 to December 31, 2016 - First Division docketed as CTA Case No. 9743 (December 29, 2017);

(e) Claim for refund of overpayments for the period from January 1, 2017 to December 31, 2017 - Third Division docketed as CTA Case No. 10000 (December 27, 2018);

(f) Claim for refund of overpayments for the period from January 1, 2018 to December 31, 2018 - First Division docketed as CTA Case No. 10223 (December 11, 2019); and

(g) Claim for refund for overpayments for the period of January 23, 2020 to February 9, 2020 - First Division docketed as CTA Case No. 10745 (via electronic mail on January 21, 2022, registered mail on January 24, 2022, and personal filing on February 2, 2022).

CTA Case No. 8955, SMB’s claim for refund for P83, was decided against SMB by the CTA Third Division for having purportedly availed of the wrong mode of appeal as SMB should have filed the petition with the Regional Trial Court (RTC) rather than through a collateral attack on issuances of the BIR via a judicial claim for refund. SMB, through counsel, filed a Motion for Reconsideration, arguing that the case involves a claim for refund and is at the same time a direct attack on the BIR issuances which imposed excise tax rates which are contradictory to, and violative of, the rates imposed in the Tax Code. With the denial of SMB’s Motion for Reconsideration on January 5, 2018, SMB elevated the case to the CTA En Banc by way of a Petition for Review. On September 19, 2018, the CTA En Banc reversed and set aside the decision of the CTA Third Division and remanded the case to the CTA Third Division for the resolution of the same on the merits (docketed as CTA EB Case No. 1772). A Motion for Reconsideration was filed by the BIR which was subsequently denied by the CTA En Banc in a resolution dated January 24, 2019. The BIR sought an extension within which to file a Petition for Review with the Supreme Court which was docketed as G.R. No. 244738. After the BIR filed a Manifestation stating that it will no longer file a Petition for Review on Certiorari, the Supreme Court issued a Resolution dated January 8, 2020 considering the case closed and terminated. The records were remanded to the CTA Third Division and the case is now submitted for the CTA Third Division’s decision.

CTA Third Division partially granted SMB's Petition on September 14, 2023. The BIR is ordered to refund or issue a TCC in the reduced amount of P83, representing overpayment of excise taxes on the "San Mig Light' removals for the period from January 1, 2013 to December 31, 2013. The BIR filed a Motion for Reconsideration with CTA Third Division which was denied.

On March 20, 2024, the BIR elevated the case to the CTA En Banc by way of Petition for Review dated March 15, 2024 which was docketed as CTA EB No. 2890. On November 26, 2024, the CTA En Banc rendered its Decision denying the BIR’s Petition for Review in CTA EB No. 2890. On December 11, 2024, the BIR filed a Motion for Reconsideration on the said Decision to which SMB filed an Opposition on January 30, 2025.

CTA Case No. 9223, SMB's claim for refund for P60, was partially decided in favor of SMB by the CTA Third Division in April 2019. From the CTA Third Division, SMB and the BIR filed separate Petitions for Review with the CTA En Banc. On February 21, 2022, the CTA En Banc rendered a Decision denying the separate Petitions for Review. On March 21, 2022, SMB filed a Petition for Review to the Supreme Court, where it was docketed as G.R. No. 258812. The BIR also elevated the CTA En Banc's Decision to the Supreme Court which was docketed as G.R. No. 261197. In GR No. 258812, the Supreme Court issued a Resolution requiring the BIR to comment on SMB's Petition to which the Office of the Solicitor General (OSG) filed a Comment dated February 19, 2024. In a Resolution dated June 3, 2024, the SC required SMB and the BIR to file their respective Replies on each other's Comment. SMB filed the required Reply on October 24, 2024 while the BIR filed its Reply on November 5, 2024.

CTA Case No. 9513, SMB's claim for refund for P48, was partially decided in favor of SMB by the CTA Second Division. From the CTA Second Division, SMB and the BIR filed separate Petitions for Review with the CTA En Banc. On February 4, 2021, the CTA En Banc affirmed the decision of the CTA Second Division. Both parties filed motions for partial reconsideration of the CTA En Banc's Decision. In its October 22, 2021 Resolution, the CTA En Banc denied the parties' motion for reconsideration. SMB and the BIR filed separate Petitions for Review on Certiorari with the Supreme Court docketed as G.R. No. 257784 and 259263, respectively. These were consolidated by the Supreme Court, after which the BIR filed its comment to SMB's Petition as directed by the court. On September 11, 2023, SMB received the SC's Resolution dated March 22, 2023 requiring the former to file its Comment on the BIR's Petition for Review in G.R. No. 259263. SMB filed the required Comment on September 18, 2023.

CTA Case No. 9743, SMB's claim for refund for P30, was partially decided in favor of SMB by the CTA First Division. The Motion for Partial New Trial of SMB and Motion for Reconsideration filed by SMB and the BIR were denied. Both parties filed their respective Petition for Review with the CTA En Banc. On February 10, 2022, the CTA En Banc rendered a Decision denying the Petitions for Review. The BIR moved for reconsideration while SMB filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 258813. Upon denial by the CTA En Banc of the BIR's motion for reconsideration, the BIR also filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 261196 which the SC denied in a Resolution dated April 19, 2023 for failure to sufficiently show that the CTA committed any reversible error.

In G.R. No. 258813, the Supreme Court issued a Resolution dated October 2, 2023 ordering the BIR to refund or issue a Tax Credit Certificate in the amount of P3.

The SC issued an Entry of Judgment stating that its Resolution dated April 19, 2023 in G.R. No. 261196 had become final and executory, and another Entry of Judgment stating that its Resolution dated October 2, 2023 in G.R. No. 258813 had likewise become final and executory.

Following SMB's Motion for Execution, the CTA First Division issued a Writ of Execution dated September 9, 2024 in CTA Case No. 9743 ordering the BIR to refund to SMB the total amount of P30.

CTA Case No. 10000, SMB's claim for refund for P123, was filed on December 27, 2018 and is pending with the CTA Third Division. On September 22, 2021, the CTA Third Division partially granted SMB's Petition for Review and ordered the refund of P123. The BIR filed for a motion for reconsideration which was denied by the CTA Third Division. The BIR filed a Petition for Review with CTA En Banc docketed as CTA En Banc No. 2625. SMB filed its Comment dated July 25, 2022. On August 2, 2023, the CTA En Banc promulgated its Decision in CTA EB No. 2625 affirming the decision of the CTA Third Division in favor of SMB. The BIR moved for reconsideration but the same was denied by the CTA En Banc on January 8, 2024. The BIR then filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 271254.

CTA Case No. 10223, SMB's claim for refund for P147, was filed on December 11, 2019 and is pending with the CTA Second Division. In its Resolution dated July 19, 2022, the case was submitted for decision. On July 5, 2023, the CTA Second Division promulgated its Decision which ordered the CIR to refund or to issue a TCC in favor of SMB in the amount of P147 representing erroneously, excessively, and/or illegally collected excise taxes due on the removals of its subject beer products for the period covering January 1, 2018 to December 31, 2018.

On July 25, 2023, the CIR filed a Motion for Reconsideration on the aforesaid Decision, to which SMB filed an Opposition. In a Resolution dated October 9, 2023, the Court denied the Motion for Reconsideration of the CIR.

On December 14, 2023, the CIR appealed the Decision and Resolution of the CTA Second Division to the CTA En Banc by way of a Petition for Review, which was docketed as CTA EB No. 2834. On February 1, 2024, SMB filed a Comment on the Petition for Review filed by the BIR in CTA EB No. 2834. On February 28, 2025, the CTA En Banc promulgated its Decision in CTA EB No. 2834 affirming the decision of the CTA Second Division in favor of SMB.

CTA Case No. 10745, SMB's claim for refund for P1,069, was personally filed on February 2, 2022 and is pending with the CTA First Division. The case is a consolidation of two claims, to wit:

i. P8 under RA No. 10351 - the overpayment arose from the BIR's imposition of excise tax of P27.07 per liter on SMB's beer products for the period January 23, 2020 to February 9, 2020 based on Revenue Memorandum Circular (RMC) No. 90-2012 and RR No. 17-2012. Said BIR issuances are inconsistent with RA No. 10351 which imposes an excise tax of P26.44 per liter under Section 143 of the National Internal Revenue Code (NIRC), as amended by RA No. 10351 beginning January 1, 2020.

ii. P1,061 under RA No. 11467 - the overpayment arose from the BIR's imposition of excise tax of P35.00 per liter on SMB's beer products, as provided under Section 143 of the NIRC, as amended by RA No. 11467, for the period January 23, 2020 to February 9, 2020. The said imposition was based on RMC No. 65-2020, as amended by RMC No. 113-2020, implementing RA No. 11467 at an earlier date (i.e., January 23, 2020) which is inconsistent with the actual effectivity date of RA No. 11467 (i.e., February 10, 2020).

On November 18, 2024, the CTA First Division rendered a Decision ordering the BIR to refund or issue a Tax Credit Certificate in favor of SMB in the amount of P1,069. On December 11, 2024, the BIR filed a Motion for Partial Reconsideration of the said Decision.

iii. Filed by GSMI

GSMI filed two claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review as follows:

(a) CTA Case Nos. 8953 and 8954: These cases pertain to GSMI's Claims for Refund with the BIR, in the amounts of P582 in Case No. 8953, and P133 in Case No. 8954, or in the total amount of P715, 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 02 September 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 P320 out of its original claim of P715.

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 28 July 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 Court 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. 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 P320 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.

(b) CTA Case No. 11052: 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.

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 P40, 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 P72, 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, 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 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, 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 23 February 2024.

(c) CTA Case No. 9059: This case pertains to GSMI's Claim for Refund with the BIR, in the total amount of P26, 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 6 February 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. 25839.

The case is still pending decision.

- Deficiency Tax Liabilities

i. IBI

(a) On December 27, 2016, IBI received a Formal Letter of Demand for tax year 2012 with a demand for payment of income tax, VAT, withholding tax, documentary stamp tax (DST) and miscellaneous tax deficiencies with administrative penalties. IBI filed a Protest. Due to the inaction of the BIR, IBI filed a Petition for Review with the CTA Third Division and docketed as CTA Case No. 9657.

On March 2, 2020, the CTA First Division promulgated its Decision partially granting IBI's Petition for Review. The assessment for deficiency income tax, VAT, DST and compromise penalty are cancelled and set aside. However, the assessment for deficiency expanded withholding tax is affirmed, and IBI was ordered to pay deficiency expanded withholding tax including interest and surcharges amounting to P5.

On October 29, 2020, the BIR filed a Petition for Review with CTA *En Banc.* On January 25, 2021, IBI filed its Comment to the Petition for Review. On July 21, 2022, the CTA En Banc denied the BIR's Petition for Review. Thereafter, the BIR filed for a motion for reconsideration which was also denied by the CTA En Banc.

The BIR filed a Petition for Review on Certiorari dated January 9, 2023 with the Supreme Court docketed as G.R. No. 264402.

ii. SMFI

a) SMFI vs. Office of the City Treasurer, City of Davao

SMFI filed several protests against the assessments issued by the City Treasurer of Davao City imposing permit fees to slaughter against its poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District both located in Davao City.

Following the dismissal of the appeals filed by SMFI with the Davao Regional Trial Court (RTC), the following Petitions for review were filed with the CTA:

- CTA Case AC No. 209, filed on August 23, 2018
- CTA Case AC No. 210, filed on November 12, 2018
- CTA Case AC No. 249, filed on February 26, 2021

It is SMFI's position that Section 367 (a) of the 2005 Revenue Code of the City of Davao (Revenue Code of Davao City) on the imposition of permit fee to slaughter is applicable only to slaughterhouses operated by the City Government of Davao City. SMFI's poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District, being privately owned and operated slaughterhouses are beyond the coverage of Section 357 (a) of the Revenue Code of Davao City. In addition, given that SMFI is already paying ante and post mortem fees for the slaughter of poultry products pursuant to Section 367 (d) of the same Revenue Code, the assessment of permit fee to slaughter would constitute double taxation.

In CTA Case AC No. 209, the CTA First Division dismissed SMFI's Petition on May 29, 2020 and denied the Motion for Reconsideration on February 22, 2021. A Petition for Review was filed on May 12, 2021 with the CTA En Banc and docketed as CTA Case EB No. 2474. On January 31, 2023, the CTA En Banc denied SMFI's Petition. SMFI filed for a Motion for Reconsideration which was likewise denied on August 4, 2023. Following the denial, SMFI elevated and filed for Petition for Review with the Supreme Court on December 27, 2023.

Moreover, the CTA First Division also dismissed on July 3, 2020 the Petition docketed as CTA Case AC No. 210, and on July 28, 2021, SMFI's Motion for Reconsideration was denied. On October 8, 2021, SMFI filed a Petition for Review with the CTA En Banc docketed as CTA Case EB No. 2535, which was likewise denied on May 18, 2023. Thus, a Motion for Reconsideration was filed on September 15, 2023 with the same being denied on March 4, 2024.

Lastly, the CTA Special Third Division on October 12, 2022, dismissed the Petition for Review docketed as CTA Case AC No. 249 on the grounds of lack of jurisdiction on permit fees as it is not a tax, therefore outside the CTA's jurisdiction. On December 22, 2022, SMFI filed a Motion for Reconsideration but was denied on November 9, 2023.

On April 2, 2024, SMFI decided not to pursue the above cases as the poultry dressing plants were already closed, therefore SMFI will no longer have future economic benefit from winning the cases.

- Intellectual Property Rights

    i. G.R. No. 196372: This case pertains to GSMI's application for the registration of the trademark "GINEBRA" under Class 33 covering gin with the Intellectual Property Office of the Philippines (IPOPHL). The IPOPHL rejected GSMI's application on the ground that "GINEBRA" is a Spanish word for gin, and is a generic term incapable of appropriation.

    When the Court of Appeals affirmed the IPOPHL's ruling, GSMI filed a Petition for Review on Certiorari (the "Petition") with the Supreme Court. The Supreme Court denied GSMI's Petition. GSMI moved for a reconsideration thereof, and likewise filed a Motion to Refer its Motion for Reconsideration to the Supreme Court *En Banc.* The Supreme Court denied GSMI's Motion for Reconsideration with finality, as well as GSMI's Motion to Refer to its Motion for Reconsideration to the Supreme Court *En Banc*.

    Subsequently, GSMI filed a Manifestation with Motion for Relief from Judgment (the "Manifestation") and invoked the case of *"League of Cities vs. Commission of Elections"* (G.R. Nos. 176951, 177499 and 178056) to invite the Supreme Court *En Banc* to re-examine the case. The Office of the Solicitor General filed its Comment Opposition to the Manifestation.

    On June 26, 2018, the Supreme Court *En Banc* issued a Resolution which resolves to: (a) Accept the subject case which was referred to it by the Third Division in the latter's resolution dated August 7, 2017; (b) Treat as a Second Motion for Reconsideration (of the resolution dated June 22, 2011) GSMI's Manifestation with Motion for Relief from Judgment dated November 28, 2011; (c) Reinstate the Petition; and (d) Require the respondents to Comment on the Petition within a non-extendible period of ten (10) days from notice thereof.

    Respondents, through the OSG, filed their Comment dated July 31, 2018 while GSMI filed its Reply with Leave on August 20, 2018.

    On January 4, 2019, the Supreme Court Third Division issued a Resolution ordering the consolidation of the previously consolidated cases (G.R. Nos. 216104, 210224 and 219632) with the En Banc case (G.R. No. 196372), stating that "considering that all these cases involve identical parties and raise interrelated issues which ultimately stemmed from the registration of trademark of [TDI] and [GSMI] before the [IPO]."

    On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPO Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPO Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court En Banc resolved to transfer the consolidated cases from the Third Division to the En Banc, where this case which has the lowest docket number, i.e. G.R. No. 196372, was originally assigned, hence, all four cases are now consolidated and pending before the Supreme Court En Banc. Furthermore, the Supreme Court En Banc also noted GSMI's Manifestation dated February 3, 2020 on the IPO Director General's Decision dated December 27, 2019.

On August 9, 2022, the Supreme Court En Banc promulgated a Decision in the four (4) consolidated Petitions. For G.R. No. 196372, GSMI's Petition for Review was granted. The Director of the Bureau of Trademarks was directed to reinstate GSMI's trademark application for "GINEBRA", cause its publication and give it due course.

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated August 9, 2022. On August 29, 2023, the Supreme Court En Banc issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in the consolidated Petitions.

ii. G. R. Nos. 210224 and 219632: These cases pertain to GSMI's Complaint for Unfair Competition, Trademark Infringement and Damages against Tanduay Distillers, Inc. (TDI) filed with the RTC, arising from TDI's distribution and sale of its gin product bearing the trademark "Ginebra Kapitan" and use of a bottle design, which general appearance was nearly identical and confusingly similar to GSMI's product. The RTC dismissed GSMI's complaint.

When GSMI elevated the case to the Court of Appeals, due to technicalities, two (2) cases were lodged in the Court of Appeals: 1.) Petition for Review (CA-G.R. SP No. 127255), and 2.) Appeal (CA-G.R. SP No. 100332).

Acting on GSMI's Petition for Review, the Court of Appeals reversed, set aside the RTC's Decision, and ruled that "GINEBRA" is associated by the consuming public with GSMI. Giving probative value to the surveys submitted by GSMI, the Court of Appeals ruled that TDI's use of "GINEBRA" in "Ginebra Kapitan" produces a likelihood of confusion between GSMI's "Ginebra San Miguel" gin product and TDI's "Ginebra Kapitan" gin product. The Court of Appeals likewise ruled that "TDI knew fully well that GSMI has been using the mark/word "GINEBRA" in its gin products and that GSMI's "Ginebra San Miguel" has already obtained, over the years, a considerable number of loyal customers who associate the mark "GINEBRA" with GSMI.

On the other hand, upon GSMI's Appeal, the Court of Appeals also set aside the RTC's Decision and ruled that "GINEBRA" is not a generic term there being no evidence to show that an ordinary person in the Philippines would know that "GINEBRA" is a Spanish word for "gin". According to the Court of Appeals, because of GSMI's use of the term in the Philippines since the 1800s, the term "GINEBRA" now exclusively refers to GSMI's gin products and to GSMI as a manufacturer. The Court of Appeals added that "the mere use of the word "GINEBRA" in "Ginebra Kapitan" is sufficient to incite an average person, even a gin-drinker, to associate it with GSMI's gin product," and that TDI "has designed its bottle and label to somehow make a colorable similarity with the bottle and label of Ginebra S. Miguel".

TDI filed separate Petitions for Review on Certiorari with the Supreme Court, docketed as G.R. Nos. 210224 and 219632, which were eventually consolidated by the Supreme Court on April 18, 2016.

On October 26, 2016, GSMI filed its Comment on TDI's Petition for Review on Certiorari.

On December 17, 2018, the Supreme Court consolidated this case with Ginebra San Miguel Inc. vs. Court of Appeals, Director General of the Intellectual Property Office, and Director of the Bureau of Trademarks (G.R. No. 196372).

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPO Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPO Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court En Banc resolved to transfer the consolidated cases from the Third Division to the En Banc. Furthermore, the Supreme Court En Banc also noted GSMI's Manifestation.

On August 9, 2022, the Supreme Court En Banc promulgated a Decision in the four (4) consolidated Petitions. For G.R. Nos. 210224 and 219632, TDI's Petitions for Review were denied, with modification, such that TDI shall pay GSMI temperate damages of P0.3 and attorney's fees of P0.2; other awards of damages against TDI are deleted.

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated August 9, 2022. On August 29, 2023, the Supreme Court En Banc issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in the consolidated Petitions.

iii. G.R. No. 216104: This case pertains to TDI's application for the registration of the trademark "GINEBRA KAPITAN" for Class 33 covering gin with the IPOPHL.

GSMI opposed TDI's application, alleging that it would be damaged by the registration of "GINEBRA KAPITAN" because the term "GINEBRA" has acquired secondary meaning and is now exclusively associated with GSMI's gin products. GSMI argued that the registration of "GINEBRA KAPITAN" for use in TDI's gin products will confuse the public and cause damage to GSMI. TDI countered that "GINEBRA" is generic and incapable of exclusive appropriation, and that "GINEBRA KAPITAN" is not identical or confusingly similar to GSMI's mark.

The IPOPHL ruled in favor of TDI and held that: (a) "GINEBRA" is generic for "gin"; (b) GSMI's products are too well known for the purchasing public to be deceived by a new product like "GINEBRA KAPITAN"; and (c) TDI's use of "GINEBRA" would supposedly stimulate market competition.

On July 23, 2014, the Court of Appeals reversed and set aside the IPOPHL's ruling and disapproved the registration of "GINEBRA KAPITAN". The Court of Appeals ruled that "GINEBRA" could not be considered as a generic word in the Philippines considering that, to the Filipino gin-drinking public, it does not relate to a class of liquor/alcohol but rather has come to refer specifically and exclusively to the gin products of GSMI.

TDI filed a Petition for Review on Certiorari with the SC, which was subsequently consolidated with the case of "*Tanduay Distillers, Inc. vs. Ginebra San Miguel Inc.*", docketed as G.R. No. 210224 on August 5, 2015.

On October 26, 2016, GSMI filed its Comment on TDI's Petition for Review on Certiorari.

On December 17, 2018, the SC consolidated this case with Ginebra San Miguel Inc. vs. Court of Appeals, Director General of the Intellectual Property Office, and Director of the Bureau of Trademarks (G.R. No. 196372).

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPO Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPO Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court En Banc resolved to transfer the consolidated cases from the Third Division to the En Banc. Furthermore, the Supreme Court En Banc also noted GSMI's Manifestation dated February 3, 2020 on the IPO Director General's Decision dated December 27, 2019.

On August 9, 2022, the Supreme Court En Banc promulgated a Decision in the four (4) consolidated Petitions. For, G.R. No. 216104, TDI's Petition for Review for the rejection of TDI's trademark application for "GINEBRA KAPITAN" was denied.

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated 9 August 2022. On August 29, 2023, the Supreme Court En Banc issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in the consolidated Petitions.

(c) *Commitments*

The outstanding purchase commitments of the Group amounted to P94,986 and P71,832 as at December 31, 204 and 2023, respectively.

(d) *Foreign Exchange Rates*

The foreign exchange rates used in translating the US dollar accounts of foreign subsidiaries to Philippine peso were closing rates of P57.845 and P55.370 in 2024 and 2023, respectively, for consolidated statements of financial position accounts; and average rates of P58.406, P55.632 and P54.502 in 2024, 2023 and 2022, respectively, for income and expense account.

37. Events After the Reporting Date

a) *Declaration of Cash Dividends*

On February 5, 2025, the BOD of the Parent Company declared cash dividends to all common shareholders of record as of February 19, 2025 amounting to P0.50 per common share. Cash dividends for common shares were paid on March 6, 2025.

b) *Series A bonds maturity*

On February 26, 2025 and March 3, 2025, the Parent Company entered into an agreement for unsecured, long-term, interest-bearing loans with two local banks with total amount of P10,000 to refinance the maturity of the Series A bonds amounting to P8,000 which matured on March 10, 2025.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
11840

COMPANY NAME
SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)
40 San Miguel Avenue
Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
N/A	(02) 5317-5000	N/A

No. of Stockholders	Annual Meeting (Month Day)	Fiscal Year (Month Day)
183	June 5	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Monica L. Ang - Mercado	N/A	(02) 5317-5000	N/A

CONTACT PERSON's ADDRESS

40 San Miguel Avenue, Mandaluyong City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
San Miguel Food and Beverage, Inc.
40 San Miguel Avenue
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Food and Beverage, Inc. (the Company) and its Subsidiaries (the Group), as at December 31, 2024 and 2023 and each of the three years in the period ended December 31, 2024, on which we have rendered our report dated April 14, 2025.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include:

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J

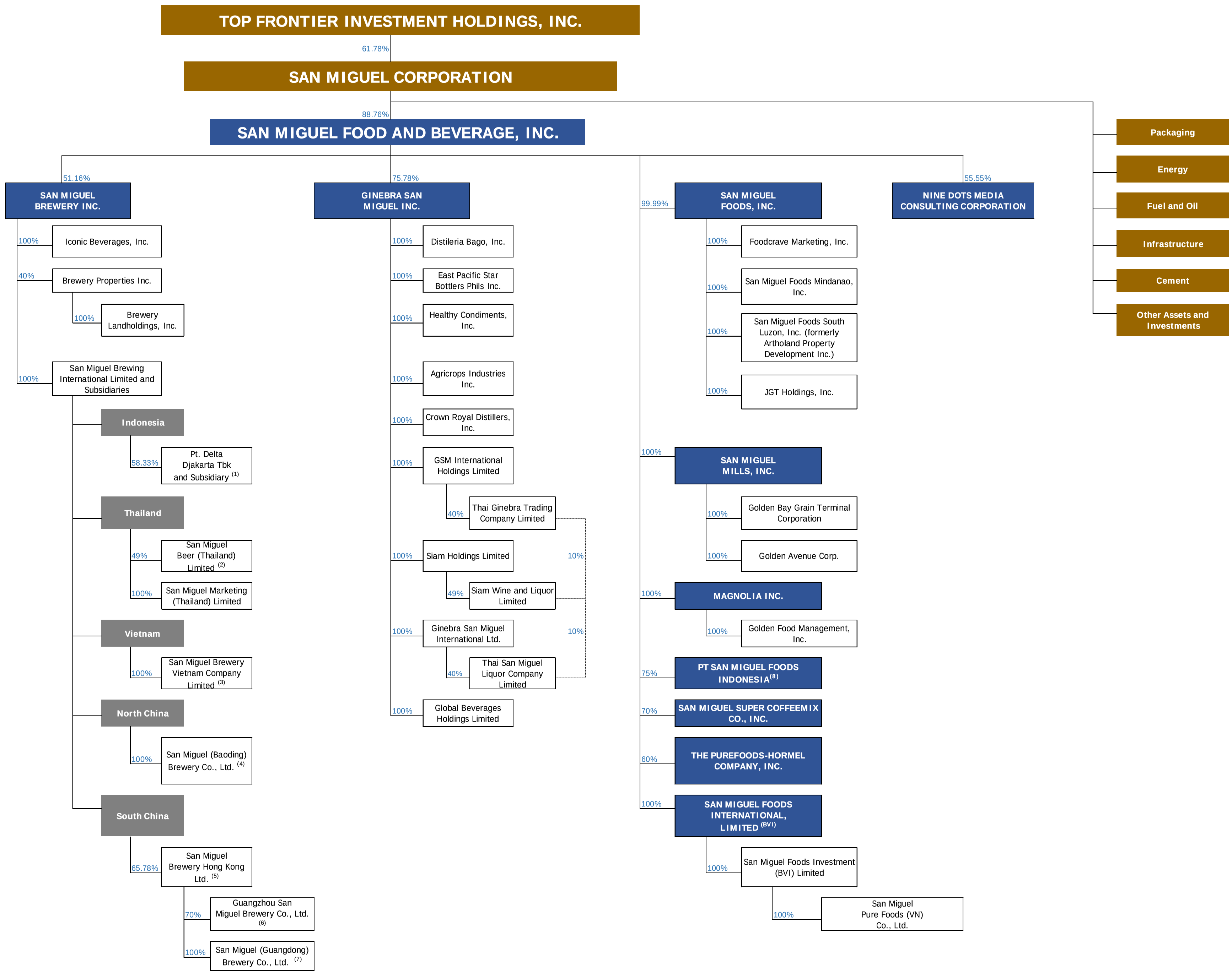
These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

Maria Arleene C. Yu
MARIA ARLEENE C. YU
Partner
CPA License No. 0108855
SEC Accreditation No. 108855-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 225-068-761
BIR Accreditation No. 08-000745-041-2023
Issued October 9, 2023, valid until October 9, 2026
PTR No. MKT 10467161
Issued January 2, 2025 at Makati City

April 14, 2025
Makati City, Metro Manila

SAN MIGUEL FOOD AND BEVERAGE, INC.
MAP OF THE CONGLOMERATE
DECEMBER 31, 2024



The structure includes the ultimate parent company, Top Frontier Investment Holdings, Inc. and the intermediate parent company, San Miguel Corporation with its major subsidiaries, associates and joint ventures.

I. San Miguel Food and Beverage, Inc.

1. *Owned thru San Miguel Malaysia (L) Pte. Ltd.*
2. *Owned thru San Miguel Holdings (Thailand) Limited*
3. *Owned thru Dragon Island Investments Limited and San Miguel (Vietnam) Limited*
4. *Owned thru San Miguel Brewing International Limited (BVI) and San Miguel (China) Investment Company Limited. The company has ceased operations and is in the process of liquidation.*
5. *Owned thru Neptunia Corporation Limited*
6. *Owned thru San Miguel (Guangdong) Limited (93%). The company has ceased operations and is in the process of liquidation.*
7. *Owned thru San Miguel Shunde Holdings Limited (92%)*
8. *The company has ceased operations and is in the process of liquidation.*

II. Co-Subsidiaries

9. *Packaging includes San Miguel Yamamura Packaging Corporation and subsidiaries, Mindanao Corrugated Fibreboard, Inc., and San Miguel Yamamura Packaging International Limited and subsidiaries, including San Miguel Yamamura Phu Tho Packaging Company Limited, San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Haiphong Glass Company Limited, Zhaoqing San Miguel Yamamura Glass Company Limited, Foshan San Miguel Yamamura Packaging Company Limited and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty Ltd and subsidiaries including SMYC Pty Ltd. and subsidiary, Foshan Cospak Packaging Co Ltd., SMYV Pty Ltd, SMYP Pty Ltd and subsidiary, SMYBB Pty Ltd, SMYJ Pty Ltd and Vinocor Ltd.*
10. *Energy includes San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.) and subsidiaries, including Sual Power Inc. (formerly San Miguel Energy Corporation) and subsidiary, South Premiere Power Corp., San Roque Hydropower Inc. (formerly Strategic Power Devt. Corp.), Limay Power Inc. (formerly SMC Consolidated Power Corporation), Malita Power Inc. (formerly San Miguel Consolidated Power Corporation), SMCGP Masinloc Partners Company Limited, SMCGP Masinloc Power Company Limited, Masinloc Power Co. Ltd. (formerly Masinloc Power Partners Co. Ltd.), PowerOne Ventures Energy Inc., SMGP BESS Power Inc. (formerly Universal Power Solutions, Inc.), Excellent Energy Resources Inc., Mariveles Power Generation Corporation, San Miguel Electric Corp., SMC PowerGen Inc., SMC Power Generation Corp., Albay Power and Energy Corp., Lumiere Energy Technologies, Inc., Central Luzon Premiere Power Corp., Oceantech Power Generation Corporation and subsidiary, SMGP Kabankalan Power Co. Ltd. (formerly SMCGP Philippines Energy Storage Co. Ltd.), and Prime Electric Generation Corporation and subsidiary*
11. *Fuel and Oil includes Petron Corporation and subsidiaries, including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd., New Ventures Realty Corporation and subsidiaries, Mema Holdings Inc. and subsidiaries, Petron Singapore Trading Pte., Ltd., Petron Global Limited, Petron Oil & Gas International Sdn. Bhd. and subsidiaries including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Bhd. (collectively Petron Malaysia), Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited and subsidiaries.*
12. *Infrastructure includes San Miguel Holdings Corp. and subsidiaries, including SMC NAIAX Corporation, Trans Aire Development Holdings Corp., SMC TPLEX Holdings Company, Inc., SMC TPLEX Corporation, Universal LRT Corporation (BVI) Limited, Atlantic Aurum Investments B.V. and subsidiaries, Wiselink Investment Holdings, Inc., Cypress Tree Capital Investments, Inc. and subsidiaries, San Miguel Aerocity Inc., SMC Mass Rail Transit 7 Inc., Luzon Clean Water Development Corporation, Alloy Manila Toll Expressways, Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Pasig River Expressway Corporation, Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway Inc., TPLEX Operations and Maintenance Corporation, SMC NBEX Inc., SMC CBEX Inc., SMC PLEX Inc., and SMC TPLEX Extension Infrastructure Corp.*

    Atlantic Aurum Investments B.V. and subsidiaries include SMC Tollways Corporation and subsidiaries including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation, and SMC Skyway Corporation and subsidiary, Skyway O&M Corporation, SMC SLEX Holdings Company Inc. and subsidiaries, Manila Toll Expressway Systems Inc. and SMC SLEX Inc.

    Cypress Tree Capital Investments, Inc. and subsidiaries include Star Infrastructure Development Corporation and Star Tollway Corporation (collectively the Star Tollways Group).

    SMC Bulacan Water Services Corporation and subsidiaries include Obando Water Company, Inc. and Bulakan Water Company, Inc.
13. *Cement includes San Miguel Equity Investments Inc. and subsidiaries.*
14. *Other Assets and Investments includes San Miguel Properties, Inc. and subsidiaries, including SMPI Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp. (formerly Tierra Verdosa Real Estate Services, Inc.), SMC Shipping and Lighterage Corporation and subsidiaries, including SL Harbor Bulk Terminal Corporation, SMC Asia Car Distributors Corp. and subsidiaries, SMC Equivest Corporation, Petrogen Insurance Corp., San Miguel International Limited and subsidiary, SMC Stock Transfer Service Corporation, ArchEn Technologies Inc., SMITS, Inc. and subsidiaries, San Miguel Integrated Logistics Services, Inc., Anchor Insurance Brokerage Corporation, Davana Heights Development Corporation and subsidiaries, Silvertides Holdings Corporation and subsidiary, Deity Holdings Corporation, Fonterra Verde Holdings Inc., One Verdana Holdings Inc. and Worldsummit Holdings Corporation.*

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
AS OF DECEMBER 31, 2024
(In Millions)

Type of Receivable:	Total	Current	1-30 days	31-60 days	61-90 days	Over 90 days
A. Trade	P26,912	P18,342	P6,566	P1,222	P227	P555
Less: Allowance	(317)	(78)	(11)	(1)	(1)	(226)
Net Trade Receivable	26,595	18,264	6,555	1,221	226	329
B. Non-Trade	3,685	846	299	140	229	2,171
Less: Allowance	(824)	(32)	(1)	(1)	(3)	(787)
Net Non-Trade Receivable	2,861	814	298	139	226	1,384
Net Receivables	**P29,456**	**P19,078**	**P6,853**	**P1,360**	**P452**	**P1,713**

Annex "B-1"

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2024

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

DECEMBER 31, 2024

(Amounts in Millions, except Number of Shares Data)

Name of Issuing Entity/ Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2024	Income (Loss) Received and Accrued
Cash and cash equivalents	-	P58,221	- Not Applicable -	P2,897
Trade and other receivables - net	-	29,456	- Not Applicable -	13
Restricted Cash	-	228	- Not Applicable -	-
Derivative assets	-	85	- Not Applicable -	127 *
Financial Assets at FVOCI **	-	5,888	5,888	154
Financial Assets at amortized cost **	-	11,500	11,500	864
Noncurrent receivables and deposits - net	-	244	- Not Applicable -	-
		P105,622	**P17,388**	**P4,055**

* This represents net marked-to-market gain/losses from derivative assets and derivative liabilities that have matured during the year and those that are still outstanding as of year-end.

** The number of shares or principal amounts of bonds and notes are presented in ATTACHMENT TO SCHEDULE A - FINANCIAL ASSETS.

See Notes 4, 11, 12, 30, 33 and 34 of the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
ATTACHMENT TO SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2024
(Amounts in Millions, except Number of Shares Data)

Name of Issuing Entity	No. of Shares or Principal Amount of Bonds and Notes	Valued Based on Market Quotation at December 31, 2024
San Miguel Food and Beverage Inc.		
Club Filipino	1	P-
Makati Sports Club, Inc.	1	2
Philippine Long Distance Telephone Company	325	1
Valle Verde Country Club, Inc.	1	1
Manila Electric Company	14,895	-
San Miguel Foods, Inc.		
Club Filipino	1	-
Manila Southwoods Golf & Country Club	1	6
Orchard Golf & Country Club	1	3
Philippine Long Distance Tel. Co.	5,428	-
Sta. Elena Golf & Country Club	1	24
Tagaytay Highland Golf and Country Club	1	3
Makati Sports Club, Inc.	1	2
Royal Tagaytay Country Club	1	-
Magnolia, Inc.		
Alabang Country Club, Inc.	1	14
The Purefoods-Hormel Company, Inc.		
Capitol Hills Golf and Country Club, Inc.	1	-
San Miguel Brewery, Inc and subsidiaries		
San Miguel Corporation		5,785
Bank of Commerce	3,500,000,000	3,500
Philippine Commercial Capital, Inc.	8,000,000,000	8,000
Neptunia Corporation		
HSBC Holdings	20,400	12
San Miguel Brewery Hong Kong		
The Pacific Club Kowloon	1	8
The American Club Hong Kong	1	10
Hong Kong Football Club	1	7
Discovery Bay Golf Club	1	10
Total Financial Assets		**P17,388**

See Notes 4, 11, 12, 30, 33 and 34 of the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC.AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS

DECEMBER 31, 2024

(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CUMULATIVE TRANSLATION RESERVE/ RECLASS/OTHERS	AMOUNTS PAID/DEBIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NON CURRENT	ENDING BALANCE
San Miguel Food and Beverage, Inc.	P288	P19,975	(P19,923)	P-	P340	P340	P -	P340
Nine Dots Media Consulting Corporation	-	74	(5)	-	69	69	-	69
San Miguel Foods, Inc.	3,756	5	(5)	-	3,756	3,756	-	3,756
The Purefoods-Hormel Company, Inc.	6	5	(5)	-	6	6	-	6
San Miguel Super Coffeemix Co., Inc.	211	2	(2)	-	211	211	-	211
San Miguel Mills, Inc.	-	2	(2)	-	-	-	-	-
Magnolia, Inc.	5	5	(5)	-	5	5	-	5
San Miguel Brewery, Inc. and Subsidiaries	93	14	(29)	-	78	35	43	78
Ginebra San Miguel, Inc. and Subsidiaries	11	20	(18)	-	13	13	-	13
	P4,370	**P20,102**	**(P19,994)**	**P-**	**P4,478**	**P4,435**	**P43**	**P4,478**

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CUMULATIVE TRANSLATION RESERVE/ RECLASS/OTHERS	AMOUNTS COLLECTED/ CREDIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NON CURRENT	ENDING BALANCE
San Miguel Food and Beverage, Inc.	P3,960	P45	P -	P -	P4,005	P4,005	P -	P4,005
San Miguel Foods, Inc.	118	1,203	(1,201)	-	120	120	-	120
The Purefoods-Hormel Company, Inc.	8	1,622	(1,616)	-	14	14	-	14
San Miguel Mills, Inc.	4	59	(60)	-	3	3	-	3
Magnolia, Inc.	17	3,579	(3,558)	-	38	38	-	38
PT San Miguel Foods Indonesia	234	21	-	-	255	255	-	255
San Miguel Foods Intl, Ltd	1	-	-	-	1	1	-	1
SMF Investment (BVI) Ltd.	3	-	-	-	3	3	-	3
San Miguel Brewery, Inc. and Subsidiaries	18	33	(22)	-	29	29	-	29
Ginebra San Miguel, Inc. and Subsidiaries	7	18	(15)	-	10	10	-	10
	P4,370	**P6,580**	**(P6,472)**	**P -**	**P4,478**	**P4,478**	**P -**	**P4,478**

SAN MIGUEL FOOD AND BEVERAGE, INC.AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS AND OTHER ASSETS
DECEMBER 31, 2024
(Amounts in Millions)

Part A - Goodwill and Other Intangible Assets

Description	Beginning Balance	Additions/ Acquisition of Subsidiaries	Other Changes/ Reclassification/ (Disposal)	Charged to Costs and Expenses	Cumulative Translation Reserve	Ending Balance
Cost						
Trademarks and brand names	P37,282	P -	P -	P -	P91	P37,373
Licenses	2,133	-	-	-	110	2,243
Computer software and licenses	1,485	107	-	-	7	1,599
Goodwill	996	-	-	-		996
Formulas and recipes and franchise	65	-	-	-		65
	41,961	107	-	-	208	42,276
Accumulated Amortization						
Computer software and licenses	1,264	-	(1)	77	5	1,345
	1,264	-	(1)	77	5	1,345
Accumulated Impairment Losses						
Trademarks and brand names	252	-	-	-	13	265
Computer software and licenses	5	-	-	-		5
	257	-	-	-	13	270
Carrying Amount	**P40,440**	**P107**	**P1**	**(P77)**	**190**	**P40,661**

See Note 16 of the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS AND OTHER ASSETS
DECEMBER 31, 2024
(Amounts in Millions)

Part B - Other Noncurrent Assets

Description	Beginning Balance	Additions/ Acquisition of Subsidiaries	Other Changes/ Reclassification/ (Disposal)	Charged to Costs and Expenses	Cumulative Translation Reserve/ Fair Value Reserve	Ending Balance
Costs						
Deferred containers	P50,786	P7,838	(P1,247)	P -	(P4)	P57,373
Noncurrent receivables and deposits	183	4	57	-	-	244
Noncurrent prepaid input tax	329	-	-	(142)	-	187
Pallets and crates	482	340	7	(312)	-	517
Idle assets	4,140	-	252	-	(1)	4,391
Deposits on land for future development	2,442	597	(1,101)	-	-	1,938
Noncurrent prepaid rent	77	-	-	63	-	140
Others - net	522	150	82	-	3	757
	58,961	8,929	(1,950)	(391)	(2)	65,547
Accumulated Amortization						
Deferred containers	24,948	-	(538)	5,548	(1)	29,957
Idle Assets	2,376	-	(95)	78	-	2,359
	27,324	-	(633)	5,626	(1)	32,316
Accumulated Impairment:						
Deferred containers	928	-	(384)	-	-	544
Idle assets	437	-	-	784	(1)	1,220
	1,365	-	(384)	784	(1)	1,764
Other Noncurrent Assets - net	**P30,272**	**P8,929**	**(P933)**	**(P6,801)**	**P -**	**P31,467**

See Note 17 of the Consolidated Financial Statement.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
SCHEDULE E – LONG-TERM DEBT
DECEMBER 31, 2024
(Amounts in Millions)

Title of Issue	Agent/Lender	Outstanding Balance	Current Portion of Debt	Transaction Cost Current	Amount Shown as Current	Non-current Portion of Debt	Non-current Transaction Costs	Amount Shown as Non-current	Current and Long term Debt	Interest Rate	Number of Periodic Installments	Interest Payments	Final Maturity
Fixed	Banco De Oro Unibank, Inc.	P4,000	P0	P0	P-	P4,000	P(8)	P3,992	P3,992	3.80%	Bullet	Quarterly	March 30, 2026
Fixed	Bank of the Philippine Islands	2,000	0	0	-	2,000	(4)	1,996	1,996	3.95%	Bullet	Quarterly	March 30, 2026
Fixed	China Banking Corporation	1,500	-	-	-	1,500	(3)	1,497	1,497	3.950%	Bullet	Quarterly	March 30, 2026
Fixed	Rizal Commercial Banking Corporation	2,421	21	(4)	17	2,400	(2)	2,398	2,415	3.88%	Amortized	Quarterly	March 30, 2026
Fixed	Banco De Oro Unibank, Inc.	2,000	0	0	-	2,000	(7)	1,993	1,993	4.15%	Amortized	Quarterly	March 30, 2028
Fixed	Bank of the Philippine Islands	4,000	4000	(2)	3,998	-	-	-	3,998	4.63%	Bullet	Quarterly	April 1, 2025
Fixed	Bank of the Philippine Islands	3,000	0	0	-	3,000	(11)	2,989	2,989	5.75%	Bullet	Quarterly	April 1, 2027
Fixed	China Banking Corporation	5,000	0	0	-	5,000	(24)	4,976	4,976	6.84%	Bullet	Quarterly	December 20, 2027
Fixed	China Banking Corporation	5,000	0	0	-	5,000	(25)	4,975	4,975	6.53%	Bullet	Quarterly	December 20, 2027
Fixed	Bank of the Philippine Islands	5,000	0	0	-	5,000	(37)	4,963	4,963	6.57%	Bullet	Quarterly	December 21, 2029
Fixed	China Banking Corporation	3,000	0	0	-	3,000	(23)	2,977	2,977	6.57%	Bullet	Quarterly	December 23, 3031
Fixed	China Banking Corporation	2,000	0	0	-	2,000	(15)	1,985	1,985	6.57%	Bullet	Quarterly	December 21, 2029
Fixed	RCBC Trust and Investments Division	8,000	8,000	(5)	7,995	-	-	-	7,995	5.050%	Bullet	Quarterly	March 10, 2025
Fixed	RCBC Trust and Investments Division	7,000	-	-	-	7,000	(32)	6,968	6,968	5.250%	Bullet	Quarterly	March 10, 2027
Fixed	Bank of the Philippine Islands	1,894	53	(1)	52	1,840	(2)	1,838	1,890	3.284%	28 Quarters	Quarterly	December 18, 2026
Fixed	Bank of the Philippine Islands	9,703	149	(1)	148	9,554	(41)	9,513	9,661	3.548%	28 Quarters	Quarterly	December 12, 2029
Floating	Bank of the Philippine Islands	7,762	119	(1)	118	7,644	(33)	7,611	7,729	i) 3-month PHP BVAL + 0.75% or ii) BSP 28-day TDF Rate + 0.375% whichever is higher	28 Quarters	Quarterly	December 12, 2029
Fixed	BDO Unibank, Inc.	5,000	-	-	-	5,000	(14)	4,986	4,986	3.846%	20 Quarters	Quarterly	September 29, 2026
Fixed	Bank of the Philippine Islands	2,000	-	-	-	2,000	(5)	1,995	1,995	3.846%	20 Quarters	Quarterly	September 29, 2026
		P 80,280	**P12,342**	**(P14)**	**P12,328**	**P 67,938**	**(P286**	**P67,652**	**P79,980**				

See Notes 20, 27, 33 and 34 of the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2024

							Number of Shares Held		
Description	Number of Shares Authorized	Number of Shares Issued	Share Swap Transaction	Stock Split	Treasury Shares	Shares Issued and Outstanding	Related Party	Directors and Officers	Others
Common Shares	11,600,000,000	170,874,854	4,242,549,130	1,537,873,686	42,077,580	5,909,220,090	5,245,082,440	150	664,137,500
Preferred Shares	40,000,000	30,000,000	-	-	30,000,000	-	-	-	-
Total	11,640,000,000	200,874,854	4,242,549,130	1,537,873,686	72,077,580	5,909,220,090	5,245,082,440	150	664,137,500

See Notes 21 and 31 of the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE – RELATED INFORMATION

DECEMBER 31, 2024

(Amounts in Millions)

	2024	2023
Total Audit Fees	**P63**	**P58**
Non-audit services fees:		
Other assurance services	1	1
Tax services	3	1
All other services	2	1
Total Non-audit Fees	**6**	**3**
Total Audit and Non-Audit Fees	**P69**	**P61**

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
San Miguel Food and Beverage, Inc.
40 San Miguel Avenue,
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the separate financial statements of San Miguel Food and Beverage, Inc. (the Company) as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated April 14, 2025.

Our audits were made for the purpose of forming an opinion on the separate financial statements of the Company taken as a whole. The supplementary information included in the Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.

Maria Arleene C. Yu

MARIA ARLEENE C. YU
Partner
CPA License No. 0108855
SEC Accreditation No. 108855-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 225-068-761
BIR Accreditation No. 08-000745-041-2023
Issued October 9, 2023, valid until October 9, 2026
PTR No. MKT 10467161
Issued January 2, 2025 at Makati City

April 14, 2025
Makati City, Metro Manila

Annex "B-2"

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

(Amounts in Thousands)

San Miguel Food and Beverage, Inc.
(A Subsidiary of San Miguel Corporation)
40 San Miguel Avenue, Mandaluyong City

Unappropriated Retained Earnings, beginning of reporting period	**P2,156,510**
Less: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	19,204,965
Unappropriated Retained Earnings, as adjusted	**(17,048,455)**
Add: Net income for the current year	**19,082,777**
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	**11,149**
Sub-total	**19,071,628**
Adjusted Net Income	**2,023,173**
Add: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Benefit from income tax deferred	**3,007**
Sub-total	**3,007**
Total Retained Earnings, end of the reporting period available for dividend	**P2,026,180**

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
San Miguel Food and Beverage, Inc.
40 San Miguel Avenue
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Food and Beverage, Inc. and its Subsidiaries (the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, on which we have rendered our report dated April 14, 2025.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas and calculations, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by PFRS Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

R.G. MANABAT & CO.

Maria Arleene C. Yu
MARIA ARLEENE C. YU
Partner
CPA License No. 0108855
SEC Accreditation No. 108855-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 225-068-761
BIR Accreditation No. 08-000745-041-2023
Issued October 9, 2023, valid until October 9, 2026
PTR No. MKT 10467161
Issued January 2, 2025 at Makati City

April 14, 2025
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024
and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Annex "B-3"

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
40 San Miguel Avenue, Mandaluyong City

FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the periods indicated below.

KPI	**As of December 31, 2024**	As of December 31, 2023
Liquidity:		
Current Ratio	1.24	1.32
Quick Ratio	0.75	0.81
Solvency:		
Debt to Equity Ratio	1.09	1.10
Asset to Equity Ratio	2.09	2.10
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	22.85%	21.76%
Interest Rate Coverage Ratio	12.16	11.50
Return on Assets	11.17%	10.96%

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Operating Efficiency:		
Volume Growth	2.00%	0.60%
Revenue Growth	5.54%	5.84%
Operating Margin	13.92%	12.75%

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

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

* *Excluding cash dividends paid to preferred shareholders*

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

Annex "C"

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
FOOD AND BEVERAGE BUSINESS						
1 SAN MIGUEL BREWERY, INC.						
A. DOMESTIC						
Production Facilities						
Polo	Marulas, Valenzuela City, Metro Manila	Owned	Good			
San Fernando	Brgy. Quebiawan, McArthur Highway, San Fernando, Pampanga	Owned	Good			
Sta. Rosa	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa, Laguna	Building & Facilities-Owned; Land-Rented	Good	P1,791,206.56 subj. to escalation	June 30, 2030	With Option to buy the lot; Rented from Lucky Nine Properties Inc.
				P1,475,370.00 subj. to escalation	November 30, 2030	
				P1,338,663.8 subj. to escalation	August 31, 2038	
Bacolod	Brgy. Granada, Sta. Fe, Bacolod City, Negros Occidental	Owned	Good			
Mandaue	National Highway, Brgy.Tipolo, Mandaue City	Owned	Good			
Davao	Brgy. Darong, Sta. Cruz, Davao del Sur	Owned	Good			
Cagayan de Oro	Sta. Ana, Tagoloan, Misamis Oriental	Building & Facilities-Owned; Land-Rented	Good	1,230,428.97	March 25, 2028	The lease may be renewed for a period of 25 years upon such terms and conditions mutually agreed upon by the parties
Sales/Area Offices and Warehouses						
Central North Luzon Area	SMC Complex, Brgy. Quebiawan, McArthur Highway, San Fernando, Pampanga	Owned	Good			
Central North Luzon Area	Carmen East, Rosales, Pangasinan	Owned	Good			
Central North Luzon Area	Caranglaan Dist., Dagupan City, Pangasinan	Owned	Good			
Central North Luzon Area	Naguilian Road, San Carlos Heights, Brgy. Irisan, Baguio City, Benguet	Owned	Good			
Central North Luzon Area	Pennsylvania Ave., Brgy. Madayegdeg, San Fernando, La Union	Owned	Good			
Central North Luzon Area	Brgy. San. Fermin, Cauayan, Isabela	Owned	Good			
Central North Luzon Area	National Road, Brgy. Mabini, Santiago City, Isabela	Owned	Good			
Central North Luzon Area	San Andres St., San Angelo Subdivision, Sto. Domingo, Angeles City, Pampanga	Owned	Good			
Central North Luzon Area	Brgy. 22, San Guillermo, San Nicolas, Ilocos Norte	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Central North Luzon Area	Brgy. Tablac, Candon City, Ilocos Sur	Owned	Good			
Central North Luzon Area	Maharlika Highway, Brgy. Sta Maria, Lal-lo, Cagayan	Owned	Good			
Central North Luzon Area	Cagayan Valley Rd., Brgy. Sta. Cruz, Guiguinto, Bulacan	Owned	Good			
Central North Luzon Area	Gapan-Olongapo Rd., Poblacion San Isidro, Nueva Ecija	Owned	Good			
Central North Luzon Area	Cabanatuan S.O. - Emilio Vergara Blvd., Brgy. Sumacab Este Cabanatuan City, Nueva Ecija	Land & Building-Rented	Good	300,000.00	August 31, 2029	Renewable upon mutual agreement of both parties.
Central North Luzon Area	Barangay Sta. Rita, Guiguinto, Bulacan	Warehouse Parking space - rented	Good	439,958.46	May 31, 2027	Renewable upon mutual agreement of both parties
Greater Manila Area North	A. Cruz cor S. Asistio St., Brgy. 95, East Grace Park, Caloocan City	Owned	Good			
Greater Manila Area North	Honorio Lopez Blvd cor Gamban St., Balut, Tondo, Manila	Owned	Good			
Greater Manila Area North	Brgy. Mangga, Cubao , Quezon City	Owned	Good			
Greater Manila Area North	portion of Tondo S.O. - Buendia cor. Guidote St., Tondo Manila	Owned	Good			
Greater Manila Area North	Valenzuela S.O. - Bldg. 23 Plastic City Cpd., #8 T. Santiago St., Brgy. Canumay, Valenzuela City, Metro Manila	Land, Warehouse and Open Space-Rented	Good	461,317.15	April 30, 2025	Renewable upon mutual agreement of both parties
Greater Manila Area North	Novaliches S.O. - Quirino Highway, Brgy. Kaligayahan, Novaliches, Quezon City, Metro Manila	Owned	Good			
Greater Manila Area North	Kaingin Rd., Brgy. Apolonio Samson, Balintawak, Quezon City	Warehouse, covered space and open space - Rented	Good	780,995.00	September 30, 2025	Renewable upon mutual agreement of both parties
Greater Manila Area North	Kaingin Rd., Brgy. Apolonio Samson, Balintawak, Quezon City	Warehouse-Rented	Good	252,510.00	November 30, 2025	Renewable upon mutual agreement of both parties
Greater Manila Area North	685 Tandang Sora Ave., Quezon City	Warehouse-Rented	Good	177,857.14	May 31, 2025	The Contract is subject to renewal or extension under such terms and conditions as may be mutually agreed upon between the parties in writing.

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Greater Manila Area South	489 Pureza St. corner Lardizabal St., Barangay 425, 489 Pureza, Sta. Mesa, Manila	Owned	Good			
Greater Manila Area South	M. Carreon St., Brgy. 864, Sta. Ana District, Manila	Owned	Good			
Greater Manila Area South	Manila East Rd., Brgy. Dolores, Taytay, Rizal	Owned	Good			
Greater Manila Area South	No. 100 Bernabe Subd., Brgy. San Dionisio, Sucat, Parañaque City, Metro Manila	Owned	Good			
Greater Manila Area South	Pasig S.O. - Mercedes Ave., Pasig City, Metro Manila	Land & Warehouse-Rented	Good	1,464,433.70	December 31, 2024	Renewable upon mutual agreement of both parties
Greater Manila Area South	Dr. A. Santos Ave., Bgy. San Dionisio, Parañaque City	Land	Good	930,628.11	November 30, 2025	Renewable upon mutual agreement of both parties
South Luzon Area	Silangan Exit, Canlubang, Calamba City, Laguna	Owned	Good			
South Luzon Area	Maharlika Highway, Brgy. Isabang, Lucena City, Quezon	Owned	Good			
South Luzon Area	Maharlika Highway, Brgy. Villa Bota, Gumaca, Quezon	Owned	Good			
South Luzon Area	Maharlika Highway, Brgy. Concepcion Grande Pequeña, Naga City, Camarines Sur	Owned	Good			
South Luzon Area	Brgy. Mandaragat, Puerto Princesa City, Palawan	Owned	Good			
South Luzon Area	Aurora Quezon and Calderron St., Brgy. Labangan, San Jose, Occidental Mindoro	Owned	Good			
South Luzon Area	National Rd., Brgy. Balagtas, Batangas City, Batangas	Owned	Good			
South Luzon Area	Ayala Highway, Brgy. Balintawak, Lipa City, Batangas	Owned	Good			
South Luzon Area	Bgy. Pinamarbuhan, Mobo, Masbate	Land, Warehouse and Open Space-Rented	Good	204,899.63	March 31, 2026	Renewable upon mutual agreement of both parties
South Luzon Area	Legazpi S.O. - Tahao Street, Bgy. Gogon, Legaspi City, Bicol	Warehouse, Office & Open Space-Rented	Good	487,600.00	December 31, 2024	Renewable upon mutual agreement of both parties
South Luzon Area	Dasmarinas S.O. - Brgy. Langkaan II, Governors Drive, Dasmarinas, Cavite	Warehouse-Rented	Good	526,246.88	January 31, 2025	Renewable upon mutual agreement of both parties
South Luzon Area	Warehouse No. 5, 7 and 8, The Warehouse Malagasang II-C, City of Imus, Cavite	Warehouse-Rented	Good	793,990.20	April 30, 2026	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
South Luzon Area	Bulan S.O. -Sitio Pawa, Brgy. Lajong, Bulan, Sorsogon	Warehouse-Rented	Good	125,812.50	October 31, 2025	Renewable upon mutual agreement of both parties
South Luzon Area	Pila S.O. - Brgy. Bulilan Norte, National Highway, Pila, Laguna	Warehouse-Rented	Good	267,857.14	September 30, 2025	Renewable upon mutual agreement of both parties
Negros	Brgy. Granada, Sta. Fe, Bacolod City, Negros Occidental	Owned	Good			
Negros	Muelle Loney St., Brgy. Legaspi, Iloilo City	Owned	Good			
Negros	National Hi-way, Brgy. 4, Himamaylan City, Negros Occidental	Owned	Good			
Negros	Flores St., Brgy. Sum-Ag, Bacolod City, Negros Occidental	Owned	Good			
Negros	Brgy Camanci Norte, Numancia, Aklan	Owned	Good			
Negros	Brgy. Libas, Roxas City, Capiz	Owned	Good			
Negros	West Rovira Road, Pulantubig, Dumaguete City	Warehouse-Rented	Good	219,260.75	December 31, 2025	Renewable upon mutual agreement of both parties
Negros	Brgy. Pagduque, Dumangas, Iloilo	Warehouse-Rented	Good	396,241.27	June 15, 2026	Renewable upon mutual agreement of both parties
Negros	Meliza St. Brgy. Zamora, Iloilo City	Region Office	Good	69,618.00	December 31, 2026	Renewable upon mutual agreement of both parties
Visayas	National Highway, Brgy. Tipolo, Mandaue City	Owned	Good			
Visayas	Brgy. Mercedes, Diversion Road, Catbalogan City, Samar	Warehouse & Open Space-Rented	Good	96,600.00	November 30, 2031	Renewable upon mutual agreement of both parties
Visayas	Brgy. Mercedes, Diversion Road, Catbalogan City, Samar	Warehouse, Office Space & Open Space-Rented	Good	196,350.00	November 30, 2031	Renewable upon mutual agreement of both parties
Visayas	Tagbilaran S.O. - Tomas Cloma Ave., Taloto District, Tagbilaran City, Bohol	Warehouse-Rented	Good	160,714.29	October 31, 2026	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Visayas	Fatima Village, Tacloban City, Leyte	Portion of Land-Rented/Portion of Land-Owned	Good	280,447.36	May 31, 2027	Renewable upon mutual agreement of both parties
Mindanao	Brgy. Darong Sta. Cruz, Davao del Sur	Owned	Good			
Mindanao	National Highway, Bgy. Ulas, Talomo, Davao City	Land & Land Improvements-Rented/Building-Owned	Good	102,345.25	December 31, 2025	Renewable upon mutual agreement of both parties
Mindanao	National Highway, Brgy. Magugpo, Tagum City	Owned	Good			
Mindanao	Sergio Osmeña, Brgy. Poblacion, Koronadal City	Owned	Good			
Mindanao	National Highway, Brgy. Lagao, Gen. Santos City	Owned	Good			
Mindanao	National Highway, Brgy. Luyong Bonbon, Opol, Misamis Oriental	Owned	Good			
Mindanao	R.T. Lim Blvd., Baliwasan, Zamboanga City	Owned	Good			
Mindanao	Brgy. Bongtod, Tandag City, Surigao del Sur	Owned	Good			
Mindanao	J.P. Rizal Ave., Poblacion, Digos City	Owned	Good			
Mindanao	R. Calo St., Fort Poyohan, Butuan City	Owned	Good			
Mindanao	Montilla Boulevard, Villa Kananga, Butuan City	Warehouse Facilities and Office-Rented	Good	468,750.00	September 30, 2026	Renewable upon mutual agreement of both parties
Mindanao	Brgy. Aguada, Ozamiz City	Building-Rented	Good	127,145.53	August 31, 2032	Renewable upon mutual agreement of both parties
Mindanao	Liloy S.O. - Baybay, Liloy, Zamboanga del Norte	Warehouse-Rented	Good	75,892.86	September 30, 2026	Renewable upon mutual agreement of both parties
Mindanao	Dipolog S.O. - Sta. Filomena, Dipolog City	Warehouse-Rented	Good	50,892.86	September 30, 2025	Renewable upon mutual agreement of both parties
Terminal						
Bataan Malt Terminal (land, building, machineries & equipment, furnitures & fixtures)	Mariveles, Bataan	Building & Facilities-Owned; Land-Rented	Good	655,179.77	June 30, 2025	Renewable upon mutual agreement of both parties
Investment Properties	Brgy. Estefania, Bacolod City (9 lots)	Owned	Good			

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
		No. 31 Rosario St., Brgy. Granada, Bacolod City	Owned	Good			
		Brgy. Penabatan, Pulilan, Bulacan	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	L26 B11, Brgy. Sto.Domingo, Sta.Rosa, Laguna	Owned	Good			
	Jaro, Iloilo (2 lots)	Owned	Good			
	Barrio of Tinajeros, Malabon City (2 lots)	Owned	Good			
	Bo. of San Jose and Poblacion Cabanatuan City (3 lots)	Owned	Good			
	Barrio of Mallorca,San Leonardo.Nueva Ecija (2 lots)	Owned	Good			
	Poblacion,San Leonardo,Nueva Ecija	Owned	Good			
	Lot 5009 Imus Estate,Imus Cavite	Owned	Good			
	Imus Friar,Imus, Prov. of Cavite (2 lots)	Owned	Good			
	Lot 5159 Poblacion, Imus Prov. Of Cavite	Owned	Good			
	Barrio of San Rafael & San Roque (2 lots)	Owned	Good			
	Bo. Of Pob. 2nd Municipality of Tarlac (2 lots)	Owned	Good			
	71-B-3-B-4 Barrio Suizo Municipality of Tarlac	Owned	Good			
	Bgy. Paringao, Municipality of Bauang, La Union	Owned	Good			
	Bo. Mabilao, San Fabian, Pangasinan (5 lots)	Owned	Good			
	Brgy. Gabut Norte, Badoc, Ilocos Norte	Owned	Good			
	Pozorrubio, Pangasinan	Owned	Good			
Head Office						
Office Space	40 San Miguel Ave., Mandaluyong City	Rented	Good	5,141,436.16	December 31, 2024	
B. INTERNATIONAL						
Breweries						
San Miguel Beer (Thailand) Ltd.	89 Moo2, Tiwanon Rd., Baan Mai, Muang , Pathumtani 12000, Thailand	Owned	Good			
PT Delta Djakarta Tbk	Jalan Inspeksi Tarum Barat Desa Setia Darma Tambun Bekasi Timur 17510, Indonesia	Building Owned. Land under Land Use Rights	Good		Various parcels of land. September 2027, November 2028, March 2039	For renewal two years before the expiry date.
San Miguel Brewery Hong Kong Limited	22 Wang Lee Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong	Building-Owned; Land-Rented	Good	HKD 229,600.00	2047	No renewal options
San Miguel (Guangdong) Brewery Co.,Ltd	San Miguel Road 1#, Longjiang Town, Shunde District, Guangdong Province, China	Owned	Good	Land price paid upfront. Annual land-use right tax RMB341k.	May 01, 2053	Renewal 1 month before expiration date.
San Miguel (Baoding) Brewery Co. Ltd.	Shengli Street, Tianwei West Road, Baoding City, Hebei Province, China	Owned	Good			
San Miguel Brewery Vietnam Ltd.	Quoc Lo 1 , Suoi Hiep , Dien Khanh , Khanh Hoa	Owned	Good			
Sales/Area Offices and Warehouses						

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
San Miguel Brewery Hong Kong Limited	9th Floor, Citimark Building , No.28 Yuen Shun Circuit, Siu Lek Yuen, Shatin, NT, Hong Kong	Land-Rented	Good	HKD 39,290.00	2047	No renewal options
San Miguel Brewery Hong Kong Limited	San Miguel Industrial Building, No. 9-11 Shing Wan Road, Tai Wai, Shatin, NT, Hongkong	Land-Rented	Good		2047	No renewal options
San Miguel (Guangdong) Brewery Co.,Ltd	San Miguel Road 1#, Longjiang Town, Shunde District, Guangdong Province, China	Owned	Good	Land price paid upfront. Annual land-use right tax RMB341k.	May 01, 2053	Renewal 1 month before expiration date.
Guangzhou Admin Office	Room 1801, No.19 South East Road, Yuexiu District, Guangzhou,	Office Space-Rented	Good	RMB11,571.00	June 25, 2025	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Shenzhen Sales Office	Room 319, 3rd Floor, Liangji Zhihui Building, No. 184 Qingquan Road, Longhua Street, Longhua District, Shenzhen	Office Space-Rented	Good	RMB 5,180.00	October 31, 2025	At the end of contract, in the same condition, we have the priority right of renewal, lease and rent will be discussed by both parties .
Zhong Jiaran (FC's apartment)	Room 2801, Floor 2, Building 9, Poly Liangxi Garden, No. 36, Qingfeng West Road, Nanhai District, Foshan City, Guangdong	Apartment-Rented	Good	RMB 12,000.00	June 30, 2025	At the end of contract, in the same condition, we have the priority right of
Zhang Haoning (GM's apartment)	Room 2201, Block 3, Zone 1, No. 26 Kerun Road, Chancheng District, Foshan City, Guangdong Province, China	Apartment-Rented	Good	RMB 6,000.00	November 30, 2025	At the end of contract, in the same condition, we have the priority right of renewal, lease and rent will be discussed by both parties .
San Remo Taiwan (SRT)						
Taipei Office	3F-3, No.167, Fusing N. Rd., Taipei, Taiwan (ROC)	Leased	Good	NTD 143,800.00	April 15, 2025	At the end of contract , lease and rent will be discussed by both parties .
Taichung Office	No.159, Shuwang Rd., Dali Dist., Taichung City 412, Taiwan (R.O.C.)	Leased	Good	NTD 39,000.00	December 31, 2025	At the end of contract , lease and rent will be discussed by both parties .
Kaohsiung Office	No.305-6, Renlin Rd., Renwu Dist., Kaohsiung City 814, Taiwan (R.O.C.)	Leased	Good	NTD 76,000.00	April 30, 2025	At the end of contract , lease and rent will be discussed by both parties .
San Miguel China Investment Company Limited	Rooms 1213 and 1218, 12F, No. 1 Building, No. 12 Nongzhanguan South Road, Chaoyang District, Beijing China 100026	Office Space-Rented	Good	RMB 13,654.00	September 30, 2026	Renewable upon mutual agreement of both parties
San Miguel (China) Investment Co. Ltd.	1-7A, 1-9C, 1-7C Parkview Tower Chaoyang District Beijing 100027, China	Owned	Good	N/A	N/A	
San Miguel Baoding Brewery Company Limited						

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
San Miguel Baoding Brewery Company Limited	Shengli Street, Tianwei West Road, Baoding City ,Hebei Province, China	Land-Rented	Good	Entire rent paid at the start of lease term	June 01, 2046	Renewable upon mutual agreement of both parties
San Miguel Baoding Brewery Company Limited	1-1-2601, Zhengyulvgu, Chaoyang North Street, Baoding City , Hebei Province, China	Office Space-Rented	Good	RMB 3,406.17	March 06, 2025	Renewable upon mutual agreement of both parties
San Miguel Marketing Thailand Limited						
North sales office	North Office 86-86/1 Sridonchai Rd., Tambon Chang Khlan, Amphur Muang Chiang Mai, Chiang Mai	Office Space-Rented	Good	THB 16,000.00	December 31, 2024	Renewable upon mutual agreement of both parties
South sales office (Phuket)	14/4 Moo 4 , Tambon Wichit Amphor Muang, Phuket	Office Space-Rented	Good	THB 23,157.9	December 31, 2024	Renewable upon mutual agreement of both parties
South sales office (Samui)	44/38 Moo 1 Tambon Maenam,Amphur Koh Samui Suratthani	Office Space-Rented	Good	THB 21,052.63	December 31, 2024	Renewable upon mutual agreement of both parties
Northeast sales office	44/50 Moo 3 Chataphadung Rd, Thumbon Naimuang, Amphur Muang Khonkean	Office Space-Rented	Good	THB 11,578.95	December 31, 2024	Renewable upon mutual agreement of both parties
Pattaya sales office	263/91 Moo 12 Tambon Nongprue Banglamung Chonburi	Office Space-Rented	Good	THB 25,263.16	December 31, 2024	Renewable upon mutual agreement of both parties
San Miguel Brewery Vietnam Company Limited						
San Miguel Brewery Vietnam Ltd.	Quoc Lo 1A, Suoi Hiep , Dien Khanh, Khanh Hoa	Land-Rented	Good	VND 44,185,733.00	November 12, 2044	Renewable upon mutual agreement of both parties
Ho Chi Minh Sales Office	180 Nguyen Van Troi Street, Ward 8, Phu Nhuan Dist, HCM City	Leased	Good	USD 8,774.70	March 31, 2025	Renewable upon mutual agreement of both parties

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Da Nang Sales Office	180 2/9 Street, Da Nang City, Vietnam	Leased	Good	VND 28,000,000	October 05, 2026	Renewable upon mutual agreement of both parties
	Nha Trang Sales Office	Lot 33 TT2, K98 Tran Nhat Duat extended area, Phuoc Hoa Ward, Nha Trang City	Leased	Good	VND 26,000,000	March 31, 2026	Renewable upon mutual agreement of both parties
	Vung Tau Sale Office	80 Huyen Trang Cong Chua Ward 8, Vung Tau	Leased	Good	VND 7,700,000	June 30, 2025	Renewable upon mutual agreement of both parties
	Ho Chi Minh Warehouse	2 Truong Son Highway, Hamlet 2, Hiep Binh Phuoc Ward, Thu Duc City, Ho Chi Minh City	Leased	Fair	USD 1,280.00 + VND 4,000,000	May 09, 2025	Renewable upon mutual agreement of both parties
	Da Nang Warehouse	3rd Floor, 184 Tran Phu, Phuoc Ninh Ward, Hai Chau District, Danang	Leased	Fair	VND 8,500,000.00	April 24, 2025	Renewable upon mutual agreement of both parties
	Apartment for Mr. Ricky Pulido	1/18 Nguyen Van Mai, Ward 4, Tan Binh District, HCMC Lease Location: Apartment Room No. 403 (4th floor)	Leased	Good	VND 15,500,000	August 18, 2025	Renewable upon mutual agreement of both parties
	Apartment for Mr. Elisito. A. Locaylocay	Apartment Rental K.17-08 (6 floor) of Kingston Residen	Leased	Good	VND 22,222,222	May 31, 2025	Renewable upon mutual agreement of both parties
	Apartment for Mr. Kenneth Racoma	Room 1670-Muong Thanh	Leased	Good	VND 8,000,000	April 01, 2025	Renewable upon mutual agreement of both parties
2	**GINEBRA SAN MIGUEL, INC.**						
	A. HEAD OFFICE						
	GSMI Office Space	3rd and 6th Floors SMPC Bldg., St. Francis Ave., Ortigas Centre, Mandaluyong City	Owned	Good			
	GSMI Office Space	5th Floor SMPC Bldg., St Francis Ave., Ortigas Center, Mandaluyong City	Rented	Good	P1,190,903.99 (VAT-EX)	August 31, 2025	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
	B. NORTH LUZON						
	Plants						
	GSMI Sta. Barbara Plant (Land and Facilities)	Tebag West, Sta. Barbara, Pangasinan	Owned	Good			
	EPSBPI Cauayan Plant (Land and Facilities)	San Fermin, Cauayan, Isabela	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Warehouse/Sales Office						
EPSBPI Cauayan Warehouse (Tax Paid)	Prenza Highway San Fermin 3305 City of Cauayan Isabela Philippines	Owned	Good			
GSMI Cauayan Sales Office	327 Prenza Highway, San Fermin, Cauayan Isabela	Owned	Good			
EPSBPI Cauayan Warehouse	327 Prenza Highway, San Fermin, Cauayan Isabela	Owned	Good			
GSMI Pua Warehouse 1	Don Jose Canciller St., Cauayan City, Isabela	Rented	Good	P193,868.00 (VAT-EX)	December 31, 2024	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
GSMI La Union Sales Office - Bauang	R-Hub Bldg. Disso-or 2501 Bauang La Union Philippines	Rented	Good	P36,000.00 (VAT-EX)	October 31, 2026	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
GSMI San Fernando Sales Office	#162 Baliti 2000 City of San Fernando Pampanga	Rented	Good	P475,000.00 (VAT-EX)	December 31, 2024	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
GSMI Lunec Warehouse 1	Brgy. Lunec, Malasiqui, Pangasinan	Rented	Good	P49,500.00 (VAT-EX)	December 31, 2024	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
GSMI New Marich Warehouse	Argonza St. San Fermin, Cauayan City, Isabela	Rented	Good	P80,000.00 (VAT-EX)	January 15, 2025	Short Term Lease Only

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Depot						
GSMI Alcohol Depots #1 and #2	Brgy. Namonitan, Sto. Tomas (Damortis), La Union	Rented	Good			
Land						
GSMI Lingayen Property	Libsong East, Lingayen, Pangasinan	Owned	Good			
GSMI Olongapo Property	Sta. Rita, Olongapo City, Zambales	Owned	Good			
GSMI Minien West Sta. Barbara Property	Minien West, Sta. Barbara, Pangasinan	Owned	Good			
GMSI Maticmatic Sta. Barbara Property	Maticmatic, Sta. Barbara, Pangasinan	Owned	Good			
EPSBPI San Fermin Cauyan Isabela (TCT No.035-20230016340)	San Fermin, Cauyan, Isabela	Owned	Good			
EPSBPI San Fermin Cauyan Isabela (TCT No.035-2022007225)	San Fermin, Cauyan, Isabela	Owned	Good			
C. GMA						
Land						
GSMI Pandacan Sales Office_Land	631 Tomas Claudio St. Zone 93 Barangay 865 1011 Pandacan NCR, City of Manila, First District Philippines	Rented	Good			
Warehouse/Sales Office						
GSMI Pandacan Sales Office_Facility	631 Tomas Claudio St. Zone 93 Barangay 865 1011 Pandacan NCR, City of Manila, First District Philippines	Rented	Good			
GSMI Sucat Parañaque Sales Office	#8380 Dr. A. Santos Avenue, BF Homes, Parañaque City	Rented	Good			
GSMI Maybunga Pasig City Sales Office	403 F. Legaspi St. Maybunga 1607 City of Pasig NCR, Second District Philippines	Rented	Good	P334,860.35 (August 01, 2024 to July 31, 2025) P348,254.76 (August 01, 2025 to July 31, 2026) P362,184.95 (August 01, 2026 to July 31, 2027) VAT-EX	July 31, 2027	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
D. SOUTH LUZON						
Plants						

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
EPSBPI Ligao Plant (Land and Facilities)	Km 503, Hacienda Mitra, Paulog, Ligao City, Albay	Owned	Good			
GSMI Cabuyao Plant (Land and Facilities)	Silangan Industrial Estate, Brgy. Pittland, Terelay Phase, Cabuyao, Laguna	Owned	Good			
Warehouse/Sales Office						
GSMI Lucena Warehouse and Storage Facility (Land and Facilities)	Bgy. Gulang-gulang, Lucena City, Quezon	Owned	Good			
GSMI Ligao Sales Office	Km. 503, Hacienda Mitra, Brgy. Paulog, Ligao City, Albay 4504	Owned	Good			
EPSBPI Ligao Warehouse Extension	Km. 503, Hacienda Mitra, Brgy. Paulog, Ligao City, Albay 4504	Owned	Good			
GSMI Cabuyao Warehouse (Tax Paid)	Telerey Phase Canlubang Industrial Estate Pittland 4025 City of Cabuyao Laguna Philippines	Owned	Good			
EPSBPI Ligao Warehouse (Tax Paid)	Hacienda Mitra Paulog 4504 City of Ligao Albay Philippines	Owned	Good			
GSMI Lucena Sales Office	Sales Office Building National Rd. Gulang-Gulang 4301 Lucena City (Capital) Quezon Philippines	Owned	Good			
Depot						

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
GSMI Cotta Depot	Francisco Ferdinand St., Teacher's Village, Bgy. Cotta, Lucena City	Owned	Good			
GSMI Tabangao Depot (Land and Tanks)	Bgy. Tabangao, Aplaya, Batangas City	Rented	Good			
GSMI Bauan Depot	San Pedro 4201 Bauan Batangas Philippines	Owned	Good			
Land						
GSMI Bauan Batagas (TCT No.053-2023007509)	San Pedro 4201 Bauan Batangas Philippines	Owned	Good			
E. VISAYAS						
Plants						
GSMI Mandaue Plant (Land and Facilities)	Subangdaku, Mandaue City, Cebu	Owned	Good			
DBI Alcohol Distillery (Land and Facilities)	Km 13.5, Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
DBI Deepwell Sites (Land and Facilities)	Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
GSMI Bago City Sales Office	Km 13.5, Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
Distileria Bago, Inc. (Aged Alcohol Warehousing and Management)	Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
GSMI Tacloban Sales Office	Purok 1 Brgy. 91 Maharlika Highway, Abucay Tacloban City	Rented	Good	P37,321.43 (VAT-EX)	October 31, 2026	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
GSMI Iloilo Sales Office	Arrowgo Warehouse, Tacas, Jaro, Iloilo City	Rented	Good	P121,640.00 (VAT-EX)	October 31, 2026	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
GSMI Nothern Samar Sales Office	Sitio Cabicalan Londres Allen, Northern Samar	Rented	Good	P50,000.00 (VAT-EX)	August 31, 2026	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
GSMI Mandaue City Warehouse	Mandaue Port, J. Cenniza St., Looc Mandaue City, Cebu	Rented	Good			
GSMI Escalante City Sales Office	Purok Makiangyon Alimango 6124 City of Escalante Negros Occidental Philippines	Rented	Good	P40,000.00 (VAT-EX)	March 15, 2026	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
Depot						
GSMI Ouano Alcohol Depot (Tank)	Ouano, Mandaue City	Owned	Good			
Land						
DBI Relocation Site	Brgy. Calumangan, Bago City, Negros Occidental	Owned	Good			
DBI (160sq.m new acquisition)	Brgy. Taloc, Bago City, Negros Occidental	Owned	Good			
GSMI Bago Plant (Land)	Brgy. Calumangan, Bago City, Negros Occidental	Owned	Good			
GSMI Looc Land (Depot)	Mandaue Port, J. Cenniza St., Looc Mandaue City	Rented	Good			
F. MINDANAO						
Warehouse/Sales Office						
GSMI Davao Warehouse and Sales Office	Brgy. Talomo, Ulas, Davao City	Rented				
GSMI Pagadian Sales Office	Rizal Avenue Purok Nangka Tuburan 7016 City of Pagadian Zamboanga del Sur Philippines	Rented	Good	P25,000.00 (VAT-EX)	August 31, 2027	Renewable upon mutual agreement of both parties

Company Name / Subsidiary		Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	GSMI Cagayan de Oro Sales Office	Limac Warehouse Diversion Road Bulua Zone 8 9000 Cagayan De Oro City	Rented	Good	P120,912.00 VAT-EX	April 30, 2026	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.
	GSMI Polomolok Sales Office	Door 10 BTY and Sons Dev. Corp Glamang 9504 Polomolok South Cotobato Philippines	Rented	Good	P105,000.00 (September 01, 2024 to August 31, 2027) P115,500.00 (September 01, 2027 to August 31, 2029) VAT-EX	August 31, 2029	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon between the parties.

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
3	FOOD GROUP						
Admin Office/Sales Office							
	Iloilo Office - San Miguel Foods, Inc. (SMFI) - Agro Industrial Cluster (AIC); Feeds, Poultry	Melliza St., Iloilo City	Owned	Good			
	Davao Region Office (SMFI - AIC)	2F, MPPP DavSur 2, Sitio Rambutan, Brgy. Darong, Sta.Cruz, Davao del Sur	Owned	Good			
	NMIN Region Office (SMFI - AIC)	SMFI B-MEG Plant Mis.Or.2 Zone 4 Brgy Gracia Tagoloan Mis.Or.	Owned	Good			
	Sta. Rosa Poultry Office (SMFI - Feeds, SMFI - AIC)	Sta. Rosa Complex, Bo. Pulong Sta. Cruz, Sta. Rosa, Laguna	Owned	Good			
Admin Office and Feedmill/Processing Plant/Product Development Laboratory/Warehouse							
	Cavite Admin Office, Magnolia Processing Plant & Depots - Magnolia Inc. (Magnolia)	Governor's Drive, Bo. De Fuego, Gen. Trias, Cavite	Owned	Good			
	Depok Office - PT San Miguel Foods Indonesia (PTSMFI)	Jl. Raya Bogor Km. 37 Sukamaju, Cilodong, Depok, Indonesia	Owned	Good			
	Tarlac Office, Feedmill and Warehouse - SMFI - Feeds	Luisita Industrial Park, San Miguel,Tarlac City	Owned	Good			
	Bataan Feedmills and Warehouse - SMFI - Feeds	10th Ave. Phase III, FAB, Mariveles, Bataan	Owned	Good			
	Pasig Office and Product Development Laboratory - SMFI -Corporate	SMFG Cmpd., Legaspi cor. Eagle St., Ugong, Pasig City	Owned	Good			
	Bacolod Warehouse - San Miguel Mills, Inc. (SMMI)	Reclamation Area, Barangay Poblacion, Bacolod City	Owned	Good			
	Isabela Feedmill and Warehouse - SMFI - Feeds	Bo. Soyung, Echague, Isabela City	Owned	Good			
	New Feedmill & Premix Plant and Warehouse (San Ildefonso) - SMFI - Feeds	Brgy. Malipampang, San Ildefonso, Bulacan	Owned	Good			
	Pangasinan Feedmill, Sales Office and Laboratory - SMFI - Feeds	Brgy. Bued, Binalonan, Pangasinan City	Owned	Good			
	Admin Office & MPPP- SMFI - Poultry	SMC Complex, Quebiawan, San Fernando, Pampanga	Owned	Good			
	Marikina Processed Meats Plant (used as warehouse) - Purefoods-Hormel	JP Rizal St., Bo. San Roque, Marikina City	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Camarines Sur Office - SMFI - AIC; Office, Quality Assurance Office, Cold Storage and Holding Room , MPPP-SMFI - Poultry; Cold Storage - SMFI - Meats; Office - SMFI - Feeds	Sta. Rita Industrial Estate, Sagurong, Pili, Camarines Sur	Owned	Good			
Isabela Sales Office, Warehouse & BMEG Isabela Plant - SMFI - Poultry	Soyung, Echague, Isabela	Owned	Good			
General Santos Office and Vetmed Hub- SMFI - Poultry	Putingbato, Calumpang, Gen. Santos City	Owned	Good			
Depot						
Farm/Hatchery						
Isabela Cattle Farm - SMFI - Meats	3305 San Luis, Cauayan, Isabela City	Owned	Good			
Calamba Hatchery - SMFI - Poultry	Brgy Licheria, Calamba City	Owned	Good			
Bataan Farm - SMFI - Poultry	Brgy. General Lim, Orion, Bataan City	Owned	Good			
Bukidnon Hatchery - SMFI - Poultry	Kapitan Bayong, Impasug-ong, Bukidnon City	Owned	Good			
Laguna Cattle Farm & R&D - SMFI - Meats; Office - SMFI - AIC	Brgy. Mabacan, Calauan, Laguna	Owned	Good			
CamSur MPH - SMFI - Poultry; SMFI - AIC; SMFI-Feeds	Brgy. San Juan, Baao, Camarines Sur	Owned	Good			
Magnolia Poultry Farm DavSur - SMFI - Poultry	Brgy Hagonoy Crossing, Hagonoy, Davao Del Sur	Owned	Good			

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Flourmill/Feedmill and Warehouse						
Iloilo Feedmill - SMFI - Feeds	Brgy. Gua-an, Leganes, Iloilo	Owned	Good			
Mabini Flourmills - San Miguel Mills, Inc. (SMMI)	Brgy. Bulacan, Mabini, Batangas City	Owned	Good			
Tabangao Flourmill - SMMI	Brgy. Tabangao, Batangas City	Owned	Good			
Bukidnon Feedmill - SMFI - Feeds	Impalutao,Impasug-ong,Bukidnon City	Owned	Good			
Davao Feedmill, Warehouse & Grains Terminal - SMFI - Feeds	Sitio Landing, Brgy. Darong , Sta. Cruz, Davao Del Sur	Owned	Good			
Pavia Iloilo Feedmill - SMFI - Feeds	Brgy. Mali-ao Pavia, Iloilo	Owned	Good			
Ormoc Feedmill - SMFI - Feeds	Brgy, Macabug, Ormoc City	Owned	Good			
Misamis Oriental Warehouse- SMFI - Feeds	Brgy Gracia, Sitio Kivulda, Phividec, Tagoloan, Misamis Oriental	Owned	Good			
Mandaue Feedmill - SMFI - Feeds	JL Ceniza St., Brgy Looc, Mandaue City	Owned	Good			
General Santos Feedmill - SMFI - Feeds	San Miguel Purefoods Compound, Rivera St., Calumpang, General Santos City	Owned	Good			
Grain Terminal						
Mabini Bulk Grain Handling Terminal - Golden Bay Grain Terminal Corporation (GBGTC)	Brgy. Balibaguhan and Brgy. Bulacan, Mabini, Batangas City	Owned	Good			
Land						
Pasig Land (Parking Lot) - Golden Avenue Corp. (GAC)	San Miguel Ave., Corner Tektite Road, Pasig City	Owned	Good			
Bulacan Land - SMFI Feeds	Malipampang, San Ildefonso, Bulacan	Owned	Good			
Bacolod Land - SMMI	Reclamation Area, Barangay Poblacion, Bacolod City	Owned	Good			
Isabela Land - SMFI - Feeds	Bo. Soyung, Echague, Isabela City	Owned	Good			
Iloilo Land - SMFI - Feeds	Brgy. Gua-an. Leganes, Iloilo	Owned	Good			
Davao Land - SMFI - Feeds	Darong, Sta. Cruz, Davao	Owned	Good			
Catbalogan Property (Land & Building) - SMFI - SMIS	Brgy. 048 Payao, Catbalogan City, Samar	Owned	Good			
Cavite Land 1 (Magnolia)	Lot 1-E of Subdivision Plan (LRA), PSD-417836, Brgy. San Francisco, General Trias, Cavite	Owned	Good			
Cavite Land 2 (Magnolia)	LOT 2 OF THE CONSOL.-SUBD.PLAN (LRA) PCS-32472, BO. DE FUEGO, GENERAL TRIAS CAVITE	Owned	Good			
Cavite Land 3 (Magnolia)	LOT 3, (LRA) PCS-32472, LRC REC. NO. 5964 BARANGAY OF DE PUEGO, GEN. TRIAS , CAVITE	Owned	Good			
Processing Plant						

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Binh Duong Processing Plant - San Miguel Pure Foods (VN) Co., Ltd. (SMPFVN)	An Tay, Ben Cat, Binh Duong, Vietnam	Owned	Good			
Cavite Processed Meats Plants - The Purefoods-Hormel Company, Inc. (Purefoods-Hormel)	Bo. De Fuego, Brgy. San Francisco, Gen. Trias, Cavite	Owned	Good			
Davao Processing Plant 2- SMFI - Poultry	Sitio Rambutan, Brgy. Darong, Sta.Cruz, Davao del Sur	Owned	Good			
Cavite Fresh Meat Processing Plant - SMFI - Meats	Governor's Drive Bo. Langkaan 1, Dasmarinas Cavite City	Owned	Good			
Laguna Ice Cream Plant - Golden Food Management, Inc. (GFMI)	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa, Laguna	Owned	Good			
San Fernando Drying Plant-SMFI Feeds	SMC Complex, Quebiawan, San Fernando, Pampanga	Owned	Good			
MPPP Pagbilao - SMFI - Poultry	Pagbilao, Quezon	Owned	Good			
MPPP Leyte - SMFI - Poultry	Brgy. Antipolo, Albuera, Leyte	Owned	Good			
Processing Plant and Cold Storage						
Mandaue Poultry Processing Plant and Cold Storage - SMFI - Poultry	Riverside, Canduman, Mandaue City	Owned	Good			
Sta. Rosa Cold Storage - SMFI - Poultry	LNPI Compound Sta. Rosa Industrial Complex, Pulong Sta. Cruz, City of Sta. Rosa, Laguna	Owned	Good			
Warehouse						
Sta. Rosa Warehouse - SMFI - SMIS	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa City, Laguna	Owned	Good			
B. RENTED						
Admin Office						
Ho Chi Minh Office - SMPFVN	6F Mekong Tower, 235-241 Ward 13, Tan Binh, Ho Chi Minh City, Vietnam	Rented	Good	VND 38,646,597.17/ PHP 90,560	31-Jul-2025	Renewable every 5 years
Zamboanga Office - SMFI - AIC	Don Alfonso Marquez Subd., MCLL Highway Tetuan Zamboanga City	Rented	Good	31,408.46	31-Dec-2025	Renewable every 3 years
Bukidnon Office - SMFI - AIC	Propia St. , Malaybalay, Bukidnon	Rented	Good	147,321.43	31-Jan-2025	Renewable every 2 years
Dumaguete Office - SMFI - AIC	Unit 1-C, JC Building, Ipil Road, Brgy. Daro, Dumaguete City	Rented	Good	40,202.87	30-Oct-2027	Renewable every 3 years

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Bacolod Office - SMFI - AIC	NFCC Cybercentre Complex, Lacson Cr. Hernaez St., Bacolod City	Rented	Good	334,530.00	31-Dec-2025	1 year (under TACIT RENEWAL until new rate is approved by Negros Sanguniang Panlalawigan)
C5 Pasig Office - SMFI, Purefoods, Magnolia, Coffee, SMMI	100 E. Rodriguez Jr. Ave., C5 Road, Ugong, Pasig City	Rented	Good	Jan-Jun: 9,151,260.81; Jul-Dec: 9,405,599.30	16-Jun-2029	Renewable upon mutual agreement of both parties
Tacloban Office - SMFI - AIC	Unit 12, 2nd Floor Bldg. B, Metrobank Center, Juan Luna St., Brgy. Poblacion, Palo, Leyte	Rented	Good	59,588.98	21-Oct-2028	Renewable every 5 years
Central Luzon Office - SMFI - AIC	SMPFC Region Office, SMC Complex, Quebiawan, San Fernando, Pampanga	Rented	Good	382,256.65	31-Dec-2025	Renewable every year
PD Laboratory	Legaspi cor Eagle St Brgy Ugong, Pasig City	Rented	Good	4,848,000.00	Continuing unless terminated and agreed by both parties	If contract expire without a written renewal being executed and the parties continued their relations, the contract shall be considered effective on a month to month basis until either a written renewal is executed or the parties execute a written instrument confirming the parties'intention to no longer renew the contract
Admin Office and Cold Storage/Processing Plant/Warehouse						
Butuan Office and Cold Storage - SMFI - AIC and SMFI - Poultry	Km 9 Tag-ibo Butuan City	Rented	Good	11,127.16 (Office) 449,450 (Processing Plant) 228,920 (Cold Storage) 220,530 (Holding Room)	31-Dec-2025 (Office - AIC) 31-Dec-2025 (Cold Storage - Poultry)	Negotiations for the renewal shall commence six (6) months before expiry date. The decision to renew or not to renew should be made by the parties within a period not exceeding three (3) months from date of expiry

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Misamis Occidental Office and Cold Storage - SMFI - AIC and SMFI - Poultry	Mailen, Clarin, Misamis Occidental	Rented	Good	133,090 (Cold Storage) 250,027 (Holding room) 14,946.00 (Office)	31-Dec-2025	-Renewable every 3 years (Office) -6 months before expiry date. The decision to renew or not to renew should be made by the parties within a period not exceeding three (3) months from date of expiry (Cold Storage & Holding Room)
Cebu Office, Labatory & Cold Storage - SMFI - Poultry	Brgy. Pangdan, Naga City, Cebu	Rented	Good	39,200.00 (Office and Labatory) 3,837,745.7 (Cold Storage & Warehouse)	31-Jan-2025	Renewable every 3 years
Mandaue Admin Office, Warehouse and Cold Storage - SMFI - Poultry	Lot 2459-B1&B2 Batiller Street, Barangay Umapad, Mandaue City	Rented	Good	654,740.00	Continuing unless terminated and agreed by both parties	Ongoing renewal through SMILSI
JM1 Farm - SMFI - Meats	Brgy. Kalasungay, Malaybalay City	Rented	Good	650,000.00	31-Aug-2025	Renewable every 3 years
Cold Storage						
Misamis Oriental Dressing Plant (Processing, Cold Storage, Holding Room)- SMFI - Poultry	Mohon Tagoloan Misamis Oriental	Rented	Good	422,620.00	30-Sep-2025	The Lessee maybe pre-terminate the Contract without cause by giving 60 days prior written notice to the Lessor
Misamis Oriental Cold Storage - SMFI - Meats	Sta. Ana, Tagoloan, Misamis Oriental	Rented	Good	118,552.00	30-Sep-2025	Renewed upon the expiry of its contract term for the like period(s) under the same terms and conditions, except as may be otherwise agreed by the parties in writing
Palawan Cold Storage - SMFI - Poultry	Abara Road, Brgy. San Pedro, Puerto Princesa City, Palawan	Rented	Good	388,080.00	31-Dec-2024	Renewable every year
Negros Oriental - Cold Storage & Processing Plant - SMFI - Poultry	Sra Ascion, San Jose, Negros Oriental	Rented	Good	2,433,370.00	31-Oct-2024	Renewable every 3 years
Cold Storage and Blast Freezing Facility/Holding Room/Laboratory/Warehouse/Processing Plant/Mixes Storage/Office						
Bulacan Cold Storage and Holding Room - SMFI - Poultry	#95 Landicho St., Brgy. Balasing, Sta. Maria, Bulacan	Rented	Good	182,249 (Cold Storage) 186,015 (Holding room)	31-May-2025	Renewable every 3 years

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Pampanga Cold Storage & Selling Station- SMFI - Meats & Mixes Storage - Poultry	888 Quezon Rd, Brgy. San Isidro, San Simon, Pampanga	Rented	Good	1,967,612.59 (Cold Storage) 51,785.71 (Selling Station) 30,140 (Mixes Storage)	31-Dec-2024 (Cold and Mixes Storage) 30-Jun-2024 (Selling Station)	Renewable upon mutual agreement of both parties
Bulacan Cold Storage, Holding Room and Laboratory & Liquidator's Office-SMFI - Poultry	Brgy. Caysio, Sta. Maria, Bulacan	Rented	Good	2,851,878 (Cold Storage) 1,402,838 (Holding Room) 56,952 (Laboratory) 9,750 (Office)	28-Feb-2025	Renewable every 3 years
La Union Cold Storage, Holding Room and Laboratory - SMFI - Poultry	Brgy. Rabon, Rosario, La Union 2506	Rented	Good	2,200,767 (Cold Storage & Holding Room) 72,081.00 (Laboratory)	30-Sep-2026	Renewable every 3 years
Pampanga Cold Storage, Holding Room and Labatory - SMFI - Poultry	Brgy. San Isidro, San Simon, Pampanga	Rented	Good	731,185 (Cold Storage) 317,853.00 (Holding Room) 49,090.00 (Labatory)	8-Jul-2025	Renewable every 3 years
Tarlac Cold Storage, Holding Room and Laboratory - SMFI - Poultry	Brgy. San Nicolas Balas, Concepcion, Tarlac 2316	Rented	Good	1,810,069.00 (Cold Storage) 1,211,826.00 (Holding Room) 37,882.07 (Laboratory)	31-Dec-2024	Renewable every 3 years
Bataan Cold Storage and Holding Room - SMFI - Poultry	Brgy. Tumalo, Hermosa, Bataan	Rented	Good	2,898,065(Cold Storage) 1,335,372 (Holding Room) 28,764.14 (Labatory)	31-Dec-2024	Renewable every 3 years
Nueva Ecija Cold Storage, Holding Room and Labatory- SMFI - Poultry	Km104, Brgy Tabuating, San Leonardo, Nueva Ecija	Rented	Good	693,070 (Cold Storage) 914,660.00 (Holding Room) 28,570.00 (Laboratory)	8-Mar-2027	Renewable every 3 years
Iloilo Cold Storage and Processing Plant- SMFI - Poultry	Barangay Tungay, Sta. Barbara, Iloilo	Rented	Good	902,691.69 (Cold storage) 474,483.96 (Processing plant)	31-Dec-2026	Renewable every 3 years
Negros Oriental Cold Storage and Processing Plant -SMFI - Poultry	Bolocboloc Sibulan Negros Oriental	Rented	Good	1,818,600.00	31-Oct-2024	Renewable every 3 years
Negros Occidental Processing Plant and Cold Storage/Holding Room & Laboratory - SMFI - Poultry	Hda Binunga. Brgy Guinhalaran, Silay City, Negros Occidental	Rented	Good	395,541.76 (Processing Plant) 1,804,330 (Cold Storage)	31-Dec-2027	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
El Salvador Processing Plant; Cold Storage; Holding Room - SMFI Poultry	Upper Linabo, Brgy. Cogon, El Salvador City	Rented	Good	2,121,510 (Cold Storage) 453,490 (Holding room)	3-Mar-2026	6 months before expiry date. The decision to renew or not to renew should be made by the parties within a period not exceeding three (3) months from date of expiry
Depot						
Iloilo Depot - Magnolia	3M Dragon,Leganes St., Brgy Lupa Santa Barbara Iloilo	Rented	Good	1,925,280.00	31-Dec-2024	Renewable every year
Consolacion Cebu Depot - Magnolia	Cebu-North Road, Tayud, Consolacion, Cebu	Rented	Good	3,129,995.82	31-Dec-2024	Renewable every year
Cagayan de Oro Depot - Magnolia	Brgy. Cugman, Cagayan de Oro City	Rented	Good	3,215,241.51	31-Dec-2024	Renewable every year
Bacolod Depot - Magnolia	Magsasay Cor Araneta Sts., Brgy. Singcang, Bacolod City	Rented	Good	1,665,833.20	31-Dec-2024	Renewable every year
Davao Depot - Magnolia	San Miguel Brewery Sales Office, Ulas Davao City	Rented	Good	87,746,089.33	31-Dec-2025	Renewable every year
Foreshore						
Mabini Bulk Grain Handling Terminal Foreshore - GBGTC	Brgy. Balibaguhan and Brgy. Bulacan, Mabini, Batangas	Rented	Good	373,949.14	28-Feb-2025	Lease may be renewed for another 25 years at the option of the DENR
Mabini Foreshore - SMMI	Brgy. Bulacan, Mabini, Batangas	Rented	Good	49,089.06	Continuing unless terminated and agreed by both parties	Lease may be renewed for another 25 years at the option of the DENR
Tabangao Foreshore - SMMI	Brgy. Tabangao, Batangas	Rented	Good	9,648.63	22-Aug-2024	Lease may be renewed for another 25 years at the option of the DENR
Land						
Mabini Land (Flourmill) - SMMI	Brgy. Bulacan, Mabini, Batangas City	Rented	Good	1,780,984.00	31-Dec-2026	Renewable upon mutual agreement of the parties
Mabini Bulk Grain Handling Terminal (Land only) - GBGTC	Brgy. Balibaguhan and Brgy. Bulacan, Mabini, Batangas	Rented	Good	1,976,489.31 per month (Jan to Mar); 2,075,304.30 per month (Apr to Dec)	31-Mar-2026	Renewable upon mutual agreement of the parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Pangasinan Feedmill (Land only) - SMFI - Feeds	Brgy. Bued, Binalonan, Pangasinan	Rented	Good	438,683.30	31-Dec-2024	Renewable every year
Mabini New Flourmill (Land Only) - SMMI	Brgy. Bulacan, Mabini, Batangas	Rented	Good	1,806,289.47	31-Dec-2026	Renewable upon mutual agreement of the parties
Bataan Breeding Farm (Land only) - SMFI - Poultry	Brgy. General Lim, Orion, Bataan	Rented	Good	293,976.59	31-Dec-2026	Renewable at the end of contract date
Bataan Feedmill (Land only) - SMFI - Feeds	Mindanao Avenue, Corner 10th Ave. BEZ, Mariveles, Bataan	Rented	Good	1,459,250 (Plant 1) 867,642 (Plant 2) 962,064 (Extension warehouse)	31-Dec-2054 (Plant 1) 31-Mar-2041 (Plant 2) 31-Mar-2041 (Extension Warehouse)	Renewable upon mutual agreement of both parties
Cebu Land - SMMI	P. Rodriguez Street & Dad Cleland Road, Poblacion, Lapu-Lapu, Cebu	Rented	Good	Jan-June : 4,042,478.91 July -Dec : 4,244,602.85	31-May-2031	Renewable upon mutual written agreement of the parties
Pasig Office (Land Only) - SMFI - Corporate	SMFG Cmpd., Legaspi cor. Eagle St., Ugong, Pasig	Rented	Good	314,633.66	31-Dec-2024	Renewable upon mutual agreement of both parties
Laguna Ice Cream Plant (Land Only) - GFMI	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa, Laguna	Rented	Good	924,000.95	31-May-29	Renewable upon mutual agreement of both parties
Ready-to-Eat Plant (Land Only) - SMFI - Great Food Solutions (GFS)	Sta. Rosa Industrial Complex, Brgy. Pulong Sta. Cruz, Sta. Rosa City, Laguna	Rented	Good	1,310,891.10	31-Dec-2027	Renewable upon mutual agreement of both parties
Bulacan Feedmill(Land Only) - SMFI - Feeds	Brgy. Malipampang San Ildefonso, Bulacan	Rented	Good	1,247,980.00	31-Dec-2031	Renewable every 10 years
Davao Land - SMFI - Feeds	Sitio Landing, Brgy. Darong , Sta. Cruz, Davao Del Sur	Rented	Good	956,307.25	31-Mar-2031	Renewable upon mutual agreement of both parties
Farm/Hatchery						
Bataan Hatchery Farm (Land only)- SMFI - Poultry	Brgy. General Lim, Orion, Bataan	Rented	Good	99,820.00	31-Jan-2034	Contract still for routing

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
Processing Plant						
Lipa Dressing Plant - SMFI - Poultry	Brgy Kayumanggi, Lipa City	Rented	Good	1,040,110.00	31-Aug-2024	Renewable upon mutual agreement of both parties
Puerto Princesa Dressing Plant - SMFI - Poultry	Brgy Tagburos, Puerto Princesa City, Palawan	Rented	Good	22,400.00	31-Dec-2024	Renewable every year
Lucena Processing Plant - SMFI - Poultry	Brgy. Bocohan, Lucena	Rented	Good	1,534,600.00	31-Dec-2025	Renewable every year
Isabela Processing Plant - SMFI - Poultry	Garit Sur, Echague Isabela	Rented	Good	3,541,247(Processing Plant); 40,765.17(Laboratory)	15-Mar-2027	Renewable every 3 years
Rizal Processing Plant - Poultry	#1 Sitio Kapatagan, Brgy. Pinugay, Baras, Rizal	Rented	Good	327,431.86	31-Dec-2025	Renewable every year
Batangas Processing Plant - SMFI - Poultry	Brgy Aya, San Jose, Batangas	Rented	Good	3,314,850.00	31-Dec-2024	Renewable upon mutual agreement of both parties
South Cotabato Processing Plant - SMFI - Meats	Purok 3, Brgy. Glamang, Polomolok, South Cotabato	Rented	Good	208,272.87	31-Aug-2025	Renewable upon mutual agreement of both parties
Tacloban Processing Plant - SMFI - Poultry	Brgy. 69 Anibong, Tacloban City	Rented	Good	132,000.00	31-Dec-2025	Renewable upon mutual agreement of both parties
Sales Office						
Iloilo Office - SMFI - SMIS	Orbe St., Brgy. Baybay Norte, Miag-ao, Iloilo	Rented	Good	8,928.57	30-Jun-2028	Renewable upon mutual agreement of both parties
Sales Office and Cold Storage/Laboratory/Warehouse						
Commissary Warehouse/Storage - SMMI, Purefoods-Hormel, SMFI - Meats	Sta Rosa,IndustrialComplex, Pulong Sta Cruz, Sta Rosa Laguna	Rented	Good	No fixed monthly rental; based on pallet position per day	31-Dec-2025	Renewable upon mutual agreement of both parties
Warehouse						
LSL Multi-Serve-Managed Warehouses - SMFI - Feeds	Bay 6 Everland Agri Corp., Km. 12, Sasa, Davao City; Km. 11, Sasa, Davao	Rented	Good	529,750.00	31-Dec-2025	Renewal every one year
Pangasinan Warehouse - SMFI - Feeds	Carmen East, Rosales, Pangasinan	Rented	Good	1,240,780.80	15-Apr-2024	Closed in April 15, 2024

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
SMCSL-Managed Warehouses - SMFI - Feeds	Manila; Bataan; Batangas; Camarines Sur; Cebu; Iloilo; Bacolod; Cagayan de Oro; Ozamiz; Bukidnon; General Santos; Zamboanga; Davao	Rented	Good	40,190,860.58	31-Dec-2026	Renewable every 3 years
D Meter-Managed Warehouses - SMFI - Feeds	Cristo Rey Capas, Tarlac 2315; 15 Victoria Hills St. Bungad, Project 7, Quezon City, Metro Manila	Rented	Good	600,976.83	31-Dec-2024	Renewable upon mutual agreement of both parties
Tarlac Warehouse - SMFI - Feeds	Mabini, Moncada, Tarlac	Rented	Good	547,870.00	31-Dec-2024	Renewable every year
Camarines Sur Warehouse - SMFI - Feeds	Santiago, Pili, Camarines Sur	Rented	Good	273,240.00	31-Dec-2024	Renewable every year
Pangasinan Warehouse - SMFI - Feeds	Brgy. Barraca,Villasis, Pangasinan	Rented	Good	711,110.40	31-Dec-2024	Renewable every year
Pangasinan Warehouse - SMFI - Feeds	Urdaneta, Pangasinan	Rented	Good	1,487,024.00	31-Dec-2024	Renewable every year
Camarines Sur Warehouse - SMFI - Feeds	Brgy. San Jose & Sagurong, Pili, Camarines Sur	Rented	Good	617,971.20	31-Dec-2024	Renewable every year
Parañaque Warehouse - SMFI - AIC,SMFI - SMIS and SMFI - Great Food Solutions (GFS)	Pacific Coast Plaza Building, 1st Villamor Street, Parañaque	Rented	Good	59,423.29 (AIC) 156,017.75 (SMIS) 24,433.47 (GFS)	31-Dec-2024	Renewable upon mutual agreement of both parties
Tarlac Warehouse - SMFI - Feeds	Brgy. Estrada Capas, Tarlac	Rented	Good	895,000.00	31-Dec-2024	Renewable every year
Laguna Warehouse - SMFI - Poultry	Denson Whse, Brgy Parian, Calamba, Laguna	Rented	Good	290,936.58	31-Jul-2025	Renewable every year
Isabela Warehouse - SMFI - Feeds	Bo. Soyung, Echague, Isabela	Rented	Good	1,176,238.00	15-Mar-2025	Renewable upon mutual agreement of both parties
Isabela Warehouse (Lucky J3 and J88)- SMFI - Feeds	Brgy. Victoria, Alicia, Isabela	Rented	Good	1,540,000.00	15-Mar-2025	Renewable upon mutual agreement of both parties
Paranaque Warehouse - SMMI	8380 Dr. A. Santos Avenue, Barangay BF Homes, Parañaque City	Rented	Good	118,638.26 per month (Jan to Apr); 122,197.41 per month (May to Dec)	30-Apr-2026	Renewable upon mutual agreement of both parties
Samar Warehouse-SMMI	Catbalogan Samar	Rented	Good	33,033.48	31-Dec-2025	Renewable upon mutual agreement of both parties
Bulacan Warehouse - SMFI - Feeds	Cagayan Valley Rd, Brgy. Matimbubong, San Ildefonso, Bulacan	Rented	Good	700,000.00	31-Dec-2024	Renewable upon mutual agreement of both parties

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	Batangas Warehouse - SMFI - Feeds	Brgy. Balibaguhan, Mabini Batangas	Rented	Good	1,684,691.90	Ongoing renewal	Renewable upon mutual agreement of both parties
	Bacolod Warehouse - SMFI - Feeds	Lot 1 Bredco Port, Brgy. Poblacion, Bacolod City	Rented	Good	318,289.97	28-Feb-2025	Renewable every 3 years
	SMILSI ULAS Warehouse - SMFI - Poultry	San Miguel Brewery Regional Sales Office, Mac Arthur Highway, Ulas, Talomo, Davao City.	Rented	Good	481,306.00	30-Aug-2025	Renewable upon mutual agreement of both parties
	Davao Warehouse - SMFI - Feeds	KM 15 NATIONAL HIGHWAY ILANG, DAVAO CITY	Rented	Good	892,875.20	31-Dec-2025	Renewable every year
	SMCSL-Managed Warehouses - SMFI - AIC	Pasacao & Pili Camarines Sur	Rented	Good	1,352,628.00	31-Dec-2025	Renewable every year
4	**OTHERS- SAN MIGUEL FOOD AND BEVERAGE INC.**						
Admin Office							
	Pasig Office - San Miguel Food and Beverage, Inc. (SMFB)	17F, 18F, 21F, 22F, 23F JMT Corporate Condominium Building, ADB Avenue, Ortigas Center, Pasig City	Owned	Good			
Land							
	Mabini Land - SMFB	Brgy. Bulacan, Mabini, Batangas City	Owned	Good			
	Bukidnon	Capitan Bayong, Impasugong	Owned	Good			
	Davao	Barrio Talomo, City of Davao	Owned	Good			
	Zamboanga	Barangay Boalan, City of Zamboanga	Owned	Good			
	Zamboanga	Brgy. Boalan, Mercedes,City of Zamboanga	Owned	Good			
	South Cotabato	Burgos St, Pob. Surallah, South Cotabato	Owned	Good			
	Misamis Oriental	Manticao, Misamis Oriental	Owned	Good			
	Misamis Oriental	Bo. Carmen CDO, Misamis Oriental	Owned	Good			
	Lanao Del Norte	Bgy Tacub, Kauswagan, Lanao Del Norte	Owned	Good			
	Iligan	Bo. San Isidro, Iligan City	Owned	Good			
	Camiguin	Malingin, Mainit, Catarman, Camiguin	Owned	Good			
	Taytay Rizal	BARRIO OF MOSON, TATAY, RIZAL	Owned	Good			
	Quezon City	36ST.JAMES ST.KINGSPORT SUBD,NOVALICHES,QC	Owned	Good			
	San Fabian	San Fabian, Pangasinan	Owned	Good			
	B. RENTED						
Admin Office							
	Mandaluyong	40 San Miguel Ave., Mandaluyong City	Rented	Good	57,223.04	30-Jun-2025	Renewable upon mutual agreement of both parties

Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
C5 Pasig Office	100 E. Rodriguez Jr. Ave., C5 Road, Ugong, Pasig City	Rented	Good	Jan-May: 19,669.09 June: 19,944.52 July-Dec: P20,259.30	16-Jun-2025	Renewable upon mutual agreement of both parties. Terminated as of January 31, 2025

Note: All owned properties are free of liens and encumbrances.

Annex "D"

LIST OF PRODUCTS

I. BEER AND NAB

1. San Miguel Pale Pilsen
2. San Mig Light
3. San Miguel Super Dry
4. San Miguel Premium All-Malt
5. Red Horse
6. Red Horse Super
7. Gold Eagle
8. San Miguel Cerveza Negra
9. San Miguel Flavored Beer
10. San Mig Zero
11. San Miguel NAB
12. San Miguel Flavored NAB
13. San Miguel Cerveza Blanca
14. San Miguel Chocolate Lager (Limited Edition)
15. Blue Ice
16. Dragon
17. W1N Bia (Bia Hoi)
18. Anker
19. Kuda Putih
20. Bruck
21. Knight
22. San Mig Hard Seltzer
23. Batavia

ALCOHOL-FREE BEVERAGE

1. San Mig Free

NON-ALCOHOLIC BEVERAGES

1. Magnolia Fruit Drink
2. Magnolia Healthtea
3. Cali
4. Magnolia Flavored Water (formerly San Mig Flavored Water)

BREWED FOR PRIVATE LABEL

1. Ikinama
2. Kiwamugi
3. Ceus
4. Elite

BREWED UNDER LICENSING/TOLLING AGREEMENT

1. Carlsberg
2. Sunlik

IMPORTED/DISTRIBUTED

1. Kirin Ichiban
2. Samuel Adams
3. Sam 76
4. Angry Orchard
5. Spitfire
6. Whitstable Bay
7. Mahou
8. Magners
9. Arcobrau

II. SPIRITS

1. GINEBRA SAN MIGUEL
2. GINEBRA SAN MIGUEL PREMIUM GIN
3. G.S.M. BLUE LIGHT GIN
4. G.S.M. BLUE FLAVORS (Mojito, Margarita, Gin Pomelo, Cosmopolitan and Lychee Martini)
5. PRIMERA LIGHT (Primera Light Imported)
6. VINO KULAFU (Chinese Wine)
7. ANTONOV VODKA
8. 1834 PREMIUM DISTILLED GIN
9. ARCHANGEL RESERVE PREMIUM DRY GIN
10. FREEDOM ISLAND LIGHT RUM
11. G&T ULTRALIGHT SPIRIT DRINK (Lemon Ginger and Apple Black Tea)
12. SAN MIGUEL ETHYL ALCOHOL

For Export Only

13. TONDEÑA MANILA RUM (Gold)

III. FOOD

San Miguel Foods, Inc.

POULTRY

Live Broilers

Dressed Chicken (Wholes)
Magnolia Fresh Chicken (Fresh Chilled, Frozen)
Magnolia Spring Chicken (Fresh Chilled, Frozen)
Magnolia Big Bird (Fresh and Frozen)
Magnolia Jumbo Chicken (Fresh and Frozen)
Magnolia Free Range Chicken (Fresh and Frozen)

Cut-ups
Magnolia Chicken Cut-ups (Fresh Chilled, Frozen)
Magnolia Chicken Station Cut-ups (Cut and packed in the Chicken Stations)
Magnolia Free Range Cut-ups

Marinated, Ready to Cook
Magnolia Chicken Timplados Ready-to-Cook (Fried Chicken, BBQ, Tocino, Teriyaki, Spicy Wings, Oriental Wings, Inasal, Spicy Fried Chicken, Roasters Lemon Herb, Roasters Smoked Pepper, Bola-Bola, Chicken Longanisa, Grillers Classic Roast, Cheesy Fingers, All-around Pangsahog, All-around Giniling, Fried Chicken Drumsticks with BBQ seasoning, Pinoy Streat Foods Chicken Skin, Classic Burger), Toppings (Adobo, Bopis, Spicy Curry, Bistek, and Afritada), BBQ Chicken Ribs

Magnolia Chicken Station Timplados (Vanilla Fingers, Lumpiang Shanghai, Spicy Neck, Chicken Frillers, Korean BBQ, Chicken Siomai, Chicken Tapa) – produced in Chicken Stations

Magnolia Chicken Streat Sarap (Isaw, Chicken Feet, Chicken Neck)

Magnolia Real Chicken Burger Steak

Giblets
Magnolia Chicken Giblets (Fresh and Frozen Liver and Gizzard)

Institutional
Whole Chicken
Customized Bone-in Cut-ups and Deboned Fillets

Brown Eggs
Magnolia Cage-Free Brown Eggs 12s
Magnolia Egg-A-Day 7s

FRESH MEATS

Live Hogs

Wholesale Cuts
Pork
Hog Carcass
Boxed Primal Parts

Beef

Beef Forequarters
Beef Hindquarters
Boxed Primal Cuts

Retail Cut-ups

Monterey Primal Cuts (Pork, Beef)
Monterey Meatshop Cut Ups (Pork, Beef) - cut and packed in Monterey Meatshops

Marinated

Monterey Meatshop Timplados (Pork, Beef) - produced in Monterey Meatshops
Pork BBQ Tenderloin Skewers
Monterey Exclusives (Pork BBQ, Baby Back Ribs, American Style Ribs, Pork Tocino)

FEEDS

Animal and Aquatic Feeds

Hog Feeds

B-MEG Premium Hog Feeds
B-MEG Premium Super Inahin Hog Pellets
B-MEG Premium Super Biik Hog Pellets
B-MEG Expert Premium Formulation Hog Pellets
B-MEG Expert Complete Nutrition Hog Feeds
B-MEG Mega Mash
B-MEG Essential Hog Feeds
B-MEG Essential Performix
B-MEG Bonanza Hog Pellets
Jumbo Hog Feeds
Pureblend Hog Feeds

Poultry Feeds

B-MEG Essential Layer
B-MEG Essential Broiler
B-MEG Essential Broiler Breeder
B-MEG Premium Layer
B-MEG Premium Broiler
B-MEG Expert Layer
B-MEG Layer
B-MEG Broiler
B-MEG Ducks
B-MEG Free Range Chicken Feeds
B-MEG Integra
B-MEG Powermaxx
B-MEG Derby Ace
B-MEG F-Series
B-MEG Pigeon Pellets
Pureblend Layer Feeds
Pureblend Broiler Feeds
Pureblend Duck Feeds

Aquatic Feeds

B-MEG Prize Catch Super Premium Extruded Floating Feeds
B-MEG Prize Catch Premium Extruded Floating Feeds
B-MEG Prize Catch Premium Sinking Feeds
B-MEG Aquaration Extruded Floating Feeds
B-MEG Aquaration Extruded Sinking Feeds

Others

Pureblend Quail Feeds
B-MEG Horse Feeds

Concentrates

B-MEG Hog Concentrate
B-MEG Essential Pig Protein Concentrate
B-MEG Essential Goat Concentrate

Animal Health Care Veterinary Medicines

Anti-infective - Water Soluble Preparations

Amoxil-V (Amoxicillin 20%)
Cephalexin 20%
Chlortetracycline 25%
Cotrimoxazole 48%
Doxa-V (Doxycycline 20%)
Dox-C-Lin Gold Premium
B-MEG Power Maxx Trimaxx

Supplement/Vitamins - Water Soluble Preparations

Elec-V (Electrolytes)
Multi-V (Multi-vitamins)
Multivitamins + Minerals + Amino Acids
Vitamin B-Complex (Broiler)
B-MEG Power Maxx Electromaxx
B-MEG Power Maxx Multimaxx

Anti-Inflammatory/Anti-pyretic - Water Soluble Preparation

Para-V

Dewormer/Anti-nematodal - Water Soluble Preparations

Bulatigok SD (Levamisole 2%)
Bulatigok (Levamisole 20%)

Injectables

Alamycin LA

Supplement/Vitamins - Injectables

Iron Vet
Norovit

Oral Preparations

B-MEG Power Maxx Trifast
B-MEG Power Maxx Worm-X
B-MEG Power Maxx Worm-X Maxx
B-MEG Power Maxx Multimax D5

Anti-infective - Liquid Preparations

Norfloxacin 20%

Supplement/Vitamins - Liquid Preparations

Vitamin ADE OS
Vitamin E 60%
Multi-V
Multi-V Plus (MV+AA OS)
PneumoCare (Essential Oils + Ethanol)
Vita-Levo

Anti-infective - Feed Premix

Tiamulin 10%

Supplement/Vitamins - Feed Premixes

B-MEG Essential Swine Vitamin
B-MEG Essential Swine Mineral
B-MEG Essential Poultry Vitamin

B-MEG Essential Poultry Mineral

Disinfectants

Protect Plus
Protect Plus Gold
Aqua Care
Calci Clear
Sanivir Smoke

Others

B-MEG Power Maxx Feather Shine Shampoo
Cyrokill
Long Last
Zyrox Fly Bait

Pet Care

Mainstream Dog Food

Nutri Chunks Hi-Protein Puppy Lamb
Nutri Chunks Optimum Adult Beef
Nutri Chunks Optimum Adult Lamb
Nutri Chunks Coatshine Adult Salmon
Nutri Chunks Maintenance Adult Beef
Nutri Chunks Maintenance Small Breed Lamb

Economy Dog Food

AlphaPro Regular Bites Adult Beef
AlphaPro Small Bites Adult Beef

Cat Food

Majesty Cat Food Salmon Flavor

Dog Treats

NutriChunks Milk Flavored Sticks
NutriChunks Beef Flavored Sticks

Pet Health/Wellness

NutriChunks Wormshot Dewormer
NutriChunks Multi-V Yum Supplement

San Miguel Mills, Inc.

Hard Wheat Flour

Emperor
King
Pacific
Monarch
Harina de Pan de Sal
Count

Soft Wheat Flour

Queen
Countess
Red Dragon
Nova
Vega
Alpha
Polaris

Specialty Flour

Baron All-Purpose Flour
Gallant All-Purpose Flour

Baron Siopao Flour
Princess Cake Flour
Golden Wheat Whole Wheat Flour (Fine and Coarse)

Customized Flour
Royal Premium Noodle Flour
Royal Special Noodle Flour
Prince Miki Flour
Prince Noodle Flour
Prince Wrapper Flour

Premixes
Bake Best Bibingka Mix
Bake Best Brownie Mix
Bake Best Butter Cake Mix
Bake Best Crinkle Mix
Bake Best Pan De Sal Mix
Bake Best Puto Mix
Bake Best Yeast Raised Doughnut Mix

Bakery Ingredients
Bake Best Baking Powder
Bake Best Bread Improver
Bake Best Gold Bread Improver
Bake Best Platinum Bread Improver
Emperor's Best Instant Yeast

Other Wheat Flours
Mabini
Humabon
Bonifacio
Other Customized Flours for Institutional Accounts

The Purefoods-Hormel Company, Inc.

REFRIGERATED MEATS

Hotdogs
Purefoods Tender Juicy Hotdog
Classic (Regular, Jumbo, Cocktail, Balls, Kingsize, Giant), Cheesedog (Regular, Jumbo), Cheeseballs, Cheesy Pizza, Cheesy Spaghetti, Chicken, Chicken & Cheese, Chili, Chili & Cheese, Classic Corndog, Cheesy Corndog, Spaghetti Sauce
Star Hotdog
Classic (Regular, Jumbo, Footlong), Cheesedog (Regular, Jumbo, Footlong), Chick n Tasty (Regular, Jumbo)
Purefoods Beefies Hotdog
Classic (Regular, Jumbo), Lots-A-Cheese (Regular, Jumbo)
Purefoods Deli Franks (German, Angus Beef, Cheese, Spicy Pepper Beef)
Purefoods Deli Sausages (Bockwurst, Schublig, Hungarian Cheese, Breakfast Sausage)
Higante Hotdog (Classic, Cheesedog, Chicken)
Vida Hotdog
Bongga Hotdog

Breaded, Battered and Fried
Purefoods Chicken Nuggets (Chicken Breast Nuggets, Crazy Cut Shapes, Letters & Numbers, Bacon & Cheese, Cheese Overload, Drummets, Chicken Popcorn, Spicy Chicken Nuggets)
Purefoods Fish Nuggets
Purefoods Shrimp Tempura
Purefoods Tail-On Shrimp
Purefoods Squid Rings

Purefoods Chicken Katsu
Purefoods Pork Katsu
Purefoods Chicken Karaage
Purefoods Crispy Fried Chicken (Classic, Soy Garlic, Garlic Parmesan)
Star Chicken Nuggets (Chicken, Chick’n Cheese)
Star Burger Bites

Bacon

Purefoods Bacon (Honeycured, Maple-flavored, Thick Cut Honeycured, Bacon Crumble, Beef Bacon)
Hormel Black Label Bacon
Vida Bacon

Patties

Purefoods Deli Patty (Angus Beef, Breakfast Sausage)

Whole Hams

Purefoods Fiesta Ham (Whole, Pre-Sliced, Bone-in, Chicken)
Purefoods Jamon de Bola (Pork, Chicken)
Purefoods Chinese Ham
Purefoods Brick Ham
Purefoods Pear-Shaped Ham (Pork, Chicken)
Jamon Royale

Sliced Hams

Purefoods Ham (Sweet, Cooked, Chicken)
Purefoods Fiesta Ham Slices
Star Sweet Ham
Vida Sweet Ham

Ready-to-Cook/Ready-to-Eat

Purefoods Chicken Teriyaki, Chicken Balls
Ready-to-Eat Viands (Kare Kare, Bistek Tagalog, Lechon Paksiw, Pork Binagoongan, Pork Humba, Beef Caldereta, Beef Pares, Bicol Express, Chicken Afritada, Callos, Korean Beef Stew, Dinuguan, Chicken Pastel, Chicken Curry, Pininyahang Manok, Chicken Caldereta, Beef Mechado)
Ready-to-Eat Classic Filipino Soups (Beef Bulalo, Beef Kansi, Chicken Binakol, Sinampalukang Manok)
Purefoods Sauces (Spaghetti Sauce)

Native Line

Purefoods Tocino (Classic, Sweet Chili, Chicken)
Purefoods Longanisa (Hamonado, Recado, Chicken, Cebu Chorizo)
Purefoods Tapa (Beef, Chicken, Sweet & Spicy Beef, Hot & Spicy Chicken)
Purefoods Adobo Flakes
Purefoods Embutido
Purefoods BBQ ala Liempo (Pinoy BBQ)
Purefoods Salt & Pepper Liempo
Purefoods Chicken Inasal
Purefoods Chicken Barbecue
Purefoods Sisig
Purefoods Chicharon Bulaklak
Purefoods Chicken (Gizzard, Neck, Feet)
Star Nutri-Meats Burger (Classic, Chicken)

Plant-Based

Veega Meat Free Line (Burger Patty, Sausage, Giniling, Nuggets, Balls)
Veega Meat Free RTE Line (Bulgogi, Spicy Soy Garlic Balls)
Veega Vegan Line (Adobo Flakes, Tapa, Tocino)

Foodservice/Specialty

Purefoods Foodservice Korean Corndog with Tender Juicy

Purefoods Foodservice Sausage (Patty, Italian Sausage)
Purefoods Foodservice Bacon (Sliced and Diced)
Purefoods Foodservice Beef Toppings
Purefoods Foodservice Pepperoni
Purefoods Foodservice Sauce (Marinara, Alfredo, Carbonara, Meaty Bolognese, and Bolognese Meat Free)
Purefoods Foodservice Angus Burger Patty 860g
Purefoods Foodservice Value Chicken Burger 400g
Purefoods Foodservice Chicken Chunks in Brine 500g

GROCERY PRODUCTS

Corned Meats

Purefoods Corned Beef (Classic, Hash, Chili, Hot & Spicy, with Chunks, Bulgogi, Mechado, Salpicao, Bistek, Gyudon, Caldereta, Shawarma)
Purefoods Corned Chicken (Classic, Hot & Spicy)
Chunkee Corned Beef
Star Corned Beef (Regular, Chunky Cheese)
Star Carne Norte
Bongga Carne Norte (Regular, Hot & Spicy)

Luncheon Meats

Purefoods Luncheon Meat Round Can (Classic, BBQ, Chili Pepper, Bacon, Cheese, Lite)
Purefoods Luncheon Meat Square Can (Classic, Lite, Chicken)
Purefoods Chinese Style Luncheon Meat
Purefoods Chicken Luncheon Meat
Star Beef Loaf
Star Meat Loaf
Star Nutri-Meats Ulam Loaf (Hot & Spicy, Embutido)
Bongga Beef Loaf
SPAM (Regular, Less Sodium, Lite, Tocino, Hot & Spicy, Bacon)

Sausages

Purefoods Vienna Sausage
Star Nutri-Meats Sausage

Canned Viands

Purefoods Sizzling Delights (Sisig, Chicken Sisig)
Ulam King (Caldereta, Menudo, Mechado)
Star Nutri-Meats Ulam (Adobo, Bicol Express, Bistek, Caldereta, Humba, Kare-Kare, Mechado, Pares, Curry, Afritada, and Hot & Spicy)
Star Nutri-Meats Giniling (Classic Guisado, Tomato Sauce, Gata, Oyster Sauce)

Canned Chicken

Purefoods Chicken (Broth, Afritada, Homestyle-Curry, Hot & Spicy)

Specialty Grocery Products

Purefoods Liver Spread
Purefoods Meaty Sauce (Home-style, Sweet-style)
Purefoods Chorizo Bilbao Style
Purefoods Chili Con Carne
Star Nutri-Meats Liver spread

Peanut Butter

SKIPPY (Creamy, Chunky, No Sugar No Salt Added)

Magnolia Inc.

BUTTER, MARGARINE, AND CHEESE

Butter and Margarine

Magnolia Gold Butter (Salted, Unsalted)
Magnolia Gold Spreadable
Magnolia Butter-licious! (Salted and Unsalted)
Whipped Butterblend (Food Service)
Butterblend (Food Service)

Refrigerated Margarine

Dari Creme (Classic, Buttermilk)
Dari Creme Spreadable
Buttercup
Baker's Best

Non-Refrigerated Margarine

Star Margarine (Classic, Sweet Blend, Garlic, Chocolate)
Delicious Margarine
Delicious All Purpose Fat Spread
Magnolia Non-Refrigerated Margarine (Food Service)
Primex Shortening (Food Service)
NRM Buttermilk (Food Service)
Delicious Baking Fat Spread (Food Service)

Cheese

Magnolia Cheezee Block (Regular, Milky White)
Magnolia Cheezee Spread (Plain, Pimiento, Milky White)
Magnolia Cheezee Squeeze (Cheddar, Pimiento)
Daily Quezo
Magnolia Quickmelt
Magnolia Cheddar
Magnolia Cream Cheese (Block, Spread)
Magnolia Cheeseballs (Queso de Bola, Gold Edam) - Seasonal
Magnolia Food Service Cheese (Cheese Sauce, Filled Cheese, Cheesefood, Hi-Colored Cheese, Sharp Flavored Melting Cheese)

MILK

Magnolia Chocolait
Magnolia Fresh Milk
Magnolia Low Fat Milk
Magnolia Full Cream Milk
Magnolia Non Fat Milk
San Miguel Gold Label Chocolait (for export)

ALL-PURPOSE CREAM

Magnolia All-Purpose Cream

SALAD AIDS

Magnolia Real Mayonnaise
Magnolia Sandwich Spread
Magnolia Mayoriffic
Magnolia Creamy Chicken Spread
Daily Mayo

FLOUR MIXES

Magnolia Pancake
Magnolia All Purpose Flour
Magnolia Cake Mixes
Magnolia Golden Crunch (Original, Sweet & Spicy)

ICE CREAM

Bulk Ice Cream

Magnolia Classic (Kesong Puti, Avocado, Vanilla, Chocolate, Ube)

Magnolia Gold Label (Vanilla, Chocolate, Ube, Mango, Avocado, Smores, Double Dutch, Cookies and Cream, Rocky Road, Wintermelon Milk Tea, Quadruple Chocolate, Choco Peanut Butter, Taro White Cheese, Tablea Yema, Avocado Macchiato, Ube Keso, Kesong Puti, Mango Dark Chocolate, Latte Choco Brownie)
Magnolia Food Service (Tablea Yema, Taro White Cheese, Kesong Puti, Macapuno, Buko Pandan, Dark Chocolate, Ube Keso, Wintermelon milk tea)

San Miguel Gold Label (For Export)
SMGL Mellorine (Ube, Ube Keso, Creamy Halo-Halo, Mango, Avocado Macchiato, Macapuno, Ube Swirl, Avocado, Keso, Kesong Puti, Tato White Cheese, Macapuno, Tsokolate, Kape't Tsokolate, Tablea Yema, Langka, Langka't Kasuy, Buko, Buko Pandan)
SMGL Frozen Dessert (Ube, Macapuno Ube Swirl, Creamy Halo-Halo, Mango, Avocado, Buko Pandan, Durian, Ube Keso)
SMGL Ice Confectionery (Ube, Ube Keso, Macapuno Ube Swirl, Creamy Halo-Halo, Avocado, Buko Pandan, Durian, Mango)
Magnolia Gold Label (Vanilla, Chocolate, Mango, Cookies & Cream, Double Dutch, Rocky Road, Avocado Macchiato, Ube, Ube Keso, Macapuno Ube Swirl,Creamy Halo-Halo, Smores, Tablea Yema, Taro White Cheese, Quadruple Chocolate, Avocado, Kesong Puti, Mango Dark Chocolate, Latte Choco Brownie)

San Miguel Super Coffeemix Co., Inc.

Coffee
San Mig Super Coffee Regular 3-in-1 Coffee – Original
San Mig Super Coffee Sugar Free 3-in-1 Coffee (Mild, Original, Strong, and White)
San Mig Super Coffee 3-in-1 Barako
San Mig Super Coffee 3-in-1 Crema White Coffee
L'OR Essenso Micro Ground Coffee (3-in-1, 2-in-1, 2-in-1 Colombian Mystique, 3-in-1 Brazilian Elegance)
Moccona Instant Pure (Espresso, Roasted Hazelnut, Classic Medium Roast, Classic Dark Roast, Indulgence)
Moccona Cafe Style Coffee Mix (Latte, and Cappuccino)
L'OR Espresso Capsules (Lungo Profondo, Ristretto, Supremo, Origins Colombia Andes, Origins Papua New Guinea)
OldTown White Coffee (Classic 3-in-1, Hazelnut, Less Sugar, Salted Caramel)

San Miguel Pure Foods (VN) Co., Ltd.

Sausage
Le Gourmet German Sausage
Le Gourmet Deli Sausage
Le Gourmet Deli Sumo Sausage
Le Gourmet Beer Garden Sausage
Le Gourmet Viet My Sausage
Le Gourmet My Sausage
Le Gourmet Hao Vi Sausage
Le Gourmet Cocktail Sausage
Le Gourmet Chinese Sausage
Le Gourmet Black Pepper Sausage
Le Gourmet Smoked Sausage
Le Gourmet BBQ Sausage
Le Gourmet Italian Sausage
Le Gourmet Hotdog
Le Gourmet Hotdog Corndog
Purefoods Tender Juicy Hotdog
Le Gourmet Vealson Sausage

Bacon
Le Gourmet Smoked Bacon
Le Gourmet Lean Smoked Bacon

Ham
- Le Gourmet Ham

Traditional
- Le Gourmet Cha Lua
- Le Gourmet Cha Bo
- Le Gourmet Gio Thu
- Le Gourmet Beef Ball

Paste
- Le Gourmet Pate

Ready-to-Cook/ Ready-to-Eat
- Le Gourmet Spaghetti with Pasta

Foodservice/ Specialty
- Le Gourmet Beef Toppings
- Le Gourmet Pepperoni
- Le Gourmet Meatballs

SAN MIGUEL
FOOD AND BEVERAGE, INC.

Annex "E"

LIST OF SUPPLIERS OF MAJOR RAW MATERIALS

Beer and NAB Segment

Malt and Hops	Boortmalt Asia Pacific Pty LTD. Cofco malt (dalian) co., ltd. Gdh supertime guangzhou malting company limited Malteurop Taiwan hon chuan enterprise co.,
Corn Grits/Tapioca/Rice/Sugar/Starch	Cagayan corn products corporation Cgrain technology co.,ltd (c059) Eiamheng tapioca starch industry Guangzhou yuhua cereals and oils co.,ltd Hefei longjie food&oil co. ltd. Limketkai manufacturing corporation PT Sahabat Sentra Asia Daesang Philippine corporation PT sinar unigrain indonesia Ricor mills corporation Scg international corporation Southern mindanao commodities, inc. All Asian Countertrade Inc CTY CP MY Tuong Lambayong Mnlf Multi Purpose
Packaging Materials	Bangkok can manufacturing co.,ltd. (b030) Boonpongkit LTD. Can asia, inc. Crown beverage cans hong kong Cty Tnhh Baosteel Can Making VN Double paper product industries Farmarindo Jaya PT. Guangdong huaxing glass co., ltd Pt Syn Toba Grafika Pt Taewon Indonesia San miguel yamamura packaging corporation Shum kee Industrial Company limited Siam glass ayutthaya co.,ltd. (s238) T.C.P.industry co.,ltd(t089) Zhangzhou shengxing pacific packing co.ltd Zhangzhou Sunrise pacific packing co.ltd Zhaoqing San Miguel Yamamura Glass Co. Ltd
Fuel	SL Harbor Bulk Terminal Corporation Mabuhay Vinyl Corporation Petron Corporation

Spirits Segment

Alcohol	Shoalhaven Starches PTY LTD Raizen Trading S.A. Heindrich Trading Pte. Ltd. Distileria Bago, Inc.
Molasses	E D & F Man Molasses B.V. United Molasses Trading Ltd. Heindrich Trading Pte. Ltd. Wilmar Sugar Pte Ltd. Hawaiian-Philippine Company BISCOM Inc.
Glass Bottles	San Miguel Yamamura Packaging Corp. and Subsidiaries SMC Shipping and Lighterage Corp. Yantai City Charles Commerce Co. Ltd.
Flavoring and Sweeteners	Firmenich Asia PTE LTD All Asian Countertrade Inc.

Food Segment

Breeder Stocks	Aviagen Group Cobb Vantress Inc.
Beef Carcass	D'Meter Fields Corporation
Soybean Meal, Wheat and Corn	Bunge Asia PTE. Ltd Louis Dreyfus Commodities Asia Pte Ltd Agrocorp International PTE LTD Viterra B.V.
Wheat	ADM Asia-Pacific Trading PTE. Ltd. Bunge Asia PTE. Ltd CHS Inc. Viterra Agriculture Asia
Imported Meat	Seara Singapore PTE. Ltd.
Skimmed Milk Powder and Anhydrous Milk Fat	Fonterra Ingredients Limited
Coffee Mixes	Jacobs Douwe Egberts RTL SCC SG PTE. LTD.

Annex “F”

LIST OF COLLECTIVE BARGAINING AGREEMENTS AND COLLECTIVE LABOR AGREEMENTS

I. Beer and NAB Segment

Domestic Unions	Number of Members	Number of CBAs	Expiration: Economic	Expiration: Representation
Concerned Workers of SMC – Polo Brewery (Polo Brewery Dailies Union)	227	1	June 30, 2025	July 27, 2026
SMBI Employees Union (SMBIEU) – PTGWO (Polo Brewery Monthlies Union)	91	1	June 30, 2025	June 30, 2024
San Fernando Brewery Employees Union (SFBEU) – (San Fernando Dailies Union)	306	1	Feb. 15, 2026	Feb. 15, 2025
San Miguel Brewery Inc. Employees Union (SMBIEU-SFB) - (San Fernando Brewery Monthlies Union)	99	1	Dec. 31, 2025	Dec. 31, 2024
San Miguel Brewing Group - Bacolod Brewery Employees Union (SMBG-BBEU) - (Bacolod Brewery Dailies Union)	110	1	July 31, 2025	Apr. 27, 2024
Philippine Agricultural, Commercial and Industrial Workers Union-Trade Union Congress of the Philippines (PACIWU-TUCP) - (Bacolod Brewery Monthlies Union)	41	1	Oct. 31, 2025	Oct. 31, 2023
Kahugpongan Sa Ligdong Mamumu-O (KLM) - (Mandaue Brewery Dailies Union)	194	1	Dec. 31, 2026	Dec. 31, 2025
San Miguel Davao Brewery Employees Independent Union - (Davao Brewery Dailies Union)	126	1	Nov. 30, 2027	Nov. 30, 2027
Independent Workers Union of San Miguel Brewery Santa Rosa Plant (IWUSMBSRP) - (Santa Rosa Brewery Dailies Union)	143	1	Dec. 31, 2026	Oct. 31, 2028
	1337	9		

International Unions					Period of CLA	
Country	Installation	Name of Union / Org representing employees	No. of Members	No. of CLAs	Start	Expiration
Vietnam	San Miguel Brewery Vietnam Limited	SMBVL Trade Union is under the supervision of Trade Union of the Khan Hoa Industrial & Economic Zone, Khan Hoa Province, Vietnam	**100**	1	Jan 1, 2025	Dec 31, 2026
Indonesia	PT Delta Djakarta Tbk	PTD Trade Union is a member of the Cigarette, Tobacco, Food & Beverage Workers Union of Indonesia (National Coverage)	**196**	1	July 12, 2022	December 31, 2025
China/ Hong Kong	San Miguel (Guangdong) Brewery Co. Ltd.	SMGB Trade Union Committee	**232**	1	June 26, 2022	June 25, 2025

II. Spirits Segment

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	EXPIRATION	
			Economic	Representation
GSMI - Mandaue Plant (Dailies) Ginebra San Miguel Inc. - Employees Union FREEWAS (GSMI-EU-FREEWAS Chapter) - Mandaue Plant	32	1	December 31, 2024	December 31, 2023
GSMI - Cabuyao Plant (Dailies) United Independent Union of GSMI-Cabuyao Plant	114	1	December 31, 2026	December 31, 2027
GSMI - Sta Barbara Plant (Dailies) Daily Paid Workers Independent Union	92	1	December 31, 2025	December 31, 2026
GSMI - Sta Barbara Plant (Monthlies) La Tondeña Distillers Independent Workers Union (LATODIWU)	20	1	December 31, 2025	March 31, 2022
Distilleria Bago Inc. (Monthlies) Congress of Independent Organization - Distileria Bago Employees Union (CIO - DBEU)	93	1	December 31, 2025	December 31, 2026
Total	**351**	**5**		

III. Food Segment

Installation, Bargaining Agent & Affiliation	Number of Members	Number of CBAs	Expiration	
			Economic	Representation
Magnolia Inc. (Dailies) Progressive Workers' Union - IBM Local 47 KMU (PWU- IBM KMU)	69	1	February 28, 2026	February 28, 2025
San Miguel Foods Inc. (GMA Monthlies)- SMFI Employees Union (SMFIEU) - PTGWO	104	1	December 31, 2025	October 22, 2026
San Miguel Foods Inc. - South Luzon SMFI Poultry (Monthlies) - Magnolia Poultry Employees Union - PTGWO	20	1	December 31, 2025	June 30, 2026
San Miguel Mills, Inc. - Mabini Batangas Flour Mill Employees Union (Monthlies) - Purefoods Flour Mill Employees Union - (PFMEU)	38	1	December 31, 2025	July 31, 2027
	231	**4**		

International Unions			No. of Members	No. of CBAs	Period of CLA	
Country	Installation	Name of Union / Org representing employees			Start	Expiration
Vietnam	San Miguel Pure Foods Vietnam Co. Ltd.	Trade Union Foundation of San Miguel Pure Foods Vietnam (SMPFVN)	243	1	January 1, 2024	December 31, 2025
			243	**1**		

ANNEX "G"

San Miguel Food and Beverage, Inc.
Reported SEC Form 17-C for 2024

Date Reported	Subject
February 1, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(01Feb24_SBOD_mtg._FB_Cash_Div_._Dec_.)_.pdf	Item 9. Other Events At the special meeting of the Board of Directors of San Miguel Food and Beverage, Inc. (respectively, the "Board" and the "Company") held on February 1, 2024, the Board approved the declaration of regular cash dividends on the outstanding common shares (FB) of the Company as follows: Amount: P0.45 per share Record Date: February 16, 2024 Closing of Books: February 17 to 21, 2024 Payment Date: March 1, 2024 Earlier in the afternoon, the non-executive directors held a meeting with the external auditor of the Company and heads of the internal audit, compliance and risk functions in attendance, without any executive director present.
March 6, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(06Mar24_matters_approved_at_the_BOD_mtg.)_.pdf	Item 9. Other Events At the meeting of the Board of Directors of San Miguel Food and Beverage, Inc. (respectively, the "Board" and the "Company") held on March 6, 2024 via video conference: A. Upon the endorsement of the Audit Committee, the Board approved the following: 1. The audited consolidated financial statements of the Company as at and for the year ended December 31, 2023 (the "2023 Audited Financial Statements"), and the submission to the SEC, the PSE and the PDEx of the Annual Report of the Company (or SEC Form 17-A), including the 2023 Audited Financial Statements and the 2023 Sustainability Report. The Company posted consolidated revenues of P379.8 billion, consolidated EBITDA of P66.8 billion, consolidated income from operations of P48.4 billion, and consolidated net income of P38.1 billion; 2. The Company's 2024 Consolidated Internal Audit Plan and Consolidated Outsourcing Plan of the Internal Audit Group; and 3. The submission to the stockholders for ratification or approval at the 2024 Annual Stockholders' Meeting, as the case may be, the fees billed for services rendered by the external auditor to the Company in connection with the Company's 2023 financial statements and the re-appointment of KPMG/R.G. Manabat & Co. as external auditor of the Company for fiscal year 2024.

	B. The Board approved the following amendments to the Articles of Incorporation of the Company, subject to further stockholder approval: 1. In the Second Article, the clarification of the primary purpose of the Company to expressly capture the lease and licensing of real and personal property of every kind or description whether tangible or intangible such as trademarks and other intellectual property rights; and 2. In the Third Article, the update of its Pasig City principal office to its current address at 100 E. Rodriguez Jr. Avenue (C5 Road), Barangay Ugong, Pasig City. C. The Board reviewed the vision and core purpose of the Food, Beer and Spirits Divisions of the Company. D. The Board approved the virtual holding of the Annual Stockholders' Meeting of the Company on June 5, 2024, Wednesday, 2:00 p.m., where stockholders may attend and vote through remote communication. Management was authorized to determine the mechanics to implement such mode of voting, in accordance with any rules the SEC and PSE may issue on this subject. In this connection: 1. The record date for the stockholders entitled to vote at the said meeting is May 6, 2024; 2. The stock and transfer books will be closed from May 7 to 14, 2024; 3. The deadline for submission of proxies is on May 22, 2024; and 4. The validation of proxies will be on May 29, 2024. E. The Agenda of the Annual Stockholders' Meeting, as approved by the Board, is as follows: 1. Call to Order 2. Certification of Notice and Quorum 3. Approval of the Minutes of the 2023 Annual Stockholders' Meeting 4. Presentation of the Annual Report and Approval of the 2023 Audited Financial Statements 5. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers 6. Approval of the following Amendments to the Articles of Incorporation to clarify: (a) The primary purpose of Company as it relates to the assets it owns, in the Second Article; and (b) The Pasig City principal office address of Company, in the Third Article 7. Appointment of External Auditor and Ratification of External Auditor Fees 8. Election of the Board of Directors 9. Other Matters 10. Adjournment
March 6, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(06Mar24_Press_Release_FY2023).pdf	Item 9. Other Events Please see attached press release of the Company entitled "**SMFB delivers record profit of P38.1 billion in 2023**".

May 8, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C(08May24_matters_approved_at_the_BOD_mtg.)_.pdf https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C(08May24_BOD_mtg._FB_Cash_Div_._Dec_.)_.pdf	Item 9. Other Events At the meeting of the Board of Directors of San Miguel Food and Beverage, Inc. (respectively, the "Board" and the "Company") held on May 8, 2024: A. Upon the endorsement of the Audit Committee, the Board approved the submission of the Quarterly Report of the Company (or SEC Form 17-Q), including financial statements as at and for the period ended March 31, 2024, to the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Depositary & Exchange Corp. (PDEx). In the first three months of 2024, the Company posted consolidated revenues of P95.4 billion, consolidated EBITDA of P16.7 billion, consolidated income from operations of P13.1 billion, and consolidated net income of P10 billion. B. Upon the endorsement of the Corporate Governance Committee, the Board approved the 2023 Integrated Annual Corporate Governance Report of the Company, which shall be submitted to the SEC, the PSE and the PDEx, as required, then posted on the Company's website within five business days thereafter, in accordance with the rules of the SEC and the PSE. C. The Board approved the declaration of cash dividends on the outstanding common shares (FB) of the Company as follows: Amount: P0.45 per share Record Date: May 23, 2024 Closing of Books: May 24 to 28, 2024 Payment Date: June 7, 2024 D. The Board deliberated on the results of the assessment of the members of the Audit Committee, the Related Party Transactions Committee, the Board Risk Oversight and Sustainability Committee, and the Corporate Governance Committee, on the performance of the said Committees for the year ended December 31, 2023. The Board further deliberated on the results of the assessment of the directors of their individual performance, as well as that of the collective Board, the Board Committees, the President of the Company, and the Board's relationship with management, for the year ended December 31, 2023.
May 8, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(08May24_Press_Release_Q12024).pdf	Item 9. Other Events Please see attached press release of the Company entitled "**SMFB reports strong Q1 results, operating income up 13% to P13.1 billion**".
May 27, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-	Item 4. Resignation, Removal or Election of Registrant's Directors or Officers San Miguel Food and Beverage, Inc. (the "Company") regrets to advise of the untimely demise of Mr. Winston A. Chan in the evening of May 24, 2024. Mr. Chan has been an Independent Director of the Company since February 6, 2019 and a member of the Company's Audit Committee

<table>
<tr>
<td>C_(27May24_re_Mr._Winston_A_._Chan)_.pdf</td>
<td>since February 6, 2019, and the Company's Board Risk Oversight and Sustainability Committee since June 2, 2021.</td>
</tr>
<tr>
<td>

June 5, 2024

https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(05Jun24_Results_of_ASM).pdf

https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(05Jun24_Results_of_Orgl_BOD_mtg.)_.pdf

https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(05Jun24_Appointment_of_CPN_as_LID).pdf

https://www.smfb.com.ph/files/reports/SMFB_Amendments_to_AOI_(Stockholders_approval_on_June_5,_2024).pdf

</td>
<td>

Item 9. Other Events

Please be informed that at the Annual Meeting of Shareholders (the "ASM") and Organizational Meeting of the Board of Directors (the "BOD") of San Miguel Food and Beverage, Inc. (the "Corporation") both held on June 5, 2024:

1. Upon the favorable endorsement of the Corporate Governance Committee, the following directors were duly elected by the stockholders at the ASM, with the respective number of shares held by each in the Corporation as of June 5, 2024:

<table>
<tr><th>Name of Owner</th><th>Title of Class</th><th>Amount and Nature of Ownership</th><th>Total No. of Shares</th></tr>
<tr><td>Ramon S. Ang</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>John Paul L. Ang</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td rowspan="2">Francisco S. Alejo III</td><td>Common</td><td>10 (Direct)</td><td rowspan="2">230,010 (0.00%)</td></tr>
<tr><td></td><td>230,000 (Beneficial)</td></tr>
<tr><td>Carlos Antonio M. Berba</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>Emmanuel B. Macalalag</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>Ferdinand K. Constantino</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>Aurora T. Calderon</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>Menardo R. Jimenez</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>Francis H. Jardeleza</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>Monica L. Ang-Mercado</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>Ricardo C. Marquez</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>Cirilo P. Noel</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td>Aurora S. Lagman</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
<tr><td rowspan="2">Estela M. Perlas-Bernabe</td><td>Common</td><td>10 (Direct)</td><td rowspan="2">3,010 (0.00%)</td></tr>
<tr><td></td><td>3,000 (Beneficial)</td></tr>
<tr><td>Antonio S. Abacan, Jr.</td><td>Common</td><td>10 (Direct)</td><td>10 (0.00%)</td></tr>
</table>

2. Stockholders representing at least majority of the outstanding common shares of the Corporation present in person or by proxy at the ASM, ratified the 2023 audit fees paid to the external auditor as negotiated and agreed by management with the authority of the BOD.

3. Upon the favorable endorsement of the Audit Committee, stockholders representing at least majority of the outstanding common shares of the Corporation present in person or by proxy at the ASM, appointed KPMG R. G. Manabat & Co. as external auditor of the Corporation for the year 2024.

4. Stockholders representing at least 2/3 of the outstanding capital stock of the Corporation present in person or by proxy at the ASM, separately approved the following amendments to the Articles of Incorporation:

</td>
</tr>
</table>

(a) In the Second Article, the clarification of the primary purpose of the Company to expressly capture the lease and licensing of real and personal property of every kind or description whether tangible or intangible such as trademarks and other intellectual property rights; and

(b) In the Third Article, the update of its Pasig City principal office to its current address at 100 E. Rodriguez Jr. Avenue (C5 Road), Barangay Ugong, Pasig City.

5. The following key officers were duly elected by the BOD at the Organizational Meeting:

Ramon S. Ang	Chairman
John Paul L. Ang	President and Chief Executive Officer
Francisco S. Alejo III	Chief Operating Officer – Food
Carlos Antonio M. Berba	Chief Operating Officer – Beer
Emmanuel B. Macalalag	Chief Operating Officer – Spirits
Ferdinand K. Constantino	Treasurer
Ildefonso B. Alindogan	Vice President, Chief Finance Officer and Chief Strategy Officer
Johanna Dominique G. Esteban	Internal Audit Head
Alexandra Victoria B. Trillana	Compliance Officer, Corporate Secretary and General Counsel
Ma. Celeste L. Ramos	Assistant Corporate Secretary
Kristina Lowella I. Garcia	Assistant Vice President, Investor Relations Manager and Data Protection Officer

Of such officers, the shareholdings in the Corporation of Messrs. RS Ang, JP Ang, FS Alejo, CM Berba, EB Macalalag and FK Constantino are mentioned above. The shareholdings of the other named officers as of June 5, 2024, are as below provided:

Name of Owner	Title of Class	Amount and Nature of Ownership	Total No. of Shares
Ildefonso B. Alindogan	N/A	N/A	0
Johanna Dominique G. Esteban	N/A	N/A	0
Alexandra Victoria B. Trillana	N/A	N/A	0
Ma. Celeste L. Ramos	N/A	N/A	0
Kristina Lowella I. Garcia	Common	10,000 (Beneficial)	10,000

In the same meeting, the following were elected by the BOD to the Board Committees of the Corporation:

EXECUTIVE COMMITTEE

Ramon S. Ang - Chairperson
John Paul L. Ang
Francisco S. Alejo III
Carlos Antonio M. Berba

Emmanuel B. Macalalag

AUDIT COMMITTEE

Cirilo P. Noel (Independent)	-	Chairperson
Ricardo C. Marquez (Independent)		
Antonio S. Abacan, Jr. (Independent)		
Aurora T. Calderon		
Ferdinand K. Constantino		

RELATED PARTY TRANSACTIONS COMMITTEE

Estela M. Perlas-Bernabe (Independent)	-	Chairperson
Cirilo P. Noel (Independent)		
Aurora S. Lagman (Independent)		
Ferdinand K. Constantino		

BOARD RISK OVERSIGHT AND SUSTAINABILITY COMMITTEE

Ricardo C. Marquez (Independent)	-	Chairperson
Aurora S. Lagman (Independent)		
Estela M. Perlas-Bernabe (Independent)		
Antonio S. Abacan, Jr. (Independent)		
Menardo R. Jimenez		
Ferdinand K. Constantino		
Aurora T. Calderon		

CORPORATE GOVERNANCE COMMITTEE

Aurora S. Lagman (Independent)	-	Chairperson
Ricardo C. Marquez (Independent)		
Estela M. Perlas-Bernabe (Independent)		
Menardo R. Jimenez		
Virgilio S. Jacinto	-	Advisor

Also in the same meeting, Mr. Cirilo P. Noel was appointed as the Lead Independent Director of the Corporation, in compliance with the new Code of Corporate Governance for Publicly-Listed Companies (the "CG Code").

Likewise in compliance with the CG Code and the Corporation's Policy on Multiple Board Seats as reflected in its Manual on Corporate Governance, the members of the BOD were reminded of their fiduciary duty to notify the BOD where he or she is an incumbent director before accepting a directorship in another company.

Furthermore, the BOD approved the depository banks, signing authorities and limits for corporate transactions of the Corporation, subject to amendment as the need arises, for approval at subsequent BOD meetings.

June 5, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(05Jun24_ASM_Canvassing_Results).pdf	Item 9. Other Events Please see attached copy of the Canvassing Results of the annual meeting of the stockholders of San Miguel Food and Beverage, Inc. held on June 5, 2024, 2:00 p.m., streamed live through: https://www.smfb.com.ph/stockholdersmeeting_2024. The Canvassing Results will also be uploaded in the Company's website and may be accessed at the link: http://www.smfb.com.ph/disclosures/l/minutes-of-annual-and-special-stockholders--meetings.
August 7, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Aug24_matters_approved_at_the_BOD_mtg.)_.pdf https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Aug24_BOD_mtg._re_FB_Cash_Div_._Dec_.)_.pdf	Item 9. Other Events At the meeting of the Board of Directors of San Miguel Food and Beverage, Inc. (respectively, the "Board" and the "Company") held on August 7, 2024: 1. Upon the endorsement of the Audit Committee, the Board approved the submission to the SEC, the PSE and the PDEx of the Quarterly Report of the Company (or SEC Form 17-Q), including financial statements as at and for the period ended June 30, 2024. For the first half of 2024, the Company posted consolidated revenues of P192.9 billion, consolidated EBITDA of P33.9 billion, consolidated income from operations of P26.6 billion, and consolidated net income of P20 billion. 2. Upon the endorsement of the Audit Committee, the Board approved the Audit Plan for the year ending December 31, 2024, for the audit of the separate and consolidated financial statements of the Company and its subsidiaries, including audit strategies and approach, scope of work, audit focus areas and key audit matters, as presented by external auditor R.G. Manabat & Co. KPMG to the Audit Committee. Further, the Board authorized management to negotiate and agree on the audit fees payable to the external auditor based on the approved Audit Plan. 3. The Board approved the declaration of regular and special cash dividends on the outstanding common shares (FB) of the Company as follows: Amount: P0.45 per share regular cash dividend P0.45 per share special cash dividend Record Date: August 22, 2024 Closing of Books: August 23 to 28, 2024 Payment Date: September 6, 2024 4. Upon further review and recommendation by management, taking into consideration that all other listed subsidiaries of San Miguel Corporation hold office at the SMC Head Office at 40 San Miguel Avenue, Mandaluyong City or in the immediate vicinity thereof, the Board approved the transfer of the principal office of the Company to 40 San Miguel Avenue, Mandaluyong City, and the amendment to the Third Article of the Articles of Incorporation of the Company accordingly. The amendment shall be subject to the written assent of stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company.

August 7, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(07Aug24_Press_Release_1H2024).pdf	Item 9. Other Events Please see attached press release of the Company entitled "**SMFB reports strong first half results, operating income up 16%**".
August 20, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificate_to_CG_Seminar_of_Justice_EPB_held_on26Jul24).pdf	Item 9. Other Events We advise that, in compliance with the Code of Corporate Governance for Publicly Listed Companies and the Manual on Corporate Governance of San Miguel Food and Beverage, Inc. (the "Company"), Justice Estela M. Perlas-Bernabe, Independent Director, attended the corporate governance seminar conducted by BDO Unibank, Inc. on July 26, 2024, at the Narra Hall, BDO Towers Valero, Makati City. The seminar was accredited by the Securities and Exchange Commission in its advisement letter dated 23 July 2024 signed by Atty. Rachel Esther J. Gumtang-Remalante, Director of Corporate Governance and Finance Department. Attached is a copy of Justice Bernabe's Certificate of Attendance, which the Company received this afternoon.
September 13, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_September_6,_2024).pdf	Item 9. Other Events We advise that, in compliance with the Code of Corporate Governance for Publicly Listed Companies and the Manual on Corporate Governance of San Miguel Food and Beverage, Inc. (the "Company"), the following directors and officers of the Company have attended a corporate governance training seminar conducted by SGV & Co. on September 6, 2024 via Zoom. **Directors** — **Date Attended** 1. Mr. Menardo R. Jimenez — September 6, 2024 2. Justice Francis H. Jardeleza — September 6, 2024 3. Gen. Ricardo C. Marquez — September 6, 2024 4. Mr. Cirilo P. Noel — September 6, 2024 5. Mr. Antonio S. Abacan, Jr. — September 6, 2024 **Officers** — **Date Attended** 1. Atty. Alexandra Victoria B. Trillana — September 6, 2024 2. Atty. Ma. Celeste L. Ramos — September 6, 2024 3. Mr. Ildefonso B. Alindogan — September 6, 2024 4. Ms. Kristina Lowella I. Garcia — September 6, 2024 5. Ms. Johanna Dominique G. Esteban — September 6, 2024 **Other Attendees** — **Date Attended** 1. Mr. Teddy V. Pangalilingan — September 6, 2024 2. Ms. Irene P. Pacheco — September 6, 2024 Attached are the copies of their Certificates of Attendance, which the Company received this morning.

<table>
<tr>
<td>October 3, 2024

www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_September_26,_2024_ATC,_FKC,_VSJ).pdf</td>
<td><u>Item 9. Other Events</u>

We advise that, in compliance with the Code of Corporate Governance for Publicly Listed Companies and the Manual on Corporate Governance of San Miguel Food and Beverage, Inc. (the “Company”), the following directors and officers of the Company have attended a corporate governance training seminar conducted by SGV & Co. on September 26, 2024 via MS Teams.

<table>
<tr><th>Name</th><th>Position</th><th>Date Attended</th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>1. Ms. Aurora T. Calderon
2. Mr. Ferdinand K. Constantino
3. Atty. Virgilio S. Jacinto</td><td>Director
Treasurer, Director
Advisor, Corporate Governance Committee</td><td>September 26, 2024
September 26, 2024
September 26, 2024</td></tr>
</table>

Attached are the copies of their Certificates of Attendance, which the Company received this afternoon.</td>
</tr>
<tr>
<td>October 21, 2024

https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Results_Written_Assent_21Oct24_Principal_office).pdf</td>
<td><u>Item 9. Other Events.</u>

We advise that San Miguel Food and Beverage, Inc. received today, October 21, 2024, from its stock transfer agent, SMC Stock Transfer Service Corporation, the results of the Company’s solicitation for the stockholders’ written assent to the proposed amendment of the principal office address in the Third Article of the Articles of Incorporation of the Company. 89.092% (more than the minimum required stockholder affirmative vote of at least 66.67%) of the total outstanding capital stock of the Company approved, with 0% voting against the proposed amendment.</td>
</tr>
<tr>
<td>November 4, 2024

https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_25OCT24_EBM,_FSA,_ASL,_FKC,_CMB).pdf</td>
<td><u>Item 9. Other Events</u>

We advise that, in compliance with the Code of Corporate Governance for Publicly Listed Companies and the Manual on Corporate Governance of San Miguel Food and Beverage, Inc (the “Company”), the following directors and officers of the Company have attended a corporate governance training seminar conducted by Risks, Opportunities Assessment and Management (ROAM), Inc. on October 25, 2024 via Zoom.

<table>
<tr><th>Name</th><th>Position</th><th>Date Attended</th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>1. Mr. Francisco S. Alejo III</td><td>Director,
Chief Operating Officer, Food</td><td>October 25, 2024</td></tr>
<tr><td>2. Mr. Emmanuel B. Macalalag</td><td>Director,
Chief Operating Officer, Spirits</td><td>October 25, 2024</td></tr>
<tr><td>3. Mr. Ferdinand K. Constantino</td><td>Director, Treasurer</td><td>October 25, 2024</td></tr>
<tr><td>4. Justice Aurora S. Lagman</td><td>Independent Director</td><td>October 25, 2024</td></tr>
<tr><td>5. Ms. Cynthia M. Baroy</td><td>Chief Risk Officer – Spirits</td><td>October 25, 2024</td></tr>
</table>
</td>
</tr>
</table>

	Attached are the copies of their Certificates of Attendance, which the Company received this morning.
November 6, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(06Nov24_Press_Release_SMFB_9M24_Press_Release_FINAL_PDF)._._.pdf	Item 9. Other Events Please see attached press release entitled "**SMFB posts strong income growth for the first nine months of 2024**".
November 6, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(06Nov24_re_new_officer_Ms._Cynthia_M_._Baroy)_._._.pdf https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(06Nov24_BOD_mtg._re_FB_Cash_Div_._Dec_.)_.pdf https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(06Nov24_matters_approved_at_the_BOD_mtg.)_.pdf	Item 9. Other Events At the meeting of the Board of Directors of San Miguel Food and Beverage, Inc. (respectively, the "Board" and the "Company") held on November 6, 2024: 1. Upon the endorsement of the Audit Committee, the Board approved the submission to the SEC, the PSE and the PDEx of the Quarterly Report of the Company (or SEC Form 17-Q), including financial statements as at and for the period ended September 30, 2024. For the first nine months of 2024, the Company posted consolidated revenues of P291.1 billion, consolidated income from operations of P39.9 billion, and consolidated net income of P30.4 billion. 2. Upon the endorsement of the Corporate Governance Committee, the Board appointed Ms. Cynthia M. Baroy as Chief Operating Officer (COO) of the Company's Spirits Division effective today, November 6, 2024, in place of Mr. Emmanual B. Macalalag. As previously disclosed by Ginebra San Miguel Inc. (GSMI), Mr. Macalalag was appointed Group General Manager of subsidiary San Miguel Foods, Inc. and Ms. Baroy was appointed Officer-in-Charge (OIC) General Manager of subsidiary GSMI, both effective November 1, 2024. Ms. Baroy will serve as COO of the Company's Spirits Division for the unexpired term of Mr. Macalalag. She does not hold any shares of stock in the Company. Aside from being the OIC General Manager of GSMI, Ms. Cynthia M. Baroy, 60, is a Vice President of GSMI. She is also a Director and Treasurer of Distileria Bago, Inc. (DBI), East Pacific Star Bottlers Phils Inc., Agricrops Industries Inc., Crown Royal Distillers, Inc. and Healthy Condiments, Inc. Ms. Baroy is likewise a Director of GSM International Holdings Limited, Siam Holdings Limited, Global Beverage Holdings Limited, Siam Wine and Liquor Limited, and Thai Ginebra Trading Company Limited. She is a Member of the Board of Trustees of the Retirement Plan of GSMI and DBI. Ms. Baroy obtained her B.S. Commerce major in Accounting from the University of Sto. Tomas where she graduated Cum Laude. She is a Certified Public Accountant. 3. The Board approved the declaration of cash dividends on the outstanding common shares (FB) of the Company as follows: Amount: P0.45 per share regular cash dividend P1.00 per share special cash dividend Record Date: November 20, 2024 Closing of Books: November 21 to 25, 2024 Payment Date: December 6, 2024

	4. The Board approved the Company's subscription of 60,000,000 unissued common shares in the capital stock of Nine Dots Media Consulting Corporation (NDMCC), an advertising agency specializing in digital marketing strategy, brand management, and content creation for clients, including the Company's Beer, Food and Spirits Divisions. This investment is intended to leverage synergies across the Company's divisions, strengthen brand consistency, and increase flexibility in advertising operations. Twenty-five (25%) of this subscription will be paid in cash at Php1.00 par value per share. Upon subscription, the Company will own 55% of NDMCC, with the remaining 45% held by its current individual stockholders. 5. The Compliance Officer reported that the Company engaged Good Governance Advocates and Practitioners of the Philippines (GGAPP), an organization of governance, ethics and compliance professionals, to conduct the 2024 performance assessment of the Board of Directors and key officers of the Company. GGAPP will be sending the directors a Board Evaluation Form, which is divided into four (4) main sections/criteria, namely, the Collective Board Rating, Board Committees, Individual Director's Self-Rating, and Officers' Rating, with an explanation of the rating process. A copy of the form will be available on the Corporate Governance page of the Company's website, for reference. Moreover, the Office of the Compliance Officer will be sending the 2024 Self-Assessment Worksheets for the members of the Audit Committee, Board Risk Oversight and Sustainability Committee, Corporate Governance Committee and Related Party Transactions Committee to accomplish pursuant to their respective Charters. Copies of the worksheets will be available in the Corporate Governance page of the Company's website, for reference. The directors and Committee members were requested to return the accomplished forms and worksheets to GGAPP and the Office of the Compliance Officer, as the case may be, on or before December 6, 2024. 6. The Board approved the dates for the 2025 Board of Directors' and Committee meetings, as well as the Annual Stockholders' Meeting (ASM) of the Company. The ASM is scheduled for June 4, 2025, the first Wednesday of June, in accordance with the Company's By-laws. Stockholders who wish to propose the inclusion of additional items to the usual Agenda of the ASM and/or nominate candidates to the Board, may submit their proposals not later than January 31, 2025 to the Corporate Secretary at the 4th Floor, 100 E. Rodriguez Jr. Avenue (C-5 Road), Barangay Ugong, Pasig City 1604, Metro Manila, for the consideration of the Chairman and the appropriate Board Committees.
November 20, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_15Nov24_RSA,_JPA,_FKC,_MLA).pdf	Item 9. Other Events We advise that, in compliance with the Code of Corporate Governance for Publicly Listed Companies and the Manual on Corporate Governance of San Miguel Food and Beverage, Inc. (the "Company"), the following directors and officers of the Company have attended a corporate governance training seminar conducted by Center for Global Best Practices on November 15, 2024 via Zoom.

	<table><tr><th><u>Name</u></th><th><u>Position</u></th><th><u>Date Attended</u></th></tr><tr><td>1. Mr. Ramon S. Ang</td><td>Director, Chairman</td><td>November 15, 2024</td></tr><tr><td>2. Mr. John Paul L. Ang</td><td>Director, President and Chief Executive Officer</td><td>November 15, 2024</td></tr><tr><td>3. Mr. Ferdinand K. Constantino</td><td>Director, Treasurer</td><td>November 15, 2024</td></tr><tr><td>4. Ms. Monica L. Ang</td><td>Director</td><td>November 15, 2024</td></tr></table> Attached are the copies of their Certificates of Attendance, which the Company received this afternoon.
December 16, 2024 https://www.smfb.com.ph/files/reports/SMFB_SEC_Form_17-C_(Certificates_to_CG_Seminar_held_on_06Dec24_CMB_and_FKC).pdf	<u>Item 9. Other Events</u> We advise that, in compliance with the Code of Corporate Governance for Publicly Listed Companies and the Manual on Corporate Governance of San Miguel Food and Beverage, Inc. (the "Company"), the following directors and officers of the Company have attended a corporate governance training seminar conducted by Center for Global Best Practices on December 6, 2024 via Zoom. <table><tr><th><u>Name</u></th><th><u>Position</u></th><th><u>Date Attended</u></th></tr><tr><td>1. Mr. Carlos Antonio M. Berba</td><td>Director, Chief Operating Officer – Beer</td><td>December 6, 2024</td></tr><tr><td>2. Mr. Ferdinand K. Constantino</td><td>Director, Treasurer</td><td>December 6, 2024</td></tr></table> Attached are the copies of their Certificates of Attendance, which the Company received this afternoon.

ANNEX H: SUSTAINABILITY REPORT

Contextual Information

COMPANY DETAILS	
Name of Organization	**SAN MIGUEL FOOD AND BEVERAGE, INC.**
Location of Headquarters	40 San Miguel Avenue, Mandaluyong City 1555 Metro Manila, Philippines
Location of Operations	San Miguel Food and Beverage, Inc. ("SMFB" or the "Company") and its subsidiaries (collectively referred to as the "Group") conduct business operations locally and internationally. The list of offices, production facilities, warehouses, and other facilities, including their locations, are detailed in SMFB's 2024 Annual Report (SEC Form 17-A: Annex C – List of Properties)
Report Boundary: Legal entities, such as subsidiaries, included in this report	This Report provides a comprehensive overview of the consolidated Environmental, Social, and Governance (ESG) performance of SMFB and its subsidiaries for the period from January 1, 2024 to December 31, 2024. It highlights sustainability performance indicators across SMFB's operating divisions: San Miguel Brewery Inc. (SMB), Ginebra San Miguel Inc. (GSMI), and subsidiaries comprising the San Miguel Foods group (SMF). Additionally, the report covers GSMI's subsidiaries—Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc., and Agricrops Industries Inc.—as well as SMF subsidiaries: San Miguel Foods, Inc., San Miguel Mills, Inc., Magnolia Inc., and The Purefoods-Hormel Company, Inc. While SMFB's products and brands enjoy a global presence, the scope of the Report is limited to the Group's operations within the Philippines.
Business Model, including Primary Activities, Brands, Products, and Services	SMFB is a leading food and beverage company in the Philippines, operating through three key divisions or segments: beer and non-alcoholic beverages under SMB, spirits through GSMI, and food and animal nutrition, pet care, and veterinary medicines under SMF.

	The Group's brands are among the most recognizable and market-leading in their respective categories. Its diverse portfolio includes *San Miguel Pale Pilsen*, *San Mig Light,* and *Red Horse* for beer; *Ginebra San Miguel* for gin; *Magnolia* for chicken, dairy, ice cream, flour mixes and salad aids, and *Timplados* for ready-to-cook chicken products. For fresh and processed meats, the Group offers *Monterey* for fresh and marinated meats; *Purefoods Tender Juicy* for hotdogs; *Purefoods* for other refrigerated, prepared, and processed meats and canned meats, ready-to-eat meals and seafood products. SMFB also caters to the growing demand for plant-based alternatives through *Veega*, while *Star* and *Dari Crème* remain household names in margarine. In animal nutrition, *B-MEG* continues to be a trusted brand for high-quality animal feeds, *NutriChunks* and *AlphaPro* for dog food and other products, and *San Miguel Animal Health Care* for veterinary medicines. With extensive distribution and dealer network, SMFB serves consumers across the Philippine archipelago and exports its products to approximately 70 markets worldwide.
Reporting Period	January 1, 2024 to December 31, 2024
Highest-Ranking Individual Responsible for This Report	Monica L. Ang-Mercado *Chief Finance Officer*

Materiality Process

Transparency and accountability remain at the core of SMFB's sustainability reporting, shaping its communication and engagement with stakeholders.

Over the past year, the Company has maintained its continuity in its activities, relationships, and overall business context. This stability has allowed SMFB to build on its previous materiality assessment, which continues to accurately capture the key environmental, social, and governance (ESG) challenges and opportunities facing the organization.

With the sustained relevance of these material topics, the Company has deepened its focus on implementing initiatives to address them effectively. While a comprehensive reassessment was not conducted in 2024, SMFB remains committed to continuously monitoring internal and external developments to ensure its materiality assessment remains dynamic and responsive to emerging trends. Additionally, the Company's adherence to globally recognized standards, including the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), reinforces the robustness and credibility of its materiality process.

Our 2022 Materiality Assessment Process

SMFB's 2022 materiality assessment was a thorough, multi-step process. It began with identifying potential material topics through an analysis of peer organizations and internationally recognized ESG frameworks, ensuring alignment with both global and local sustainability priorities.

To refine and prioritize these topics, the Company engaged key stakeholders through targeted discussions, each issue's significance to both stakeholders and SMFB's business. This culminated in a Materiality Validation Workshop, attended by senior management of San Miguel Corporation (SMC), where priority ESG topics were reviewed and affirmed, reinforcing the Company's commitment to aligning its sustainability initiatives with stakeholder expectations.

Key Material Topics

Aligned with its parent company, SMC, SMFB identified core ESG topics central to its sustainability agenda. Eight high-priority topics will guide the Company's sustainability strategies, ensuring a proactive approach to ESG risks and opportunities. An additional set of eight topics, considered of moderate priority, reflect areas already integrated into SMC's operations or applicable only to specific subsidiaries. A detailed description of these topics can be found in the Appendices of this Report.

As SMFB continues to refine its processes, strengthen policies, and develop innovative products and services, it remains committed to regularly reviewing and updating its materiality assessment to reflect evolving sustainability priorities.

Key Stakeholders

SMFB's economic value directly benefits the following stakeholders:

1. Shareholders and Investors: Beneficiaries of financial growth and stable returns.

2. Government Bodies and Regulators: Agencies overseeing regulatory compliance, taxation, labor, and environmental standards.

3. Customers and Consumers: Retailers, wholesalers, foodservice providers, and end-consumers purchasing SMFB products.

4. Suppliers and Vendors: Essential providers of raw materials, packaging, and logistics.

5. Employees: Workforce contributing to company success and growth.

6.Local Communities: Recipients of employment opportunities and community development initiatives.

7. Financial Institutions and Creditors: Providers facilitating financial stability and growth through funding and financial services.

8. Media and Industry Groups: Entities influencing public perception and industry standards.

9. Business Partners: Distributors, dealers, and franchisees integral to market reach and operational success.

By strategically engaging its stakeholders, SMFB reinforces its commitment to economic sustainability and contributes to national development, supporting SMC's long-standing contribution to nation-building.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure[1]	2024	2023	Units
Direct economic value generated	404,679	382,887	In M Php
Direct economic value distributed:			
a. Operating costs, including payments to suppliers	215,863	213,364	In M Php
b. Employee wages and benefits	16,807	15,786	In M Php
c. Dividends given to stockholders and interest payments to loan providers	36,684	31,821	In M Php
d. Taxes paid to the government	112,893	103,217	In M Php
e. Investments in various communities (e.g. donations, corporate social responsibility (CSR) programs)	93	129	In M Php

[1] *Figures can be cross-checked with the Company's 2024 Audited Financial Statements.*

Economic Impacts and Risks

SMFB plays a vital role in the Philippine economy, contributing to job creation, industry growth, and national revenue generation. Through an extensive manufacturing, distribution, and retail operations, SMFB drives economic value across multiple sectors while ensuring long-term sustainability and resilience in a dynamic business landscape.

A key measure of SMFB's economic contribution is the direct economic value generated and distributed, which reflects the profits created through its operations and the subsequent allocation of its revenues across various stakeholder groups. These include shareholders, investors, financial institutions, employees, suppliers and contractors, government authorities, local communities, and other business partners. By creating and distributing economic value, SMFB ensures that its business growth translates into broad-based economic benefits.

The economic value retained, which is the difference between value created and distributed, is reinvested into the Company to drive sustainable business expansion, innovation, and resilience. SMFB remains committed to increasing the value it generates and distributes, ensuring stakeholders benefit from its continued growth and financial strength.

In 2024, SMFB generated a total economic value of ₱404.68 billion, distributing ₱382.34 billion (94.48%) across its stakeholder groups. The remaining ₱22.34 billion (5.52%) was retained for reinvestment. Below is the percentage breakdown of the total economic value distributed:

Stakeholder	% of Total Economic Value Distributed
Operating costs, including payments to suppliers	53.34%
Employee wages and benefits	4.15%
Dividends given to stockholders and interest payments to loan providers	9.06%
Taxes paid to the government	27.90%
Investments in various communities (e.g., donations, CSR)	0.02%

While SMFB maintains strong market leadership, it continues to operate in a dynamic environment influenced by various economic and financial factors. These include shifts in market conditions and consumer demand. Inflation and changes in purchasing power may influence buying patterns, particularly for premium and discretionary products. At the same time, evolving lifestyles and preferences present opportunities for innovation and portfolio diversification, even in essential categories.

Supply chain and raw material sourcing are also key focus areas. Global developments, such as fluctuations in commodity and logistics costs, climate-related factors, and geopolitical trends, can affect input costs and availability. SMFB remains proactive in managing these variables through strategic sourcing, inventory planning, and supplier partnerships to ensure continuity and efficiency.

Financial considerations, such as interest rate movements and foreign exchange fluctuations, are also closely monitored. While these can affect borrowing and input costs, SMFB employs prudent financial strategies to manage their impact and support long-term growth.

On the regulatory front, the Group stays agile and compliant amid evolving trade, food safety, and environmental standards. Adjustments in excise taxes and tariffs are factored into business planning to ensure competitiveness and operational resilience.

Finally, SMFB remains attentive to broader socio-economic developments. While economic slowdowns or regulatory changes may present challenges, the Company sees these as opportunities to reinforce its adaptability, uphold its commitment to responsible operations, and deliver sustained value to stakeholders.

Further details on risk identification and mitigation efforts are available in SMFB's 2024 SEC Form 17-A.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, Local Communities, Financial Institutions and Creditors

Management Approach for Economic Impacts and Risks

SMFB operates in a dynamic and highly competitive environment shaped by economic fluctuations, regulatory developments, shifting consumer preferences, and financial market conditions. To ensure long-term resilience and sustainable growth, SMFB implements a comprehensive Enterprise Risk Management (ERM) framework that proactively identifies, assesses, and addresses economic and operational risks. This integrated approach supports value creation across its core business segments: Beer and Non-Alcoholic Beverages (NAB), Spirits, and Food.

To maintain business competitiveness and respond to changing market demands, SMFB continuously expands and innovates its product portfolio. Significant investments in research and development allow the Company to introduce premium, value-added, and health-conscious offerings. By leveraging economies of scale and enhancing procurement efficiency, SMFB sustains cost-effective operations while meeting the evolving preferences of its consumers.

Operational resilience is achieved through a diversified supply chain strategy, sourcing raw materials both locally and globally, utilizing alternatives when necessary, and maintaining strategic inventory levels to reduce disruptions. Regular facility assessments and modernization initiatives help mitigate environmental and operational risks, ensuring efficiency, sustainability, and continuity across operations.

Risk governance is embedded in the Company's structure, with the Board Risk Oversight and Sustainability Committee supervising the implementation and effectiveness of risk management initiatives. The Audit Committee and Internal Audit teams conduct periodic evaluations to ensure compliance with financial, legal, and environmental standards. Comprehensive internal controls address vulnerabilities such as natural disasters, animal disease outbreaks, and macroeconomic volatility.

To manage financial and economic exposures, SMFB adopts prudent financial strategies, maintaining a strong balance sheet and adhering to debt covenants. The Company actively monitors interest rate movements and optimizes its capital structure through a mix of fixed and variable-rate instruments. Hedging strategies, including the use of derivatives, are employed to manage foreign exchange and commodity price fluctuations.

SMFB also safeguards its intellectual property rights to protect its market position. The Company regularly renews and defends its trademarks and proprietary assets, actively pursuing enforcement actions against infringement and unfair competition. Consumer engagement plays a vital role in shaping business strategies, with extensive market research guiding product development to align with shifting consumer behaviors and emerging trends. High standards for product quality and reliability help foster lasting consumer trust and brand loyalty.

In line with its commitment to corporate social responsibility, SMFB supports community initiatives focused on education, employment, and nutrition. Environmental sustainability remains a priority, as the Company integrates responsible practices into its operations, thereby creating long-term value for both stakeholders and society.

Opportunities and Management Approach

SMFB is strategically positioned to leverage significant opportunities that enhance its economic impact and stakeholder value. A key focus area is product diversification and market expansion, with plans to introduce innovative products aligned with emerging consumer health trends, such as plant-based, low-calorie, and fortified food options. Expanding into premium and specialty segments will further strengthen its presence across diverse consumer categories, ranging from mass-market to high-end segments.

To reinforce brand equity and leadership, SMFB aims to deepen consumer engagement and loyalty while enhancing its domestic and international distribution networks and retail partnerships to boost product availability and accessibility. The Company invests in localized marketing strategies tailored to regional preferences and leverages digital and e-commerce platforms to expand its market reach.

Operational efficiency and sustainable production are also key priorities. SMFB is enhancing its manufacturing processes through automation, digital integration, and process optimization. Investments in energy-efficient technologies, waste reduction initiatives, and responsible sourcing practices ensures cost efficiency while minimizing environmental impact.

Additionally, SMFB is committed to enhancing its engagement with investors and capital markets to enable further investment for growth and expansion. Strengthening investor relations through transparent financial disclosures and robust corporate governance practices remains a core focus.

The Company also leverages strategic partnerships within the SMC Group to maximize operational efficiencies and will explore joint ventures and collaborations, allowing entry into new market segments and access to advanced technologies.

By integrating effective risk management with these strategic growth initiatives, SMFB is well-equipped to navigate market uncertainties and unlock new revenue streams, ensuring long-term profitability, resilience, and sustained stakeholder value creation.

Procurement Practices

Proportion of Spending on Materials from Local Suppliers

Disclosure	2024	2023	Unit
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	58.1	63.7	%

The change in the percentage of spending on locally sourced materials in 2024 reflects the need to procure certain raw materials and specialized equipment for expansion projects that were not readily available in the local market. Nevertheless, SMFB remains deeply committed to supporting the local economy and continues to prioritize sourcing from local suppliers whenever feasible, taking into account availability and cost-efficiency.

Impacts and Risks

As one of the largest food and beverage producers in the Philippines, SMFB operates in a dynamic and competitive landscape shaped by evolving economic conditions, regulatory frameworks, consumer preferences, and financial market trends. To support its expansive operations nationwide, SMFB depends on a strong and responsive supply chain. Wherever possible, and when quality and pricing are competitive, the Group actively sources materials locally, contributing to national development by supporting small and medium-sized enterprises (SMEs), generating employment, and fostering resilience within local communities. Local sourcing also offers strategic benefits, such as reducing exposure to foreign exchange risks and global supply chain disruptions.

At the same time, SMFB continues to navigate a number of supply chain challenges. Volatility in raw material prices, often driven by global market shifts, can affect input costs and operational planning. External factors such as shipping delays, geopolitical developments, and evolving regulatory requirements may also influence the availability and cost of imported ingredients. Ensuring supplier consistency in both quality and delivery timelines remains a key focus, as it is critical to maintaining seamless production. Meanwhile, broader economic factors like inflation and interest rate movements can place pressure on suppliers and impact overall supply chain resilience.

Through proactive planning, strategic sourcing, and continuous engagement with partners, SMFB strives to manage these challenges effectively while continuing to deliver quality products and contribute to sustainable economic growth.

Key Stakeholders Affected: Shareholders and Investors, Suppliers and Vendors, Customers and Consumers, Employees and Local Communities

Management Approach for Impacts and Risks

SMFB operates within an evolving business landscape shaped by economic conditions, regulatory frameworks, consumer preferences, and financial stability. Effective management of these factors and associated risks is central to its strategic approach. To optimize costs, enhance supply chain resilience, and support local economic growth, SMFB employs targeted procurement strategies. These include balancing domestic and international sourcing to mitigate single-source dependency and utilizing digital procurement platforms to streamline processes and improve forecasting accuracy.

Supplier evaluation and risk management are integral to maintaining quality and reliability. SMFB rigorously monitors suppliers through stringent accreditation processes and performance tracking. For example, SMB implements robust quality control measures, such as the Hazard Analysis and Critical Control Points (HACCP) standard, ensuring consistent product safety and supplier reliability. Additionally, SMFB actively promotes local sourcing where feasible. Programs such as San Miguel Foods, Inc.'s (SMFI) cassava assembler initiative provide local farmers with guaranteed pricing and stable market access, reducing reliance on imported raw materials while strengthening local economies and mitigating currency and market risks.

To manage financial and market risks, SMFB employs strategic measures such as hedging instruments and entering into long-term supplier agreements. GSMI, for instance, secures stable raw material prices through long-term contracts, minimizing its exposure to price volatility. The Company also prioritizes operational efficiency by investing in advanced technologies, including automation and digital procurement platforms, to enhance productivity and forecasting accuracy. SMB exemplifies this approach by integrating energy-efficient technologies and sustainable manufacturing practices, such as solar energy systems and waste recycling initiatives, effectively managing environmental risks and operational costs.

By integrating these strategies with effective risk management, SMFB is well-positioned to navigate market uncertainties, sustain operational excellence, and deliver consistent value to its stakeholders.

Opportunities and Management Approach

SMFB continues to prioritize enhancements in its local procurement strategies, putting an emphasis on financial prudence and operational agility to drive sustained economic growth and stakeholder value. A key focus is strengthening local supplier networks by increasing procurement from SMEs, supporting their growth, and ensuring long-term business sustainability. The Company encourages suppliers to invest in capacity expansion, enabling them to reliably meet the Group's volume demands.

To optimize procurement decisions, SMFB leverages data-driven strategies, utilizing advanced analytics and supplier insights to assess cost dynamics and evolving market conditions. The implementation of automated contract management systems streamlines sourcing negotiations, enhances contract compliance, and improves payment processes, thus contributing to greater operational efficiency.

In managing cost fluctuations, SMF adopts strategies to ensure stable pricing for key inputs such as wheat, soybean meal, and dairy ingredients. By securing long-term agreements, purchasing in bulk, and strategically timing procurement decisions, SMF minimizes the impact of price volatility and maintains cost stability.

Through these targeted strategies, SMFB remains committed to cost efficiency, supply chain resilience, and economic value creation for all stakeholders.

Anti-Corruption

Training on Anti-corruption Policies and Procedures[1]

SMFB provides training on anti-corruption policies and procedures to educate stakeholders on ethical standards, compliance, and reporting. This section presents data on training effectiveness, compliance levels, and reported corruption incidents, emphasizing SMFB's commitment to integrity and accountability.

Disclosure	2024	2023	Unit
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of directors and management that have received anti-corruption training [2]	100	100	%
Percentage of employees that have received anti-corruption training[3]	100	100	%

[1] SMFB's Anti-Corruption and Sanctions Compliance Policy as well as the Code of Business Conduct and Ethics, which includes anti-corruption policies, apply to all employees and business partners.

[2] SMFB directors and management separately attended Corporate Governance Seminars in 2024.

[3] SMFB adopted an Anti-Corruption and Sanctions Compliance Policy in 2023. This Policy as well as the Code of Business Conduct and Ethics, which covers anti-corruption policies, have been cascaded to all employees of the organization.

In 2024, SMFB ensured the comprehensive communication and implementation of its anti-corruption policies and procedures across the organization. These are outlined in the Anti-Corruption and Sanctions Compliance Policy and the Code of Business Conduct and Ethics ("Anti-Corruption Policies"), both of which apply to all employees and business partners. The Anti-Corruption policies were cascaded throughout the organization to reinforce a unified standard of ethical conduct. All directors and members of management participated in separate Corporate Governance Seminars during the year, while employees and leadership received anti-corruption training designed to enhance awareness, promote accountability, and equip them with the tools to identify and address corruption-related risks. These initiatives reflect SMFB's commitment to fostering a culture of integrity, transparency, and ethical business practices across all levels of its operations.

Incidents of Corruption[1]

Disclosure	2024	2023	Unit
Number of incidents in which directors were removed or dismissed for corruption	0	0	Count
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	Count
Number of incidents where contracts with business partners were terminated due to incidents of corruption	0	0	Count

[1] *SMFB is not involved in any current proceedings, litigations, claims, or arbitration that would materially affect its financial position or those of its subsidiaries or affiliates.*

In 2023 and 2024, SMFB did not report any incidents of corruption. There were no cases involving the removal or dismissal of directors, no employees were dismissed or disciplined for corruption, and no contracts with business partners were terminated due to corruption-related issues. The Company was not involved in any proceeding, claim, or arbitration related to corruption that could materially affect its financial position or that of its subsidiaries or affiliates.

Impacts and Risks

SMFB recognizes that corruption poses a serious risk to business integrity, stakeholder trust, and long-term value creation. Left unaddressed, it can affect the Company's reputation, brand equity, and operational efficiency. It may also lead to financial, legal, and regulatory consequences that could hinder sustainable growth.

With this in mind, SMFB upholds a strong zero-tolerance policy against bribery and unethical behavior. The Company is committed to promoting a culture of integrity and transparency across all levels of the organization, continuously strengthening its systems and practices to prevent and address corruption risks in every aspect of its operations.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, Local Communities, Financial Institutions and Creditors, and the Media and Industry Groups

Management Approach for Impacts and Risks

As a subsidiary of SMC, SMFB is committed to the value of *Malasakit*, which involves looking after the welfare and interests of others, as well as maintaining integrity, transparency, accountability, and fairness in all levels of its operations. Reflecting these values, SMFB strictly enforces zero tolerance against corruption, bribery, money laundering, and sanctions violations. This commitment is articulated in the Anti-Corruption Policies, cascaded throughout the organization and its business partners.

To manage impacts and risks effectively, SMFB implements comprehensive anti-corruption and ethics training for all employees, directors, and stakeholders, as exemplified by SMB's onboarding programs and periodic refresher courses. Transparent grievance and whistleblowing channels are maintained, as illustrated by GSMI's public commitment to confidential reporting and thorough investigations.

SMFB also conducts rigorous due diligence of third-party business relationships, clearly communicating expectations of ethical conduct, as SMF demonstrates through its publicly available compliance guidelines for suppliers and partners. The Board of Directors provides robust governance oversight, regularly reviewing ethical standards and compliance processes, a practice prominently highlighted by SMB.

Additionally, clear penalties for ethical violations are established and communicated, ensuring accountability. For example, GSMI outlines specific sanctions for breaches such as termination of employment or pursuing criminal and civil remedies, as detailed in its publicly accessible Code of Conduct and Ethics.

Through these integrated approaches, SMFB proactively addresses corruption risks, enhances transparency, and cultivates a culture of integrity and ethical excellence.

Opportunities and Management Approach

The Anti-Corruption Policies of SMFB are periodically reviewed to ensure their ongoing relevance and effectiveness. This regular review provides an opportunity to assess existing anti-corruption measures, evaluate their effectiveness, and enhance them as necessary. SMFB also actively considers additional training initiatives and awareness campaigns to strengthen its anti-corruption commitment.

Additionally, SMFB maintains confidential and anonymous communication channels, empowering employees to safely report any concerns or complaints without fear of negative consequences.

Further details and resources on SMFB's governance policies can be accessed on the Company's website as follows:

Anti-Corruption and Sanctions Compliance Policy

https://www.smfb.com.ph/files/reports/SMFB_Anti-Corruption_and_Sanctions_Policy_.pdf

Code of Business Conduct and Ethics

https://www.smfb.com.ph/files/reports/SMFB_Code_of_Business_Conduct_and_Ethics_3.pdf

Manual on Corporate Governance

https://www.smfb.com.ph/page/corporate-governance

Policy on Conflict of Interest

https://www.smfb.com.ph/files/reports/Conflict_of_Interest.pdf

Policy on Securities Dealing

https://www.smfb.com.ph/files/reports/Policy_on_Securities_Dealing.pdf

Policy on Related Party Transactions

https://www.smfb.com.ph/files/reports/SMFB_Related_Party_Transactions_Policy.pdf

Group Policy on Solicitation or Acceptance of Gifts

https://www.smfb.com.ph/files/reports/Group_Policy_on_Solicitation_or_Acceptance_of_Gifts.pdf

Whistleblowing Policy

https://www.smfb.com.ph/files/reports/SMFB_Amended_Whistleblowing_Policy.pdf

ENVIRONMENT

Resource Management

Energy Consumption Within the Organization

Disclosure	2024	2023	Unit
Energy consumption (renewable sources)	660,202.91	619,778.94	Gigajoules (GJ)
Energy consumption (non-renewable)	3,950,571.41	3,925,479.59	GJ
Energy consumption (electricity, heating, cooling, steam purchased)	1,866,189.65	1,693,385.14	GJ
Self-generated energy which is not consumed	906.42	0	GJ
Sold energy (electricity, heating, cooling, steam)	5,319.83	0	GJ
Net energy consumption	6,472,550.56	6,238,643.66	GJ

In 2024, SMFB's total net energy consumption reached 6,472,550.56 GJ, reflecting a 3.7% increase from the previous year, compared to a 5.7% increase in revenue. Energy consumption was largely driven by heightened production activities and operational expansion across its business units. Despite the increase, the Group continued its gradual shift toward cleaner energy, as seen in the 660,202.91 GJ consumed from renewable sources, a 6.5% rise from 2023. GSMI led in renewable energy utilization, accounting for the majority share through biomass and solar energy in its manufacturing facilities.

Non-renewable energy consumption totaled 3,950,571.41 GJ, which remains a substantial part of the energy mix due to the nature of operations, particularly in food and beverage production. While conventional fuels such as diesel and liquefied petroleum gas continue to play an important role in supporting essential production activities, SMFB has taken measured steps to manage this responsibly. Efficiency initiatives, such as equipment upgrades, improved combustion systems, and operational streamlining, help optimize usage and curb unnecessary consumption. These efforts reflect a balanced approach that ensures operational continuity while steadily laying the groundwork for a more sustainable energy profile.

Meanwhile, purchased energy rose to 1,866,189.65 GJ, with SMF contributing the most, reflecting the significant scale-up in its production operations, in line with the growth in the Food segment's revenues.

In a noteworthy development, SMB generated 906.42 GJ of energy that was not consumed internally and successfully sold 5,319.83 GJ back to the grid, signaling the Beer and NAB segment's initial move toward partially meeting its energy needs through self-generation while contributing surplus back to the grid. Although renewable energy still represents a modest portion of the total mix, the Group showed steady progress through infrastructure upgrades, efficiency improvements, and enhanced monitoring systems.

Reduction of Energy Consumption

Disclosure	2024	2023	Unit
Fuel reduction	60,936	61,450	GJ
Electricity reduction	41,934	19,313	GJ
Energy reduction (total)	102,870	80,763	GJ

In 2024, SMFB achieved a total energy reduction of 102,870 GJ, marking a notable improvement of 27% compared to the previous year's total of 80,763 GJ. This reflects the combined impact of fuel-saving measures and electricity efficiency initiatives implemented across its business units.

While fuel reduction decreased slightly from 61,450 GJ in 2023 to 60,936 GJ in 2024, this was offset by a significant increase in electricity reduction, which rose from 19,313 GJ to 41,934 GJ, more than doubling year-over-year. The sharp improvement in electricity savings was driven primarily by GSMI and SMB through various efforts such as the installation of high-efficiency motors, light-emitting diode (LED) lighting upgrades, automated process controls, and energy management systems. GSMI, for instance, recorded targeted reductions from initiatives in its Cabuyao and Sta. Barbara plants, while SMB continued to scale its energy conservation programs in brewing and bottling operations.

SMF, while continuing its focus on core production processes, also contributed to overall energy reductions through improvements in its production processes. Across all business units, ongoing awareness campaigns, equipment retrofits, and smart monitoring technologies played a critical role in sustaining reductions without compromising operational output.

These energy savings represent more than operational improvements—they underscore SMFB's sustained commitment to efficiency and responsible resource management. Despite increased production activity in 2024, each business unit successfully identified and implemented practical measures to optimize energy use. From technological upgrades to refined operational practices, these efforts collectively contributed to meaningful reductions.

Impacts and Risks

Energy is a critical component of SMFB's operations, with demand rising alongside business growth. The Company primarily relies on non-renewable energy sources, including electricity and fossil fuels, to power its facilities nationwide, with the exception of Distileria Bago, Inc. (DBI), which is able to access renewable energy from a sister company, San Miguel Global Power (SMGP).

Most SMFB facilities depend on electricity sourced from the national grid, which is predominantly powered by coal, as well as diesel for backup power and transportation. While this reliance on fossil fuels currently contributes to environmental challenges, a shift to renewable energy sources is projected as SMGP's plans for hydroelectric power and solar power facilities materialize in line with the Philippine national targets of at least 35% renewable energy by 2030 and 50% by 2040.

Beyond environmental considerations, energy use presents opportunities for strategic cost management and operational efficiency. While fluctuations in fuel and electricity prices can influence production costs, they also encourage innovation in energy sourcing and efficiency improvements that can strengthen long-term profitability. With the evolving regulatory landscape, managing energy efficiency and exploring sustainable alternatives will be key to mitigating these risks while supporting long-term business resilience and environmental responsibility.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

Management Approach for Impacts and Risks

As a subsidiary of SMC, SMFB has adopted SMC's established Environment Management Systems to address the varying impacts on the Group's offices and production facilities. As a result, the Group has made efforts to identify and implement energy-savings initiatives.

For example, the Group replaces compact fluorescent and incandescent lights with LED light bulbs, which are more environmentally friendly. LED light bulbs are energy-efficient and long-lasting and can cut energy consumption by over 80% as compared to conventional light bulbs. These can also last more than 25% longer.

The Group also invests in machinery and equipment that not only help ensure product quality but are also more energy and production efficient. For example, a biogas dryer was installed in GSMI's distillery, which enhanced biogas quality. Further, to maximize production output, DBI innovated the operations of its fermentation facility to adapt to the changing quality of molasses, consequently, increasing alcohol yield per metric ton of molasses.

Other initiatives have been implemented by the Group to ensure that its production facilities run efficiently to reduce the need for energy.

Across our brewery operations, we implemented system-wide efficiency upgrades in the following areas:

- Sequencing Batch Reactor systems
- Dewatering equipment including auxiliary pumps
- Compressors for dry air, NH_3, CO_2, air, water, and bagasse
- Chilled water and diffuser systems
- Motors and drive gears

The Food group reduced coal consumption for boilers by 180,000 MT in 2024 and implemented a range of energy-saving measures, including using condensate return as a preheater for boiler feed water, converting diesel-powered forklifts to electric-powered units, and installing solar-powered lighting across warehouses and plant premises.

In line with Republic Act 11285 (Energy Efficiency and Conservation Act), 220 personnel from across the Group underwent training is establishing energy management systems in their respective facilities,
Regarding the transport of its products, the Group recognizes the environmental impacts of transportation and continues to actively implement improvements to reduce fuel usage and costs over time. Examples include enhancements in distribution and supply chain configurations, optimizing load factor per truck, and minimizing movement of raw materials and finished goods through strategic location of facilities near raw material sources and/or markets to be served.

Over the years, the Group has built facilities all over the Philippines that not only ensure that its products get to the consumers fresh and in the shortest amount of time, but also help reduce its carbon footprint. For example, building feed mills in different parts of the country helps ease the transport of raw materials and finished goods given their heavy nature. Likewise, the building of a brewery in Northern Mindanao not only reduces costs to transport the products from Luzon and Visayas regions, but also consequentially results in the reduction of emissions.

For office-based employees, the Group encourages a reduction in energy consumption by switching off lights and electronics when not in use. Solar energy panels are also installed in some facilities to add renewable sources to the energy consumption mix. As part of the SMC Group, all facilities of SMFB have clear targets in the form of key performance indicators for the reduction of electricity. Air emissions, effluents and solid waste volumes are also being monitored and managed.

Opportunities and Management Approach

The Group continues to monitor and analyze its energy consumption to identify opportunities for innovation and further improve energy efficiency. This includes investment in more energy-efficient machinery and equipment and shifting to new processes when necessary. Studies are also being conducted on the feasibility of co-locating business segments, along with ongoing assessments of the most efficient raw material supply routes to processing plants. Additionally, there are plans to invest in more renewable energy sources, such as solar power, to further reduce reliance on non-renewable energy.

Water Consumption Within the Organization

Disclosure	2024	2023	Units
Water withdrawal	17,947	16,306	Mega Liters (ML)
Surface water	1,176	505	ML
Groundwater	14,078	13,277	ML
Seawater	0	0	ML
Rainwater	5	5	ML
Produced water	280	255	ML
Third-party water	2,407	2,264	ML
Water discharged	13,356	10,750	ML
Stored water	(1.36)	1.57	ML
Total water consumption	4,589	5,558	ML
Water recycled and reused	694	885	ML
Percentage water recycled and reused	3.87	5.43	%

In 2024, SMFB recorded a total water withdrawal of 17,947 megaliters (ML), representing a 10% increase from the previous year's 16,306 ML. This increase is primarily attributed to expanded operations and increased production demands across business units. The majority of the water withdrawn came from groundwater sources at 14,078 ML, followed by third-party water at 2,407 ML and surface water at 1,176 ML. There was some volume sourced from rainwater and produced water, indicating the Group's gradual integration of alternative water sources where feasible.

Water discharge in 2024 increased to 13,356 ML, compared to 10,750 ML in 2023. Despite the higher total water withdrawal, net water consumption declined to 4,589 ML from 5,558 ML in the previous year. This reduction underscores the effectiveness of ongoing water efficiency initiatives, including enhanced process controls, water reuse systems, and targeted conservation efforts across production lines.

The Group also recycled and reused 694 ML of water, achieving a recycling rate of 3.87%. While this is lower than the 5.43% in 2023, it still reflects SMFB's commitment to water stewardship. The decrease is due to changes in water use and operations, but recovery and reuse efforts remain important to SMFB.

Impacts and Risks

Water is a fundamental resource for SMFB's operations, supporting its entire product portfolio, from manufacturing processes to beverages where it is a key ingredient. Ensuring sustainability of existing water supply and future availability are essential to mitigating potential impacts on cost, production continuity, and product availability.

Water is also required for domestic use, maintenance of facilities, and the operation of machinery and equipment. A substantial portion of water used is discharged back to the environment after the necessary treatment processes.

Key risks relating to water include its availability in sufficient quantities and increases in water costs in the future. The Group sources its water requirements primarily from deep wells and water utility service providers. Restrictions on the use of deep well water could disrupt the Group's operations. Price increases for the use of deep well water or by water utility service providers could also adversely affect operating costs and reduce the profitability of the Group's businesses.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Employees, Local Communities

Management Approach for Impacts and Risks

The Group has been implementing SMC's *Water for All* program since 2017, reinforcing our commitment to responsible water management through conservation, efficiency, and innovation. In 2024, six facilities of the Food group and three of GSMI exceeded the 2025 target of 50% reduction relative to each one's production output, while four additional facilities were above 40%.

For years, the Group has embraced sustainability-driven water conservation in its operations. A key element of this strategy is rigorous water use monitoring, with regular upgrades to meters and the installation of sub-meters where necessary. In addition, proactively identifying and fixing leaks has significantly reduced water wastage across SMFB's facilities.

Beyond conservation, the Company continues to expand water reuse and recycling efforts. Business units optimize wastewater treatment facilities to further lessen their water footprint, maximizing the use of treated greywater for non-essential purposes. For example, SMB repurposes treated wastewater effluents for utilities and landscape irrigation within its sites, demonstrating its commitment to circular water management.

The Group also prioritizes the recovery of wastewater, enhanced rainwater collection, and the utilization of desalinated seawater in its operations. These initiatives are designed not only to reduce reliance on freshwater sources but also to ensure the equitable and sustainable use of water, thus balancing environmental responsibility with community needs.

Recognizing that water conservation is a shared responsibility, the Group actively collaborates with industry stakeholders and the communities where it operates to promote water stewardship. Through education, advocacy, and the implementation of best practices, SMFB fosters a culture of sustainability that extends beyond its own operations.

By integrating innovation, efficiency, and collaboration, SMFB and the broader SMC Group remain steadfast in their mission to responsibly manage water resources, ensuring that future generations will continue to have access to clean, safe, and sustainable water supplies.

Opportunities and Management Approach

SMFB understands that water is a limited resource and remains focused on sustainability through environmental stewardship and supply chain management.

The Group sees opportunities to improve water conservation and recycling in its facilities and the communities where it operates. In the San Fernando Brewery, SMFB is also conducting an experiment in ground water recharging and monitoring the effectivity of its technology in directing rainwater into aquifers underground instead of the drainage system.

Moving forward, SMFB will continue to implement projects to reduce water consumption and explore water resources to be used. In alignment with SMC, efforts to expand rainwater harvesting systems with larger capacities are being explored. Further, regular analysis of water consumption and quality trends will continue in an effort to seek other opportunities for recycling and reuse.

Materials Used by the Organization

Disclosure	2024	2023	Units
Materials by weight or volume	**5,985,417**	**5,661,486**	**Metric Tons (MT)**
Renewable materials used	5,594,325	5,169,754	MT
Non-renewable materials used	391,092	491,732	MT
Percentage of renewable materials used	93.47	91.31	%
Recycled	124,320	173,116	MT
Percentage of recycled input materials used to manufacture	2.08	3.06	%

In 2024, SMFB's total material usage increased to 5,985,417 metric tons (MT), up from 5,661,486 MT in 2023. Usage of renewable materials–primarily agricultural commodities, glass bottles, used plastic pallets and crates-grew from 5,169,754 MT in 2023 to 5,594,325 MT in 2024, making up 93.47% of total materials used, compared to 91.31% in the previous year. At the same time, the use of non-renewable materials dropped significantly from 491,732 MT in 2023 to 391,092 MT in 2024.

Although the percentage of recycled input declined from 3.06% in 2023 to 2.08% in 2024, SMFB continues to look for ways to increase the use of recycled materials to strengthen circular practices in the future.

Impacts and Risks

SMFB recognizes that using the Group's raw materials efficiently not only helps protect the environment but also impacts the economic aspects of its business. Since raw materials account for a significant portion of the Group's costs, it is essential that they are used responsibly.

The Group acknowledges potential risks related to the supply of major raw materials. Fluctuations in global supply can influence costs and pricing, while external factors such as weather conditions, disease outbreaks, pandemics, geopolitical trade developments, and regulatory changes may also disrupt availability.

The use of renewable and non-renewable materials presents both risks and opportunities. Renewable materials, such as agricultural products, are susceptible to climate variability, seasonality, and land-use constraints. Non-renewable materials, composed mainly of various types of packaging, may have long-term supply risks due to finite availability and price volatility.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB employs a comprehensive management approach to address impacts and risks, emphasizing resource efficiency, process optimization, and technological innovation. These initiatives collectively enhance productivity, minimize waste, and significantly mitigate environmental and operational risks.

An important focus of SMFB's sustainability efforts is the responsible use of both renewable and non-renewable raw materials. The Company continues to integrate circular economy principles to improve material use, reduce the use of new resources, and enhance sustainability across its operations.

Each division within SMFB leverages advanced technology and operational processes to improve resource efficiency and minimize reliance on non-renewable inputs. For example, under the Food division, SMFI has implemented controlled climate technology, automated feeding and watering systems, and automated harvesting technologies at its poultry farm in Hagonoy, Davao del Sur. These advancements optimize the use of renewable agricultural inputs while reducing waste. Additionally, poultry manure is converted to organic fertilizer for use by corn and cassava farmers who sell their produce to SMFI.

Recognizing the environmental impact of packaging, SMB operates an extensive Returnable Glass Bottle (RGB) system, allowing bottles to be reused for 5 to 10 years. In 2024, only 10% of its required bottles were new thereby reducing the demand for glass production and conserving non-renewable silica resources. GSMI also emphasizes bottle reuse, achieving 56% in 2024 by expanding its retrieval network to increase circularity and reduce the need for new raw material extraction.

Additionally, broken and scuffed bottles from beverage operations are converted into new packaging materials by San Miguel Yamamura Packaging Corporation, which is part of the SMC Group, promoting a sustainable closed-loop system that limits the extraction of virgin raw materials.

On another front, SMB has optimized its brewery waste utilization by diverting brewers' spent grains and spent yeast as raw materials for animal feeds, ensuring that these organic materials are repurposed efficiently. Poultry processing by-products, such as feathers and offals, are likewise repurposed as raw materials for animal feeds, decreasing the need for primary resource extraction and reducing waste.

SMFB is committed to diversifying its supplier network to ensure that materials are sourced sustainably and responsibly. The Company actively seeks alternative raw materials that reduce its environmental footprint. Notable initiatives include SMF's use of cassava as a substitute for corn in animal feeds, SMB's search for alternative carbohydrate sources in beer brewing, and GSMI's strategic sourcing of alcohol from both local and international suppliers to optimize material sustainability.

Through strategic innovation, meticulous resource management, and integrated business practices, SMFB actively addresses its environmental and operational impacts. By balancing the use of renewable and non-renewable raw materials, the Company drives sustainability while ensuring long-term business resilience in alignment with global ESG standards.

Opportunities and Management Approach

The Group is committed to responsibly sourcing and utilizing materials by balancing the use of renewable and non-renewable resources in packaging. It actively collaborates with suppliers to explore innovative solutions that enhance sustainability while maintaining product integrity. By prioritizing renewable materials and optimizing the efficient use of non-renewable resources, SMFB aims to reduce environmental and social impacts.

To strengthen its management approach, SMFB will enhance coordination within the broader SMC Group to maximize the beneficial reuse of by-products and improve circular economy initiatives. Additionally, the Group will invest in research and development to drive advancements in eco-friendly packaging, exploring opportunities such as biodegradable materials, recyclable alternatives, and resource-efficient manufacturing practices. Through these efforts, the Group strives to accelerate the transition toward a more sustainable packaging landscape while ensuring long-term business resilience.

Ecosystems and Biodiversity

Disclosure	2024	2023	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	2	2	Count
Habitats protected or restored	1,717	1,717	Hectares
International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations	3	3	Species type

Impacts and Risks

Two facilities within SMFB's portfolio of production sites have been identified by the Department of Environment and Natural Resources (DENR) as biodiversity-sensitive areas, underscoring significant environmental risks associated with their operations.

The first is GSMI's subsidiary, DBI, an alcohol distillery located along the coastline of Guimaras. If not properly managed, this facility could contribute to the potential deterioration of water quality in the Guimaras Strait due to wastewater effluents and other emissions leading to endangerment of marine biodiversity.

In 2023, another critical biodiversity site was added to SMFB's risk profile. Located two kilometers from the B-MEG feed mill plant in Impasug-ong, Bukidnon is the Center for Ecological Development and Recreation (CEDAR), an ecological park, and reforestation site that spans approximately 1,703 hectares. It includes four major waterfalls: Gantungan Falls, Natigbasan Falls, Dila Falls, and Makabayot Falls. The proximity of the B-MEG facility could raise concerns about pollution and disruption of the area's rich biodiversity. Given CEDAR's designation as a protected eco-tourism site, B-MEG actively participates in joint activities with local government unit of Impasug-ong and the DENR to prevent any adverse environmental impact that would affect local tourism and economic activities.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

Management Approach to Impacts and Risks

The Group's approach to managing impacts and risks associated with its biodiversity-sensitive sites involves strict compliance with the DENR General Effluent Standards under Department Administrative Order No. 2016-08. This ensures that all discharged effluents meet regulatory requirements, thereby minimizing potential harm to surrounding ecosystems.

GSMI actively manages environmental risks near the Guimaras Strait by maintaining a 12-hectare mangrove reforestation area, which has achieved a high survival rate of 96%. This initiative supports marine and coastal biodiversity, helps prevent soil erosion and flooding, and contributes to carbon sequestration. These efforts are complemented by regular tree-planting, coastal clean-ups, and shoreline monitoring activities conducted in partnership with local cooperatives on Guimaras Island.

In Bukidnon, the B-MEG feed mill plant, part of SMFI, is located near CEDAR, a protected ecological park. Recognizing the potential risks to the surrounding ecosystem, SMFI works closely with the DENR and local government units to align its operations with existing environmental safeguards aimed at preserving the area's rich biodiversity and natural resources.

Across its operations, SMFB supports broader biodiversity efforts through ecosystem rehabilitation and conservation practices. This includes initiatives to manage the environmental impact of production facilities near ecologically sensitive zones, as well as reforestation and habitat preservation projects embedded in the Company's sustainability agenda.

Opportunities and Management Approach

The Group continues to identify and explore opportunities to strengthen its ecosystem and biodiversity efforts across its operations. For GSMI, there is potential to further expand its mangrove reforestation activities in the Guimaras Strait by integrating new areas and introducing additional native mangrove species. Collaborating more deeply with marine biodiversity experts and local conservation groups may also open opportunities to establish long-term biodiversity monitoring programs and community-based environmental stewardship initiatives.

In Bukidnon, there is opportunity to develop site-specific biodiversity action plans in coordination with the DENR and local conservation authorities. These may include establishing ecological buffer zones, implementing habitat enhancement activities, and supporting local research on endemic species conservation.

At the corporate level, SMFB can explore ways to include biodiversity in how it evaluates environmental risks and plans the use of land for its operations. There is also potential to support reforestation or watershed rehabilitation programs in areas where its operations intersect with vulnerable ecosystems.

SMB and GSMI may consider investing in biodiversity-friendly supply chain initiatives, such as sourcing raw materials from farms or partners that follow sustainable agricultural practices that promote habitat conservation. Engaging suppliers and logistics partners in ecosystem protection efforts can further amplify the Group's biodiversity impact across its value chain.

Overall, by pursuing these opportunities, SMFB and its divisions can deepen their role in ecosystem restoration and biodiversity conservation while enhancing long-term environmental resilience.

Environmental Impact

<u>Air Emissions</u>
GHG

Disclosure	2024	2023	Unit
Direct (Scope 1) GHG Emissions	306,901	308,762	Tonnes carbon dioxide equivalent (CO_2e)
Energy indirect (Scope 2) GHG Emissions	368,806	338,832	Tonnes CO_2e
Total Scope 1 and Scope 2 GHG Emissions	675,706	647,594	Tonnes CO_2e

In 2024, GHG emissions of SMFB totaled 675,706 tonnes CO_2e, a slight increase from 2023. The rise in emissions from both SMB and SMF was generally in line with business growth and increased operational activity, particularly in high-performing and expanding facilities. In contrast, GSMI's emissions remained lower, with the majority coming from the DBI facility and logistics-related fuel use. SMFB recognizes that the upward trend in Scope 2 emissions also presents a valuable opportunity to further strengthen its sustainability efforts through energy efficiency initiatives and a shift towards cleaner energy sources.

Impacts and Risks

SMFB faces risks from its GHG emissions, which primarily result from energy consumption and fuel use across its Beer and NAB, Spirits, and Food businesses. To date, SMFB has not yet quantified biological GHG emissions from its company-owned poultry farms but is working on the methodology to do so.

Electricity usage in breweries, distillery and bottling plants, feed mills, and food processing plants is a major source of Scope 2 emissions. These facilities are exposed to risks associated with carbon-intensive grids. Additionally, reliance on diesel fuel for logistics, delivery fleets, and backup power, and coal for boilers, contributes to Scope 1 emissions, creating exposure to fuel price volatility and potential regulatory restrictions on fossil fuels.

In the agricultural operations of SMF, methane and nitrous oxide emissions arise from manure management in poultry production. With the expansion of company-owned farms, it has become more important to quantify this type of emissions and to find a way to mitigate them.

Scope 3 emissions across SMFB's value chain, including upstream suppliers, packaging, and third-party transportation, add to the Group's GHG footprint and increase reputational and compliance risks, particularly as stakeholders demand greater transparency and accountability for indirect emissions.

Key Stakeholders Affected: Stakeholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Customers and Consumers, Employees, Local Communities, Financial Institutions and Creditors, and Media and Industry Groups

Management Approach to Impacts and Risks

SMFB operates in an increasingly climate-vulnerable environment, where the Philippines faces rising sea levels, more frequent and severe extreme weather events, and prolonged periods of drought or intense rainfall. These climate-related risks intersect with the Group's business operations across its Beer and NAB, Spirits, and Food segments, heightening the urgency of robust GHG emissions management.

SMFB's emissions primarily stem from electricity and fuel consumption in production facilities, and logistics networks, contributing to both Scope 1 and Scope 2 emissions. High-energy processes such as fermentation, distillation, cooling, and bottling, for example, present ongoing challenges related to energy use and carbon intensity. In response, SMFB employs the operational control approach in consolidating and reporting its GHG emissions, as guided by the GHG Protocol Corporate Standard (GHG Protocol).

To effectively manage these risks, SMFB has embedded climate action into its broader sustainability strategy, aligning with SMC's commitment to achieve net-zero emissions by 2050. Through its Environmental Management System (EMS), SMFB monitors direct and indirect emissions and incorporates energy and carbon considerations into operational planning. Facilities track key metrics tied to emissions intensity, helping the Company assess vulnerabilities related to electricity pricing, fossil fuel dependency, and emerging climate-related regulations, such as potential carbon taxation or mandatory disclosure standards.

Recognizing the emissions impact of packaging, both SMB and GSMI have strengthened their bottle recovery and reuse programs. These initiatives reduce demand for new glass production, a process known to be energy-intensive. GSMI's DBI also demonstrates operational innovation by capturing biogenic carbon dioxide from fermentation and repurposing it for use in carbonated beverages, mitigating emissions that would otherwise be released into the atmosphere.

In line with broader SMC goals, SMFB has also begun integrating renewable energy sources in select facilities, including the use of solar panels and biogas. These alternative energy solutions form part of a long-term transition strategy to reduce emissions and manage risks tied to fossil fuel volatility.

SMFB's management approach is reinforced by sustainability governance mechanisms at both the Group and subsidiary levels. The Company's Board Risk Oversight and Sustainability Committee oversees sustainability performance, ensuring climate-related risks and emissions reduction goals are embedded in corporate decision-making. SMFB also engages in emissions data collection and validation efforts as part of SMC's centralized sustainability framework, which aligns with global reporting standards such as those set by GRI, SASB, and the Task Force on Climate-related Financial Disclosures (TCFD).

By proactively addressing GHG emissions through energy optimization, packaging circularity, and low-carbon initiatives, SMFB aims to strengthen its climate resilience and operational efficiency while supporting the Group's broader environmental objectives.

Opportunities and Management Approach

SMFB recognizes the growing urgency to address GHG emissions and is pursuing a forward-looking, opportunity-driven approach to manage its environmental impact. Guided by SMC's sustainability agenda, SMFB is continuously identifying ways to reduce emissions while enhancing energy efficiency, resilience, and operational performance across its business units.

A key area of opportunity lies in improving energy performance across production facilities. Upgrading equipment, optimizing thermal processes, and integrating more efficient systems in high-energy operations such as fermentation, distillation, and cooling offer clear pathways to reduce electricity and fuel consumption. These initiatives align with SMFB's broader effort to decarbonize operations and reduce Scope 1 and Scope 2 emissions.

SMFB is also exploring the expanded use of renewable energy across its sites. The installation of solar panels in select facilities has created a model for further deployment, especially in locations with high solar potential. Additionally, the use of biogas generated from wastewater treatment presents a viable alternative to traditional fossil fuels, and SMFB is assessing how this can be scaled up to meet energy needs in other operations.

Reducing emissions from packaging materials is another area of focus. While SMB and GSMI do not produce their own packaging, the energy-intensive process of glass bottle manufacturing contributes to Scope 3 emissions. Strengthening bottle recovery and reuse programs presents a strategic opportunity to mitigate these emissions. SMFB is working to enhance its partnerships with collection networks, bottle-washing providers, and distributors to streamline reuse processes, lower material demand, and support a more circular production model.

SMFB's emissions management approach is grounded in a robust environmental management system aligned with the GHG Protocol. The Company uses the operational control approach for consolidating emissions data, enabling consistent tracking across business units and helping identify high-emission areas where reduction strategies can be prioritized. This data-driven framework supports emissions planning, investment decisions, and alignment with SMC's net-zero emissions target by 2050.

Opportunities also extend to culture and engagement. SMFB continues to encourage employee participation in sustainability efforts, recognizing that shared responsibility is critical to long-term success. Initiatives such as promoting more sustainable commuting options demonstrate how operational and behavioral changes can align with climate goals.

Through these efforts, SMFB is embedding emissions reduction opportunities into its operations and strategic planning, ensuring that its approach to GHG management is not only regulatory-ready but also contributes to business innovation, stakeholder value, and climate resilience.

Air Pollutants

Disclosure	2024	2023	Unit
Nitrogen Oxides (NOx)	188	232	MT
Sulfur Oxides (SOx)	1,326	902	MT
Persistent Organic Pollutants (POPs)	NOT BEING MONITORED		MT
Volatile Organic Compounds (VOCs)			MT
Hazardous Air Pollutants (HAPs)			MT
Particulate Matter (PM)	73	105	MT
Carbon Monoxide (CO)	230	998	MT

Air pollution management is a key environmental priority for SMFB, given the use of boilers, generator sets, and other combustion-based equipment across its Beer and NAB, Spirits, and Food divisions. As part of its commitment to regulatory compliance and sustainable operations, SMFB ensures that all air emissions are managed in accordance with the standards of the DENR. The business units follow strict operational protocols to minimize emissions of harmful pollutants and maintain air quality in host communities. Air emissions management forms part of SMFB's broader environmental performance framework and reflects its alignment with SMC's long-term goal of reducing its environmental footprint while supporting inclusive and resilient business growth.

In 2024, SMFB reported changes in air pollutant emissions. NOx and CO emissions decreased significantly compared to 2023, reflecting improved combustion efficiency.

On the other hand, SOx and PM emissions increased, primarily linked to increases in production volume.

Impacts and Risks

SMFB faces a challenge of environmental risks linked to air quality arising from its core activities. The use of boilers, generator sets, and other fuel-combustion systems across the operations of SMB, GSMI, and SMF contributes to the release of air pollutants such as nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM).

Regulatory compliance is a critical concern as the DENR mandates strict limits on air pollutant emissions, and non-compliance could expose SMFB to penalties, operating restrictions, or reputational damage. As SMFB operates in industries that rely on energy and power reliability, it is exposed to future regulatory changes, such as stricter emission thresholds, mandatory technology upgrades, and expanded reporting obligations.

Moreover, reputational and market risks are emerging as consumers, investors, and stakeholders become more environmentally conscious and scrutinize corporate environmental performance. Failure to demonstrate effective air pollution management may weaken stakeholder confidence and may likewise influence access to capital, brand loyalty, and long-term competitiveness.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB manages air pollutant risks across its operations by integrating environmental safeguards into its production systems, aligned with both the DENR standards and SMC's broader sustainability framework. Recognizing that its brewing, distillation, and food processing operations generate air emissions, particularly NOx, SOx, PM, and VOCs, SMFB has adopted a preventive and systems-based approach to emissions control.

The Group's air emissions primarily result from combustion processes in boilers, generator sets, and industrial equipment across its facilities. SMFB addresses this by deploying EMS and regularly conducting air emissions monitoring, including stack testing and compliance audits, to identify sources of air pollutants and opportunities for operational improvement. These systems allow the Group to evaluate process efficiency and anticipate regulatory compliance needs.

To mitigate emissions from its distillation activities, GSMI's facilities have implemented process innovations such as the capture of biogenic CO_2, a by-product of fermentation, for use in beverage carbonation. This not only reduces direct emissions but also supports circular use of by-products. Maintenance strategies such as regular desooting, hydro-testing of boilers, and inspection of smokestacks are carried out to reduce particulate emissions and maintain combustion efficiency. Where applicable, air pollution control devices are installed on emission sources to comply with evolving environmental standards.

SMFB's approach also includes the evaluation of alternative energy sources and technologies aimed at lowering emissions intensity. Select SMF facilities, for example, are using biogas from wastewater treatment operations to reduce reliance on fossil fuels in thermal processes. Meanwhile, the Company continues to explore energy-efficient upgrades across its business units to further reduce emissions tied to equipment operation and fuel use.

This management approach is closely monitored and aligned with SMC's *"Kalikasan: Good for the Planet"* agenda, which promotes cleaner production and more sustainable industrial practices. SMFB's strategy emphasizes compliance, efficiency, and continuous improvement in managing air pollutants, while also preparing for future regulatory shifts and increasing stakeholder expectations around environmental performance.

Opportunities and Management Approach

SMFB takes a proactive, systems-based approach to manage air pollutants across its operations, recognizing the importance of reducing emissions from combustion processes associated with its breweries, distillery, and food manufacturing plants. Aligned with SMC's broader environmental sustainability goals, SMFB continuously explores technological upgrades, fuel alternatives, and operational efficiencies that minimize emissions of NO_x, SO_x, PM, and VOCs.

Across its business units, SMFB integrates air quality management into its EMS, allowing for real-time emissions monitoring and early detection of pollution risks. This system enables facilities to identify and act on improvement opportunities in fuel combustion efficiency, equipment maintenance, and compliance assurance. The use of these monitoring tools supports informed decision-making and continuous performance evaluation in line with national and international environmental standards.

SMFB is actively pursuing opportunities to reduce its dependence on conventional fuels by exploring alternative energy sources such as biogas and solar power. Select SMF facilities are using biogas utilization from wastewater treatment to replace fossil fuels in thermal processes, which presents both emissions reduction potential and operational cost savings. These efforts are also being assessed for broader application across the Group's production sites.

At GSMI, the recovery and reuse of biogenic carbon dioxide from fermentation processes demonstrate SMFB's commitment to circularity and emissions reduction. The CO_2 is captured, processed, and supplied for use in carbonated beverages, turning a routine emission stream into a commercially valuable input. This practice reflects an innovative approach to emissions management that both mitigates environmental impact and supports value creation.

In SMB facilities, combustion technologies are being upgraded to more energy-efficient systems, providing opportunities to further reduce air pollutants generated during brewing. Maintenance practices, such as routine boiler optimization and emissions control system checks, are incorporated into operations to sustain performance and avoid deterioration of emissions controls over time.

Looking ahead, SMFB continues to explore emerging technologies and best practices in industrial air pollution control, with an emphasis on long-term investment in cleaner production. The Company remains committed to aligning these opportunities with SMC's sustainability roadmap, particularly its goal of achieving net-zero emissions by 2050.

Solid and Hazardous Wastes

Solid Waste

Disclosure	2024	2023	Unit
Total solid waste generated	**260,134**	**257,224**	**MT**
Reused	2,576	3,550	MT
Recycled	214,057	211,080	MT
Other recovery operations	7,481	12,593	MT
Incineration (with energy recovery)	2.03	0.50	MT
Incineration (without energy recovery)	0	0	MT
Landfilling	25,017	14,225	MT
Other disposal operations	11,001	15,775	MT

In 2024, SMFB generated a total of 260,134 Metric Tons (MT) of solid waste, a slight increase from 257,224 MT in 2023. Despite this, the Group continued to strengthen its waste management efforts, achieving a higher volume of recycled waste at 214,057 MT, up from 211,080 MT. This reflects SMFB's continued focus on expanding recycling initiatives and promoting circular practices across its operations.

While reused waste slightly declined from 3,550 MT to 2,576 MT, and landfilled waste rose from 14,225 MT to 25,017 MT, the Group demonstrated progress in diversifying its recovery methods. Notably, incineration with energy recovery rose from 0.50 MT to 2.03 MT, and other disposal operations were reduced significantly, from 15,775 MT to 11,001 MT. These developments point to a more strategic approach in managing waste, prioritizing recovery, recycling, and energy efficiency.

The increase in total waste generated was primarily driven by the Food business due to a one-time condemnation of spoiled food products. Additionally, higher production volumes and the commissioning of new facilities, contributed to the rise. Still, the business maintained its focus on responsible waste diversion, reinforcing SMFB's broader commitment to sustainable and efficient resource management.

Impacts and Risks

SMFB faces a range of environmental and operational risks associated with the generation and handling of solid waste from its production facilities, offices, and warehouses. As production volumes increase to meet growing demand across its Beer and NAB, Spirits, and Food segments, there is a corresponding rise in waste generation, which, if not properly managed, can contribute to environmental harm and regulatory exposure.

The Company is also exposed to regulatory scrutiny. National and local environmental regulations, including the Ecological Solid Waste Management Act and DENR guidelines, mandate strict controls for the segregation, storage, and disposal of solid and hazardous waste. Further, the implementation of the Extended Producer Responsibility (EPR) Act of 2022, which took effect in July 2022, with mandatory compliance beginning in January 2023, places heightened obligations on businesses like SMFB to recover and divert post-consumer plastic packaging from landfills. Failure to comply could result in penalties, increased compliance costs, and reputational consequences.

In addition, poor waste management can lead to inefficiencies in operations, including increased disposal costs and underutilization of recoverable materials. As the Company expands operations and builds new facilities, these risks will require stronger oversight and integration of waste management systems throughout its value chain.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB implements a structured and integrated solid waste management approach grounded in SMC's broader sustainability and circular economy strategy. In compliance with Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000, SMFB prioritizes responsible waste handling across its value chain, aiming to reduce potential environmental, regulatory, and operational risks arising from improper disposal of production waste.

SMFB addresses these risks by embedding waste management within its EMS, ensuring that waste segregation, storage, transport, and disposal are done according to DENR standards. Across facilities operated by SMB, GSMI, and SMF, compliance is reinforced through routine waste audits, permitting systems, and collaboration with accredited waste service providers. These efforts are designed to mitigate the environmental impacts of landfill use, such as soil degradation, leachate contamination, and methane emissions, which could affect surrounding ecosystems and community health.

The Company's strategy also emphasizes opportunities to repurpose by-products generated during production processes. For example, brewery spent grains and yeast from SMB are redirected to feed manufacturing under SMF, while feathers, offal, and blood from poultry processing are rendered for use in animal nutrition. These closed-loop practices not only reduce the volume of waste sent to landfills but also minimize exposure to rising disposal costs and extended producer obligations.

SMFB's compliance with the Extended Producer Responsibility (EPR) Act of 2022, further drives its efforts to reduce post-consumer plastic waste. As part of its commitment to minimizing plastic use in packaging, GSMI implemented packaging improvements for Vino Kulafu by reducing the plastic component used in its shrink wrap. This was done without compromising the integrity or security of the product, ensuring that consumer safety and brand protection remain intact. For 2024, SMF and GSMI combined reported 13,948 MT of post-consumer plastic waste, 2% lower than prior year. They reclaimed an equivalent of 5,673 MT, of which 27% was recycled through SMYPC and 73% was diverted to cement factories as alternative fuel for co-processing. The latter was accomplished through Plastic Credit Exchange which provided the corresponding plastic credits.

The potential for health and sanitation issues from poor waste handling within food manufacturing facilities remains a critical concern. SMFB mitigates this risk through continuous sanitation protocols, proper waste containment practices, and staff training on waste handling to ensure a hygienic working environment and safeguard product quality. As the Company expands its operations, effective waste management will be increasingly vital to sustaining operational efficiency and regulatory compliance.

Through these integrated practices, SMFB not only reduces the negative impacts of solid waste on health, the environment, and its business operations, but also reinforces its alignment with SMC's long-term goal of achieving a circular economy by 2040.

Opportunities and Management Approach

SMFB continues to enhance its solid waste management approach by identifying new opportunities to reduce waste generation, recover resources, and support circular economy practices across its operations. The Company actively integrates waste management into its broader sustainability strategy, aligning with SMC's vision of a circular economy by 2040.

SMFB is also strengthening internal systems to improve waste segregation, monitoring, and diversion across its facilities. The Company continuously explores partnerships and technologies to enhance recycling and reduce residual waste, particularly in high-volume waste streams such as plastics and production scraps. These initiatives are managed through site-level environmental management systems, which support consistent implementation, compliance tracking, and identification of opportunities for improvement.

Through an integrated approach, SMFB aims to reduce environmental risks, comply with evolving waste regulations, and unlock efficiency gains by transforming waste into useful resources. This positions the Company to scale more sustainably as it grows its operations and expands its product offerings.

Hazardous Waste

Disclosure	2024	2023	Units
Total weight of hazardous waste generated	2,051	1,581	MT
Total weight of hazardous waste transported	1,456	1,203	MT

The chart shows that from 2023 to 2024, SMFB saw an increase in both the generation and transport of hazardous waste, driven largely by expanded operations. Total hazardous waste generated rose from 1,581 MT to 2,051 MT, while transported waste increased from 1,203 MT to 1,456 MT. The rise reflects higher activity levels, particularly in manufacturing, while improved waste handling continues to ensure proper transport and treatment.

Impacts and Risks

Hazardous waste management poses environmental, regulatory, and health-related risks for SMFB and its operating units. The nature of operations in food and beverage manufacturing involves the use of chemicals, oils, greases, and other materials that, once spent or contaminated, are classified as hazardous under Republic Act No. 6969, or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990. These include items such as used oil and lubricants, contaminated rags, solvent-based inks, spent batteries, fluorescent lamps, and other chemical wastes.

If mishandled, these materials can lead to the release of toxic substances that pose threats to employee safety, nearby communities, and the surrounding environment. Improper storage, treatment, or disposal could also expose the Company to substantial regulatory penalties, operational shutdowns, and reputational damage, especially under heightened scrutiny by the DENR.

Additionally, as public awareness and investor expectations around environmental and occupational safety continue to rise, SMFB's ability to demonstrate robust hazardous waste controls will be critical to maintain its license to operate and maintain stakeholder trust.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB follows strict hazardous waste management practices to comply with environmental laws and reduce health, safety, and environmental risks. In line with Republic Act No. 6969, all hazardous waste is properly labeled, stored, transported, treated, and disposed of using DENR-accredited providers. These processes are documented through waste manifests and reported periodically to the EMB.

Hazardous waste generated by SMFB's facilities include spent oil, ink cartridges, batteries, used rags, paint residues, chemical containers, and other wastes associated with food and beverage manufacturing processes. These materials are stored in secure, designated facilities located a safe distance from main operations to prevent contamination or accidental exposure. SMFB ensures that only trained personnel handle hazardous waste and that facilities are regularly monitored for signs of leakage, damage, or spills. In the event of an incident, response protocols are in place to neutralize and contain hazardous materials to mitigate risks to employees and the surrounding environment.

Across business units in SMB, SMF, and GSMI, strict compliance with hazardous waste disposal guidelines is reinforced through coordination with DENR-certified transporters and treaters, who are responsible for conducting laboratory analyses, preparing manifests, and issuing Certificates of Treatment within 30 days of hauling. SMFB also monitors its hazardous waste volumes and disposal activities as part of its broader EMS, which supports continuous performance evaluation and adherence to national standards.

As SMFB expands its production capacities and upgrades manufacturing technologies, the generation of hazardous waste may increase, heightening the need for consistent management and regulatory compliance. By maintaining strict protocols, regular training, and verified partnerships with compliant waste handlers, SMFB mitigates the risks associated with hazardous waste while reinforcing its commitment to environmental responsibility and operational integrity.

Opportunities and Management Approach

SMFB remains committed to reducing the volume of hazardous waste generated across its operations as part of its broader environmental stewardship and risk mitigation strategy. This commitment is driven not only by regulatory compliance but also by the need to minimize potential harm to employees, surrounding communities, and the environment. Its business units continue to adopt innovations and process improvements that reduce the use of hazardous materials in daily operations and enhance the safe handling, storage, and disposal of unavoidable waste. For example, used oil, solvent-contaminated rags, chemical residues, and expired chemicals are segregated and tracked within site-level EMS to ensure accountability and regulatory alignment. The Group actively works with DENR-accredited transporters and treaters to ensure proper recovery, treatment, and disposal. It also continues to explore cleaner production technologies and material substitutions to prevent hazardous waste generation at the source. Through these efforts, the Group not only ensures compliance with Republic Act No. 6969 but also reinforces its long-term objective of minimizing environmental risks and supporting safer and more efficient operations.

Effluents

Disclosure	2024	2023	Unit
Total volume of water discharges	13,356	10,750	ML
Percent of water recycled	3.87	5.43	%
Total water consumption	4,589	5,558	ML

In 2024, SMFB reported a total water discharge volume of 13,356 Mega liters (ML), up from 10,750 ML in 2023. This increase may be attributed to higher production activities across businesses, including the addition and full-year operation of new facilities, primarily in the Food division.

At the same time, total water consumption decreased from 5,558 ML in 2023 to 4,589 ML in 2024, reflecting more efficient water use across operations. This reduction was primarily driven by improved water conservation efforts in the Beer and NAB and Food businesses, which successfully implemented process enhancements and efficiency measures to lower overall water use.

The percentage of water recycled declined from 5.43% in 2023 to 3.87% in 2024. Despite this, SMFB continues to strengthen its water stewardship initiatives and is actively exploring ways to expand water recycling, particularly in areas with greater potential for circular practices.

Overall, the data highlights notable improvements in reducing water consumption, along with opportunities to further advance water recycling and reuse across the Group's operations.

Impacts and Risks

Effluents generated by industrial activities in brewing, distillation, and food processing present significant environmental and regulatory risks if not properly managed. Untreated or poorly treated effluents can lead to the degradation of water quality in nearby bodies of water, resulting in the destruction of aquatic habitats, reduced biodiversity, and potential harm to downstream communities. In particular, organic matter, nutrients, and chemical residues in wastewater can contribute to oxygen depletion and eutrophication, which threaten freshwater and marine ecosystems.

There are substantial regulatory risks associated with non-compliance with the DENR General Effluent Standards under Department Administrative Order No. 2016-08. Non-compliance with this administrative order may result in financial penalties, mandatory remediation measures, or even temporary suspension of operations, and thus poses a serious threat to business continuity.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB takes a proactive and systematic approach to managing effluents across its facilities to mitigate environmental risks and ensure full compliance with national regulations. In line with the DENR General Effluent Standards of 2016, each production site, including breweries, distilleries, and food manufacturing facilities, operates dedicated wastewater treatment plants and sewage treatment plants for domestic and industrial wastewater. These systems are designed to ensure that only treated wastewater, compliant with effluent quality standards, is discharged into the environment.

To monitor treatment performance and prevent water pollution, regular sampling and laboratory analysis are conducted. Pollution Control Officers (PCOs) assigned at each facility are continuously trained and updated based on industry best practices to enhance wastewater management effectiveness and regulatory compliance. These PCOs oversee the implementation of wastewater management systems, maintain proper records, and report to the EMB as required.

SMFB also applies site-specific mitigation strategies based on the environmental sensitivity of the location. For instance, in facilities operating near ecologically sensitive areas such as coastal regions or watersheds, stricter controls and enhanced treatment technologies are employed to reduce the risk of ecosystem degradation and regulatory violations. The Group integrates these measures within broader EMS, which guide decision-making and ensure continuous improvement in effluent quality management.

By maintaining operational discipline in wastewater treatment and aligning practices with international environmental standards, SMFB effectively minimizes the risks associated with water contamination, community impact, and potential regulatory sanctions, while supporting its long-term sustainability objectives.

Opportunities and Management Approach

SMFB continues to strengthen its effluent management practices by integrating technological advancements and site-specific treatment systems across its operations. Recognizing that efficient wastewater treatment is essential not only for environmental compliance but also for resource conservation, SMFB operates wastewater treatment plants and sewage treatment plants at all major facilities, including breweries, distilleries, and food processing plants. These facilities are equipped to treat both process-generated and domestic wastewater, ensuring that effluents discharged meet the General Effluent Standards under DENR Administrative Order No. 2016-08.

To enhance its wastewater management systems, SMFB continues to explore opportunities to enhance efficiency of its treatment plants. Investments in upgraded filtration systems, aeration technologies, and sludge management support the Group’s goal of reducing pollutant loads and improving the quality of discharged water. In locations where facilities operate near water-sensitive areas or where regulatory requirements are stricter, more advanced treatment technologies are being considered to further minimize risks to nearby bodies of water and its biodiversity.

PCOs across all SMFB business units are tasked to continuously monitor, report, and ensure that treatment systems operate within the prescribed limits. The conduct of regular training, aligned with the industry's best practices, enhances the PCOs ability to anticipate potential issues and respond effectively, which contributes to better risk mitigation.

Beyond compliance, SMFB views wastewater as a potential resource. As part of its long-term strategy, the Group regularly assesses opportunities to recycle and reuse treated effluent for non-potable purposes, such as cleaning, landscape irrigation, or cooling tower operations. These initiatives are being piloted in selected SMF and SMB facilities, offering potential benefits in water conservation and reduced freshwater withdrawal. This is particularly relevant in regions prone to water stress.

Overall, SMFB's approach to effluent management reflects a broader commitment to circularity and environmental protection. By focusing on performance optimization, capacity enhancement, and the potential to recycle and reuse of treated wastewater, SMFB reduces operational risks, reinforces regulatory compliance, and identifies sustainable opportunities to support its growth while protecting water resources and community health.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	2024	2023	Unit
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	122,157.96	47,158.96	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	4	3	Count
No. of cases resolved through dispute resolution mechanism	0	0	Count

Impacts and Risks

Non-compliance with environmental laws and regulations exposes the Group to significant risks that may adversely affect its operations, financial condition, and reputation.

For SMFB, these risks include financial penalties, legal sanctions, or the suspension of operations resulting from violations of standards governing emissions, wastewater discharge, solid waste management, and hazardous material handling. Non-compliance may also lead to delays or the outright cancellation of planned expansions or facility developments if environmental permits or approvals are withheld or revoked. The Group may incur increased operating and capital expenditures in response to regulatory breaches or requirements for remediation.

Environmental damage, such as contamination of water sources, improper waste disposal, or degradation of surrounding ecosystems may trigger heightened regulatory scrutiny or community opposition, especially in areas where the Group's facilities are embedded in local communities.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB, along with its key business units, has adopted a structured and proactive approach to managing the risks associated with environmental compliance. Recognizing the potential operational, financial, and reputational impacts of non-compliance, the Company implements comprehensive measures to ensure that its operations align with national environmental laws and relevant administrative issuances, including the Clean Air Act, Clean Water Act, Ecological Solid Waste Management Act, and the EPR Act.

To mitigate risks related to emissions, effluents, and waste generation, SMFB incorporates environmental safeguards into facility design and operations. PCOs are designated at each site to oversee environmental compliance, conduct regular monitoring, and ensure timely submission of required reports to regulatory agencies. Compliance-related risks are further mitigated by maintaining updated environmental permits and regularly conducting audits and site inspections. SMFB's EMS serves as a central framework to track compliance across its diverse operations and standardize responses to evolving regulatory requirements.

At SMB, the recovery and reuse of bottles help mitigate risks related to packaging waste and regulatory obligations under the EPR Act. The breweries also recover by-products such as spent yeast and grains for use in animal feeds, reducing the risk of waste accumulation and non-compliant disposal. GSMI strengthens its compliance posture by enhancing retrieval systems for glass containers and targeting higher reuse rates, addressing both environmental and regulatory expectations on circularity. Meanwhile, SMF actively incorporates waste-to-resource strategies, turning production by-products such as feathers and offal into animal feed and poultry manure into organic fertilizer. This not only reduces waste management risks but also addresses potential community and environmental impact concerns.

Operational risks tied to water use and wastewater discharge are mitigated through the deployment of on-site treatment facilities and ongoing investment in water conservation measures. Moreover, facilities are monitored for adherence to allowable emission and effluent standards, minimizing the risk of penalties or operational disruptions. Additionally, SMFB addresses systemic compliance risk by embedding environmental responsibility into employee conduct through training and awareness programs, ensuring that compliance is maintained not just at a systems level, but in everyday decision-making.

Through this integrated and preventive approach, the Group actively reduce the likelihood of environmental non-compliance and its associated risks, therefore ensuring uninterrupted operations and long-term sustainability.

Opportunities and Management Approach

SMFB recognizes that robust environmental compliance does more than mitigate risks—it opens strategic opportunities that enhance operational efficiency, unlock resource value, and strengthen stakeholder trust. Working closely with internal audit teams and environmental monitoring units, SMFB's operating divisions view compliance not just as a legal obligation but as a platform for innovation, collaboration, and long-term value creation.

By aligning with key legislation such as the EPR Act, the Clean Water Act, and the Clean Air Act, SMFB is positioned to lead in areas such as circular economy and sustainable manufacturing. SMB and GSMI have taken significant steps to scale glass bottle recovery and reuse, presenting opportunities to reduce material costs and carbon emissions, and enhance compliance with packaging sustainability requirements. These efforts also enable new partnerships with local government units, waste aggregators, and communities through retrieval programs, which strengthen grassroots engagement while reducing environmental impact.

For SMF, compliance requirements around solid waste and wastewater management have encouraged the development of waste-to-resource systems, such as using organic by-products in feed production and converting poultry manure into organic fertilizer. These initiatives turn compliance costs into revenue-generating or cost-saving processes, highlighting how environmental obligations can fuel business innovation. Additionally, the Group’s water conservation measures and improved wastewater treatment systems not only ensure adherence to regulatory standards but also create opportunities to optimize resource use and reduce dependence on fresh water sources.

Collaboration is central to SMFB’s approach. The Group continues to engage with third parties, including industry associations, regulatory bodies, and sustainability experts, to benchmark its practices against evolving standards and integrate new technologies. These partnerships foster the identification of scalable environmental solutions and allow the Group to anticipate regulatory shifts, adapt faster than competitors, and seize early-mover advantages in emerging areas such as plastic footprint reduction and GHG tracking.

Through its Environment Policy and sustainability governance framework, SMFB embeds environmental compliance into strategic planning and operational execution. The visibility of environmental performance at the Board of Directors’ level, through the SMFB Board Risk Oversight and Sustainability Committee, ensures that environmental compliance is treated as a driver of business resilience and opportunity rather than as a constraint. As regulations tighten and stakeholder expectations evolve, SMFB remains well-positioned to transform compliance into a source of efficiency, innovation, and competitive advantage.

The Environment Policy can be access through the Company’s website at:

https://www.smfb.com.ph/files/reports/SMFB_Environment_Policy.pdf

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

SMFB employed a total of 10,138 individuals in 2024. The breakdown is as follows:

Disclosure	2024	2023	Units
Total number of employees	10,138	9,780	Count
a. Number of female employees	2,709	2,494	Count
b. Number of male employees	7,429	6,933	Count
Attrition rate	7.8%	9.6%	Rate

The Group's gender composition in 2024 reflects a workforce where approximately 73% of employees are male, a ratio influenced by the operational requirements of certain functions, particularly in manufacturing, which have traditionally been male-dominated due to their physical nature.

While this composition is reflective of industry norms, SMFB continues to value and promote gender diversity across all areas of the organization. Efforts remain underway to create more inclusive pathways for women, especially in roles where they have been historically underrepresented, while supporting an equitable and empowering workplace for all employees.

Employee Benefits

The Group ensures that all employees receive the full range of benefits mandated by law, promoting a fair and equitable work environment without discrimination.

List of Benefits	Y/N	% of female employees who availed in 2024	% of male employees who availed in 2024
SSS	Y	31%	34%
PhilHealth	Y	22%	20%
Pag-ibig	Y	18%	24%
Parental leaves	Y	5%	4%
Vacation leaves	Y	95%	90%
Sick leaves	Y	82%	70%
Medical benefits (aside from PhilHealth)	Y	97%	94%
Housing assistance (aside from Pag-ibig)	Y	0.23%	0.69%
Retirement fund (aside from SSS)	Y	3%	3%
Further education support	Y	0.15%	.04%

Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible working hours	N	N/A	N/A

Diversity and Equal Opportunity

The Group's gender composition for 2024 reflects a workforce predominantly composed of males, particularly within manufacturing and operational functions, as follows:

Disclosure	2024	2023	Unit
% of female workers in the workforce	27	27	%
% of male workers in the workforce	73	73	%

Impacts and Risks

As an employer, SMFB aims to create a positive impact on every employee and by extension, their families, by offering fair compensation, appropriate benefits, and a healthy work environment that supports both career and personal growth. Employees are hired based on qualifications, skills, and experience, ensuring a fair and merit-based recruitment process. The Group provides equitable and competitive benefits to all employees, regardless of gender or position, fostering well-being, productivity, and job satisfaction, while promoting a diverse and inclusive workforce.

Nonetheless, as with any organization, there remains a risk of employee attrition, whether voluntary or involuntary, which could lead to temporary disruptions in business operations.

Key Stakeholders Affected: Employees, Shareholders and Investors

Management Approach to Impacts and Risks

On Employee Hiring, Benefits, Diversity and Equal Opportunity

SMFB addresses the impacts and risks associated with employee hiring, benefits, diversity, and equal opportunity through well-defined policies, programs, and initiatives aimed at fostering an inclusive and merit-based workplace. The Group's Code of Business Conduct and Ethics serves as a cornerstone of its management approach, which emphasizes the importance of developing and motivating employees through comprehensive training programs, competitive compensation and benefits, and career growth pathways.

The Group ensures compliance with all applicable wage laws, including minimum wage, overtime hours, and mandated benefits, and provides a robust range of benefits upon regularization. These include insurance coverage, and medical benefits, among others.

To promote inclusivity and non-discrimination, SMFB adopted the San Miguel Group's Diversity, Equity, and Inclusion Policy in 2023. This policy explicitly advocates for a workplace that respects diversity and embraces differences across all sectors of society. It aims to enhance productivity and engagement by ensuring that employees, regardless of gender or background, have equitable access to opportunities for growth and advancement. Career advancement decisions are based solely on performance, capacity, and capability, with women given equal opportunities to assume leadership roles.

SMFB provides various personal and professional development initiatives to enhance employee skills, health, and well-being. Continuing education programs, specialized training, skill-building workshops, and various wellness initiatives are made available to employees. Wellness programs include fitness classes, health seminars, and mental health awareness programs. The Group also promotes community involvement and social responsibility through charity work and volunteer initiatives, further enhancing employee morale and engagement.

To mitigate attrition risks and enhance workforce retention, SMFB continuously benchmarks its compensation and benefits package against industry peers to maintain competitiveness. The Group's commitment to employee welfare is further demonstrated by its funded, non-contributory, defined benefit retirement plans covering all permanent employees. These plans are calculated using actuarial studies and the projected unit credit method, ensuring adequate coverage based on final pay.

SMFB actively monitors its hiring practices to ensure alignment with its diversity and inclusion goals. The Group remains committed to promoting equitable opportunities across all functions. Regular reviews of recruitment processes and employee satisfaction surveys are conducted to identify areas for improvement and ensure alignment with the Group's policies on meritocracy and inclusivity.

By providing career growth opportunities, fair compensation, and comprehensive benefits, SMFB mitigates the risks associated with employee turnover, operational disruptions, and perceived inequities in the workplace.

The Company's Diversity, Equity and Inclusion Policy can be accessed through the Company's website at:

https://www.smfb.com.ph/files/reports/SMFB_Diversity_Policy_.pdf

Opportunities and Management Approach

SMFB continuously monitors evolving industry trends, labor market dynamics, and changes in pertinent labor laws and regulations to identify new opportunities that enhance employee satisfaction, retention, and productivity. By staying informed of best practices and emerging standards, the Group can proactively improve its compensation and benefits packages, and overall employee experience to remain competitive in attracting and retaining talent.

The Group sees opportunities in offering more programs that support employee growth, wellness, and inclusivity. Improving training, work-life balance, and engagement efforts can help employees feel more valued and supported. By keeping an eye on what works for other companies, SMFB can find practical ways to make the workplace better and more attractive to both current and potential employees.

Employee Training and Development

SMFB invests heavily in employee development to ensure skills enhancement and productivity improvements.

Disclosure	2024	2023	Unit
Total training hours provided to employees	452,276	218,815	hours
a. Female employees	127,256	65,832	hours
c. Male employees	325,020	152,983	hours
Average training hours provided to employees	44.61	22.4	hours
a. Female employees	47.0	25.4	hours/employee
b. Male employees	43.8	21.3	hours/employee

Based on the above chart, SMFB significantly increased its total training hours in 2024 compared to 2023, achieving an overall growth of over 100%. Average training hours per employee also nearly doubled year-on-year, reflecting the Company's successful implementation of enhanced employee development and skill improvement initiatives across the organization.

Impacts and Risks

SMFB recognizes that employee training and development are vital to sustaining organizational excellence, particularly in the competitive and dynamic Fast-Moving Consumer Goods (FMCG) and food and beverage industries in the Philippines. These sectors require agility, innovation, and a keen understanding of evolving consumer preferences, regulatory requirements, and technological advancements. By investing in continuous learning, the Company helps employees strengthen both technical and soft skills, supporting higher productivity, enhanced efficiency, and improved overall performance.

Ongoing training learning also ensures that the workforce remains well-equipped to adapt to changes and capitalize on new opportunities. While gaps in learning and development can present challenges, such as slower adaptation to industry shifts and reduced employee engagement, SMFB remains committed to strengthening its training programs. This proactive approach helps build a resilient, future-ready workforce that supports the Company's long-term growth and innovation goals.

Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, and Employees

Management Approach to Impacts and Risks

SMFB actively manages the impacts and risks associated with employee training and development by implementing comprehensive and structured learning programs designed to enhance skills, productivity, and organizational competitiveness. Recognizing that a highly skilled and motivated workforce is essential to maintaining leadership in the FMCG and food and beverage industries, SMFB ensures that training initiatives are aligned with both operational requirements and strategic goals. To address skill gaps and mitigate risks of stagnation, SMFB offers targeted in-house and external training programs. These include the Beer and NAB segment, which provides a tiered technical training from basic to advanced brewing courses, ensuring continuous knowledge enhancement and mastery for both entry-level and senior technical employees. In the Spirits segment, sensory skills development and critical process training are provided to enhance technical competencies critical to liquor manufacturing ensuring product quality and operational efficiency. Meanwhile, the Food segment delivers specialized courses on leadership, management, sales, logistics, poultry and livestock processing, and feed milling, among others, ensuring expertise across various business functions. Additionally, sensory skills development and critical process training are provided to enhance technical competencies critical to liquor manufacturing, ensuring product quality and operational efficiency.

Employee development plans are structured to address specific performance and competency gaps, while high-potential employees undergo accelerated learning through advanced programs, strategic role placements, coaching, mentoring, and participation in key projects. Additionally, to promote employee well-being and reduce turnover risks, SMFB integrates holistic development programs covering areas such as personal effectiveness, work-life harmony, financial wellness, creativity, and effective communication.

By investing an average of 44.61 training hours (from 22.4 in 2023) per employee in 2024, SMFB demonstrates a strong commitment to continuous learning. This approach mitigates risks related to skills obsolescence, low productivity, and talent attrition, while enhancing employee engagement, operational resilience, and overall organizational excellence.

Opportunities and Management Approach

SMFB remains committed to enhancing employee development and advancement by continually expanding its training, skills development, and self-improvement programs. Recognizing the evolving needs of its workforce, the Group proactively introduces new initiatives designed to enhance competencies and support career growth. These programs are increasingly tailored to leverage technology, utilizing virtual and digital platforms to reach a broader audience, including employees in locations outside of Metro Manila.

Moreover, SMFB actively identifies opportunities to strengthen its training framework by benchmarking against industry peers. This approach allows the Group to adopt best practices in people development strategies and optimize the use of technology for learning and growth. By continuously refining its training and development initiatives, SMFB ensures that employees are equipped with the skills and knowledge needed to drive organizational excellence and maintain its competitive edge.

Labor-Management Relations

Disclosure	2024	2023	Units
Percentage of employees covered by Collective Bargaining Agreements (CBAs)	20	19	%
Active CBAs	18	17	Count

Impacts and Risks

The Group acknowledges the importance of maintaining harmonious labor-management relations as a foundation for stable operations and sustained productivity. Full compliance with applicable labor laws and regulations, including minimum wage, health benefits, and overtime pay, helps provide fair and secure livelihood for rank-and-file employees. This commitment fosters mutual respect and trust, contributing to a positive and collaborative work environment.

While the renegotiation of Collective bargaining agreements (CBAs) every three to five years is a normal part of union-management dynamics, it can occasionally pose challenges if consensus is not immediately reached. The Group remains focused on open dialogue and constructive engagement to ensure productive outcomes. Similarly, as labor laws continue to evolve, SMFB is committed to proactive compliance and regularly reviews its practices to ensure alignment with current legal standards.

By maintaining strong labor relations and engaging with employees and union representatives in good faith, the Group aims to minimize operational risks and support a work environment that contributes to long-term business continuity and organizational resilience.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, and Employees

Management Approach to Impacts and Risks

SMFB actively fosters labor-management relations through clear policies, open communication channels, and ongoing compliance with relevant labor laws and regulations. Understanding that strong labor relations contribute to operational stability, the Group regularly updates its policies to reflect evolving legal standards and industry best practices. This includes timely renegotiation of the economic provisions of CBAs every three years and the conduct of representation elections every five years, as mandated by law.

In 2023, SMFB introduced its Freedom of Association Policy to further support an open and respectful work environment. The policy recognizes employees' right to form, join, or participate in groups or organizations of their choice, without fear of discrimination or unfair treatment. It also encourages open dialogue and personal expression, allowing employees to engage in advocacy-related activities on their own time, as long as these do not conflict with the Company's values or responsibilities.

To promote ongoing engagement and transparency, SMFB provides multiple platforms for communication and feedback. These include regular meetings to address employee concerns and town hall forums such as "Speak Ups" with senior leadership, including the Division President, Chief Operating Officer, or Business Unit Heads. These sessions create open spaces for dialogue, helping to strengthen trust and collaboration across all levels of the organization.

Complementing these efforts are online channels that offer accessible, real-time communication between employees and management. This comprehensive approach to employee engagement supports early resolution of concerns and reinforces SMFB's commitment to a respectful and inclusive work environment. Through these initiatives, the Group continues to build constructive labor relations that support long-term productivity, employee satisfaction, and business continuity.

Opportunities and Management Approach

SMFB has numerous opportunities to strengthen labor relations by enhancing communication, engagement, and collaboration with employees. Actively complying with labor laws and regulations provides the Group with a solid foundation to maintain positive relations with its workforce. Furthermore, engaging with collective bargaining representatives presents opportunities to build trust, address grievances effectively, and promote a harmonious working environment.

The Group can capitalize on opportunities to improve labor relations by expanding platforms for employee feedback and dialogue. Initiatives such as “Speak Ups,” labor-management council meetings, and toolbox meetings serve as valuable channels for employees to express their concerns, propose improvements, and contribute ideas for enhancing workplace efficiencies. Encouraging open communication and collaboration through these forums not only improves employee satisfaction but also drives innovation and operational efficiency.

Additionally, SMFB’s Freedom of Association Policy reflects the Group’s ongoing efforts to support open communication and employee engagement. By encouraging respectful dialogue and providing space for employees to freely associate, the Group helps cultivate a more inclusive, collaborative, and engaged workplace, further contributing to positive labor relations and a strong organizational culture.

Leveraging these opportunities can enhance employee engagement, reduce the risk of labor disputes, and ultimately contribute to achieving higher productivity, operational efficiency, and long-term organizational success. The Freedom of Association Policy can be accessed through the Company’s website at:

https://www.smfb.com.ph/files/reports/SMFB_Freedom_of_Association_Policy_.pdf

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2024	2023	Units
Safe man hours for all employees	23,107,913	24,557,985	Man-hours
No. of work-related injuries	253	196	Count
No. of work-related fatalities	0	0	Count

** Figure revised due to change in definition of the Spirits segment. In its 2022 Sustainability Report, GSMI’s Safe Man-Hours was reported as accumulated hours. Meanwhile, the same data in this year’s report are presented as full-year Safe Man-Hours only.*

Impacts and Risks

Occupational Health and Safety (OHS) plays a vital role in protecting employees from accidents, injuries, and exposure to hazardous substances in the workplace. SMFB’s continued efforts to provide a safe and healthy working environment contribute to minimizing risks, improving productivity, enhancing employee morale, and ensuring compliance with regulatory standards.

Maintaining high OHS standards is essential to sustaining these positive outcomes. Gaps in safety practices could lead to operational challenges, such as injury or illness, potential disruptions, and added costs related to medical care or compensation. Ensuring strong safety protocols also supports employee well-being and satisfaction, key factors in reducing turnover and maintaining efficiency.

As a publicly listed company, SMFB is mindful of the reputational implications of safety-related incidents. Adherence to the Occupational Safety and Health Law (Republic Act No. 11058) and other applicable regulations not only prevents penalties and liabilities but also reinforces stakeholder trust and confidence. By proactively monitoring and continuously improving its OHS practices, SMFB demonstrates its commitment to employee welfare, operational excellence, and long-term business sustainability.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB places strong emphasis on OHS, recognizing that a safe and healthy work environment is is essential to ensuring employee well-being, sustained productivity, and regulatory compliance. As part of this policy, the Group actively identifies potential hazards and ensures that employees are equipped with proper training, protective gear, and resources to carry out their duties safely.

Employees may be exposed to a range of hazards, including physical conditions such as noise, heat, or wet surfaces; ergonomic challenges from repetitive motions or heavy lifting; and even psychological stressors that can affect focus and performance. Addressing these risks in a timely and proactive manner helps prevent accidents, maintain morale, and support consistent operational performance.
SMFB's commitment to safety is reflected in its Code of Business Conduct and Ethics and its Policy on Health, Safety, and Welfare, which serve as foundations for programs that focus on hazard prevention, training, and workplace readiness. The Group also implements a comprehensive health and wellness program that offers on-site medical consultations, diagnostic services, hospital privileges, annual screenings, vaccination drives, and fitness activities. Employee well-being is further supported through educational seminars, recreational activities, and ongoing engagement initiatives.

Health and Safety Committees (HSCs) regularly conduct risk assessments and audits to ensure continued vigilance, while trained Emergency Response Teams are in place to manage crises effectively. Many of the Group's facilities and offices have been awarded Safety Seal Certifications from regulatory authorities, further underscoring SMFB's adherence to safety standards.

Through these efforts, SMFB continues to strengthen its culture of safety—protecting employees, enhancing performance, and ensuring alignment with national health and safety regulations.

Opportunities and Management Approach

SMFB recognizes numerous opportunities to enhance OHS through proactive risk management, employee engagement, and continuous improvement. The Group remains committed to monitoring evolving workplace risks and implementing robust measures aimed at preventing incidents, minimizing injuries, and promoting overall employee well-being. This approach involves regularly assessing potential hazards, identifying areas for improvement, and adopting best practices to enhance safety standards across all facilities.

The Group's management approach includes providing employees with targeted programs focused on safety awareness, physical fitness, mental health, healthy eating, and active breaks. By promoting holistic health and wellness initiatives, SMFB not only aims to reduce workplace injuries but also enhance employee productivity, satisfaction, and morale. The establishment of HSCs, ongoing training, regular risk assessments, and adherence to government-mandated safety standards are integral to this proactive approach.

Furthermore, SMFB continues to leverage technological advancements to improve workplace safety monitoring and reporting. By fostering a culture of safety and well-being, the Group effectively mitigates risks, ensures compliance with occupational health and safety regulations, and strengthens its commitment to provide a safe, healthy, and productive work environment.

The Policy relating to Health, Safety, and Welfare can be accessed through the Company's website at:

https://www.smfb.com.ph/files/reports/SMFB_Policy_Relating_to_Health_Safety_and_Welfare.pdf

Labor Laws and Human Rights

Disclosure	2024	2023	Units
No. of legal actions or employee grievances involving forced or child labor	0	0	Count

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g., harassment, bullying) in the workplace?

Yes. These are found in SMFB's Policy on Child and Forced Labor, Anti-Sexual Harassment Policy as well as the Code of Business Conduct and Ethics.

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Policy on Child and Forced Labor "Moreover, pursuant also to the mandate of the 1987 Constitution that no involuntary servitude in any form shall exist, the San Miguel Group shall not engage, tolerate or support forced or involuntary labor." Code of Business Conduct and Ethics

		“We shall not use forced or involuntary labor.”
Child labor	Y	Policy on Child and Forced Labor “In compliance with Republic Act No. 7610, otherwise known as the "Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act”, as amended by Republic Act No. 9231, the San Miguel Group shall not engage in child labor except in accordance with law. The San Miguel Group shall ensure that its employees are of legal working age and shall comply with the conditions of the law on child employment, such as internships or apprenticeships.” Code of Business Conduct and Ethics “We shall not use child labor.”
Human Rights	Y	Anti-Sexual Harassment Policy “Towards this end, all forms of sexual harassment against Personnel (hereinafter, the Personnel target of such sexual harassment referred to as the “Recipient”) in the Workplace as hereinafter defined, are prohibited.” Code of Business Conduct and Ethics “We shall provide a workplace free of harassment, discrimination, harsh and inhumane treatment.”

Impacts and Risks

Compliance with labor laws and respect for human rights are essential to SMFB’s operations and long-term sustainability. Adhering to employment regulations—including those on minimum wage, health benefits, overtime pay, and other conditions—supports a fair and secure workplace while also helping the Company avoid potential penalties and reputational risks. As labor regulations continue to evolve, particularly in areas such as outsourcing and contracting, SMFB remains attentive to changes and proactively reviews its practices to ensure alignment with legal standards.

While the Group maintains contractual relationships with third-party service providers, it is mindful of the potential for disputes, including claims that may raise questions about the nature of the employer-employee relationship. To manage this, SMFB closely monitors contractor arrangements and promotes accountability across its supply chain.

Upholding human rights—especially in avoiding any form of forced or child labor—is a fundamental part of the Group's values and commitments. Any lapses in this area could attract scrutiny from regulators, advocacy groups, or the public. As a publicly listed company, SMFB recognizes the importance of transparency and responsible labor practices in maintaining stakeholder trust and investor confidence. Through ongoing diligence and clear policies, the Group strives to foster an ethical and compliant work environment across all operations.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, and Customers

Management Approach to Impacts and Risks

SMFB takes a proactive approach to labor law compliance and the protection of human rights through clearly established policies and guidelines. The Group's Policy on Child and Forced Labor, Anti-Sexual Harassment Policy, Diversity, Equity, and Inclusion Policy, and Code of Business Conduct and Ethics outline its commitment to upholding ethical workplace standards. These policies reinforce the Group's dedication to preventing forced labor, child labor, harassment, and discrimination, while promoting a respectful, safe, and inclusive work environment.

To support this commitment, SMFB enforces policies that prohibit any form of abusive behavior, including harassment, coercion, or intimidation—and provides accessible channels for employees to report concerns confidentially. The Group fosters accountability through regular monitoring and encourages open dialogue to strengthen trust across the organization. Discrimination on the basis of race, age, gender, gender identity, ethnicity, disability, religion, political views, union affiliation, or marital status is explicitly prohibited, ensuring equal opportunity for all employees.

In line with its efforts to promote fairness and well-being, SMFB complies with all labor laws governing minimum wage, overtime pay, and mandated benefits. Regular reviews and audits are conducted to ensure employment practices remain in step with legal requirements and industry best practices. This ongoing commitment not only helps minimize risks but also reinforces a culture of fairness, inclusivity, and shared responsibility within the workplace.

Opportunities and Management Approach

SMFB sees meaningful opportunities to further strengthen its commitment to labor law compliance and the promotion of human rights by continually enhancing its policies, monitoring practices, and employee engagement efforts. Upholding relevant labor standards and fostering ethical practices across its operations and supply chain not only supports regulatory compliance but also helps nurture a culture of inclusivity, fairness, and mutual respect.

The Group adopts a proactive approach by regularly reviewing and refining its policies to align with evolving laws and global best practices. Core policies, such as the Policy on Child and Forced Labor, Anti-Sexual Harassment Policy, Diversity, Equity, and Inclusion Policy, and the Code of Business Conduct and Ethics, serve as guiding frameworks to support a respectful, safe, and equitable workplace. These are made accessible to employees and stakeholders through SMFB's corporate website, reinforcing its commitment to transparency and responsible business conduct.

To support implementation, SMFB monitors compliance across its operations and supply chain through regular audits, assessments, and open dialogue with employees and partners. The Group also maintains accessible channels for raising concerns or reporting issues, helping ensure that grievances are addressed promptly and constructively.

By fostering an inclusive work environment built on respect and equity, SMFB not only enhances employee well-being and engagement but also strengthens its reputation as a responsible employer. Ongoing collaboration with suppliers and contractors further supports efforts to embed ethical labor practices throughout its network, encouraging a shared commitment to continuous improvement and long-term value creation.

The Policy on Child and Forced Labor, Anti-Sexual Harassment Policy, Diversity, Equity, and Inclusion Policy, as well as the Code of Business Conduct and Ethics, are accessible through the Company's website at:

https://www.smfb.com.ph/files/reports/SMFB_Policy_on_Child_and_Forced_Labor_.pdf

https://www.smfb.com.ph/files/reports/SMFB_Anti_Sexual_Harassment_Policy.pdf

https://www.smfb.com.ph/files/reports/SMFB_Diversity_Policy_.pdf

https://www.smfb.com.ph/files/reports/SMFB_Code_of_Business_Conduct_and_Ethics_3.pdf

https://www.sanmiguel.com.ph/storage/files/reports/SMC_Code_of_Conduct_and_Ethical_Business_Policy_Final.pdf

Supply Chain Management

SMFB aligns with SMC's commitment to conduct business in an ethical, legal, and socially responsible manner, upholding high standards of integrity across all operations. This commitment is reflected in the SMC's Supplier Code of Conduct (SCC), which outlines clear expectations for suppliers to observe ethical business practices and comply with applicable laws and regulations, including those related to environmental protection, occupational health and safety, labor standards, and data privacy. These standards aim to build lasting, values-driven partnerships throughout the supply chain.

The SMC Group also implements a standardized supplier accreditation process across its businesses. While the procedure is considered proprietary, it ensures that prospective suppliers meet key legal and quality criteria, along with the specific standards of each business unit. Supplier contracts further reinforce these expectations by including provisions related to responsible labor practices, human rights, and anti-corruption.

To further strengthen its commitment to sustainable and responsible sourcing, SMFB has enhanced its SCC by incorporating ESG principles. This update helps deepen the Group's focus on ethical operations and sustainable supply chain practices, particularly in the areas of environmental stewardship, workplace safety, and fair labor.

Supporting local communities is also a key priority. In 2024, 58% of SMFB's total procurement budget—amounting to P124.24 billion—was directed toward local suppliers. This approach not only boosts local economic activity but also contributes to sustainability by reducing carbon emissions from long-distance transport.

The Group's procurement policies promote good governance and responsible conduct among suppliers. To build awareness and encourage compliance, SMFB plans to hold Supplier Awareness Trainings on sustainability and develop periodic reports to assess suppliers' alignment with sustainability standards.

The supply chain efforts of SMFB's business units include the following initiatives:

- SMB maintains seven strategically located beer production facilities across the Philippines, ensuring product availability and freshness within five to seven days of production.

- GSMI produces spirits from fine alcohol sourced from a centralized distillery in Negros Occidental, the Philippines' largest molasses-producing region, with bottling facilities spread throughout the country.

- SMF operates a nationwide network of breeding and growing farms, feed mills, poultry processing, and food manufacturing plants. The Food division uses efficient cold chain systems to ensure product freshness and quality.

Through this integrated and responsible supply chain strategy, SMFB continues to strengthen supplier relationships, promote sustainable practices, and contribute to local development while maintaining the efficiency and integrity of its operations.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	Supplier Code of Conduct "SMG Suppliers shall foster and maintain a management culture and attitude that establishes a results-based system toward the continual improvement of their environmental, health and safety practices and performance. SMG Suppliers shall comply with environmental laws and regulations applicable to their operations worldwide." Environment Policy SMFB is "aligned with San Miguel Corporation in its commitment to do what is right and to lead in nation-building by creating opportunities so that all can share in the rewards of sustainable development and prosperity."

		Code of Business Conduct and Ethics “We shall comply with all applicable environmental regulations. All required environmental permits, licenses, authorizations, registrations and clearances must be obtained and their operational and reporting requirements followed.”
Forced labor	Y	Supplier Code of Conduct “SMG Suppliers must not utilize or benefit in any way from forced or compulsory labor, nor utilize factories or subcontractors that utilize forced or compulsory labor.” Policy on Child and Forced Labor “Moreover, pursuant also to the mandate of the 1987 Constitution that no involuntary servitude in any form shall exist, the San Miguel Group shall not engage, tolerate or support forced or involuntary labor." Code of Business Conduct and Ethics “We shall not use forced or involuntary labor.”
Child labor	Y	Supplier Code of Conduct “SMG Suppliers shall comply with local minimum working age laws and requirements and not employ child labor. SMG Suppliers must only employ workers who meet the applicable minimum legal age requirement. SMG Suppliers are also expected to comply with all other applicable child labor laws.” Policy on Child and Forced Labor “In compliance with Republic Act No. 7610, otherwise known as the "Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act”, as amended by Republic Act No. 9231, the San Miguel Group shall not engage in child labor except in accordance with law. The

		San Miguel Group shall ensure that its employees are of legal working age and shall comply with the conditions of the law on child employment, such as internships or apprenticeships." Code of Business Conduct and Ethics "We shall not use child labor. Employment of young workers shall only occur in accordance with the law."
Human rights	Y	Supplier Code of Conduct "SMG Suppliers shall treat each employee with dignity and respect. SMG Suppliers shall prohibit threats of violence, physical punishment, confinement or any other form of physical, sexual, psychological, or verbal harassment or abuse and all other forms of intimidation or harassment in the workplace." Anti-Sexual Harassment Policy "Towards this end, all forms of sexual harassment against Personnel (hereinafter, the Personnel target of such sexual harassment referred to as the "Recipient") in the Workplace as hereinafter defined, are prohibited." Code of Business Conduct and Ethics "We shall provide a workplace free of harassment, discrimination, harsh and inhumane treatment."
Bribery and corruption	Y	Supplier Code of Conduct "SMG Suppliers shall not offer, make, or receive any form of bribe in order to win or retain business, or seek to influence a business or regulatory decision inappropriately. This shall include offering or providing any bribe, kickback, contribution, gift, favor, hospitality, entertainment, secret commission, reward, employment or promise of employment, or anything of value to (i) compromise the objectivity of SMG or an SMG employee or representative or any foreign or domestic government official or employee in

		making decisions; or (ii) obtain an undue advantage or benefit from SMG or any foreign or domestic government official or employee." Anti-Corruption and Sanctions Compliance Policy "Company Personnel are prohibited from engaging in any form of bribery, kickbacks, extortion, or other corrupt payments or practices in any way related to the San Miguel Group businesses." Code of Business Conduct and Ethics "Any form of corruption, extortion and embezzlement shall be prohibited. We shall not offer, pay nor accept bribes or participate in other illegal inducements in business or government relationships. We shall work against corruption in all its forms."

Impacts and Risks

The Group's manufacturing, production, and logistics operations include partnerships with independent third-party contractors. This approach supports operational flexibility and creates opportunities to share economic value with suppliers. At the same time, it presents certain challenges that SMFB actively manages. In some instances—particularly in areas vulnerable to natural disasters—contractors may encounter delays or logistical difficulties that can affect the timely delivery of goods and services. To mitigate these risks, the Group continuously explores options to strengthen supplier networks and ensure consistent service quality.

As with any organization that relies on external partners, ensuring that suppliers meet the Group's quality, safety, and compliance standards is essential. This is particularly important within the Food segment, where product safety and freshness are critical. SMFB works closely with its suppliers to uphold high standards and maintain robust safeguards against risks such as spoilage or contamination. The Group also remains vigilant in monitoring supplier compliance with labor, health, safety, and environmental regulations to help avoid disruptions and support long-term operational continuity.

Fluctuations in the cost of raw materials—such as feed, grains, packaging materials, and energy—can also influence overall expenses. SMFB actively monitors these variables and adjusts sourcing strategies as needed to help manage costs and ensure supply stability.

In line with its commitment to responsible business practices, SMFB is attentive to the conduct of its suppliers and their adherence to ethical and regulatory standards. The Group continues to strengthen engagement and oversight mechanisms to minimize reputational risks and uphold stakeholder trust. Additionally, SMFB acknowledges the potential impact of climate-related events—including typhoons, droughts, and flooding—on supply chains, and remains focused on enhancing its resilience through contingency planning and sustainable sourcing strategies.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, and Employees

Management Approach to Impacts and Risks

The Group employs a comprehensive and proactive approach to manage impacts and risks associated with its supply chain. To minimize disruptions in supply and production, the Group maintains a robust portfolio of accredited suppliers and contractors who undergo rigorous screening and evaluation processes. This accreditation process ensures that suppliers are compliant with all relevant government regulations and meet the Group's stringent standards for quality, safety, and reliability.

SMFB enforces adherence to ethical standards and good governance through its Code of Business Conduct and Ethics, which extends to all business partners, including suppliers. The Supplier Code of Conduct sets clear expectations regarding ethical practices, compliance with laws, and adherence to sustainability principles. Suppliers are evaluated not only for their capacity to deliver quality goods and services on time but also for their commitment to uphold these ethical standards.

Recognizing the value of collaboration, the Group actively supports the development of its business partners by sharing relevant knowledge, skills, and best practices. This capacity-building effort aims to enhance supplier capabilities and ensure alignment with the Group's standards of excellence. Moreover, the Group continually monitors supplier performance to address potential risks early and improve resilience across its supply chain.
This integrated approach allows the Group to mitigate risks effectively while fostering strong and mutually beneficial relationships with its suppliers and contractors.

Opportunities and Management Approach

The Group will continue enhancing its supplier assessment practices and further integrate other sustainability topics in its accreditation and monitoring processes.

The Supplier Code of Conduct is accessible through the Company's website at:

https://www.smfb.com.ph/files/reports/SMG_Supplier_Code_of_Conduct_for_Corporate_Website.pdf

Relationship with Community

Significant Impact on Local Communities

Below are some of the Group's programs and initiatives that have created shared value for the business, its operations, and the local communities involved.

Operations with significant impacts on local communities	Location	Vulnerable groups, if applicable*	Does the particular operation have an impact on indigenous people (Y/N)?	Community right and concerns of communities	Mitigating or enhancement measures
SMB, SMF, and GSMI facilities	Nationwide	Not applicable	No	Local hiring, creating employment and business opportunities	Health, Education, Employment, and Livelihood projects
SMB's Mangrove Planting	Brgy. Busong, City of Puerto Princesa, Palawan	Not applicable	No known negative impact to indigenous people	Propagate mangroves along the coastlines of Carmen	Sustainability of breeding areas for fish and shellfish; improved fish catch
GSMI coastal clean-up	Guimaras Strait	Not applicable	No	Monitoring of the Guimaras Strait through regular coastal cleanups with local government units and community volunteers	Biodiversity conservation.
SMB Community Clinics	Various locations	Not applicable	No	Provision of health services to host communities, focusing on adult and pediatric patients with various medical issues	Improving access to medical care in underserved areas
GSMI Fishnet Assistance	Barangay Taloc, Bago	Not applicable	No	Provides opportunities for	Improving livelihoods and

Program launched by DBI	City, Negros Occidental			community members to rent or purchase fishnets through a revolving fund	financial security for the community
SMB's Trees Brew Life	Various locations	Not applicable	No	Supporting the government's National Greening Program through tree planting	Environmental improvement through increased greenery
SMB's Relief Operations	Various locations	Not applicable	No	Provides relief to communities affected by calamities like storms, floods, and eruptions	Helping communities recover and return to normalcy
SMF's Sustainable Sourcing Program Its main features are: - Guaranteed market for farmers, with purchase agreement. - Guaranteed floor price or SMF-approved buying price at the time of delivery, whichever is higher. - Planting material support for start-ups. - Technical support for farmers for proper crop production management.	28 provinces across Luzon, Visayas, and Mindanao Luzon - Apayao - Ifugao - Cagayan - Isabela - Nueva Ecija - Pampanga - Quirino - Tarlac - Batangas - Occidental Mindoro - Masbate - Camarines Sur Visayas - Cebu - Eastern Samar - Leyte - Negros Occidental - Negros Oriental Mindanao - Zamboanga del Norte - Zamboanga del Sur - Lanao del	Local farmers, indigenous people of Mindoro	No known negative impact to indigenous people	Ensures sustainable supply of agricultural raw materials through market guarantees, pricing support, and technical assistance	Supporting farmers' livelihoods and enhancing production efficiency

	Sur - Misamis Oriental - Bukidnon - Davao del Sur - Davao Occidental - North Cotabato - South Cotabato - Maguindanao - Sultan Kudarat				
SMF Contract Poultry Growing	Various Regions (Nationwide) - Region I (Pangasinan, Ilocos) - Region II (Isabela) - Region III (Zambales, Bataan, Tarlac, Nueva Ecija, Pampanga) - Region IV (Batangas, Quezon, Cavite) - Region V (Camarines Sur, Albay) - Region VI (Iloilo, Negros Occidental) - Region VII (Cebu) - Region VIII (Leyte) - Region IX (Zamboanga) - Region X (Cagayan de Oro, Misamis Occidental, Misamis Oriental) - Region XI (Davao) - SOCCSK-SAR GEN (General Santos)	Local farmers	None	Partnering with local farmers for poultry business	Site qualifications, compliance inspections, and use of larvicide to address fly infestations

	- CARAGA (Butuan)				
SMF's Handog Kalikasan Coral Rescue Program To help protect and preserve the rich marine biodiversity of Anilao in Mabini, Batangas, where SMF's flour milling plants and grain terminal are located, SMF launched a coral rescue program participated in by employees and their friends who are licensed scuba divers. Under the supervision of a marine biologist, ten volunteer divers transplanted 100 corals at a depth of nine meters. The coral rescue pilot site is in the area close to Barangay San Teodoro, in the southern part of Mabini. The site is expected to achieve a survival rate of 60% and further contribute to the growth of the fish population. As SMF monitors how the site progresses, it will be able to measure the program's effectiveness in terms of fish	Mabini, Batangas	Aquatic environ-ment	No	Transplanting corals to enhance marine biodiversity	Improving fish biomass and diversity through coral restoration

biomass and number of fish species in the area. As the coral community develops, the fish community and other reef-associated organisms also flourish.					
GSMI, East Pacific Star Bottlers Phils Inc., DBI	Sta. Barbara, Pangasinan; Cabuyao, Laguna; Cauayan, Isabela; Ligao City, Albay; Mandaue City, Cebu; Bago City, Negros Occidental	Not applicable	No	Local hiring and community engagement	Health, Education, and Livelihood projects

** Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

For operations that are affecting Indigenous Peoples (IPs), indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:
NOT APPLICABLE

Certificates	2024	2023	Unit
FPIC process which is still undergoing consultations	Not Applicable	Not Applicable	Count
CP secured	Not Applicable	Not Applicable	Count

Impacts and Risks

The Group's extensive operations across the Philippines have created meaningful contributions to local economies. These nationwide activities help ensure the availability of quality products for consumers, while also supporting economic development through job creation, support for local businesses, tax contributions, and community-building initiatives. The Group's presence in various regions also helps stimulate infrastructure development and expand livelihood opportunities for residents.

While the Group takes pride in these positive contributions, it also remains mindful of the potential challenges that can arise from large-scale operations. These may include environmental impacts such as pollution and habitat disruption, as well as broader social and governance considerations. SMFB is committed to proactively addressing these concerns through responsible practices and continuous improvement, to ensure that its operations remain both sustainable and beneficial to the communities it serves.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB embraces social responsibility as a fundamental guiding principle, encouraging employees and business partners to actively contribute to community welfare and environmental protection. This commitment is reflected in the Group's efforts to support and engage in initiatives that promote sustainable development and enhance the well-being of the communities where it operates. By fostering partnerships with local stakeholders, SMFB aims to create shared value and ensure that its operations positively impact surrounding areas.

In addressing community concerns and grievances, the Group has established a structured approach that prioritizes responsiveness and collaboration. Dedicated personnel are appointed to manage local affairs, serving as the primary points of contact for community members and other stakeholders. These representatives are responsible for facilitating open dialogue, coordinating discussions, and working collaboratively with affected individuals, community leaders, and relevant government authorities to resolve issues promptly and effectively.

Through proactive engagement, SMFB ensures that concerns are addressed transparently and fairly, reinforcing its commitment to ethical business practices and maintaining positive relationships with host communities.

Opportunities and Management Approach

The Group identifies numerous opportunities to create and enhance shared value with local communities. These opportunities include expanding community-based livelihood programs that empower residents through skills development, entrepreneurship, and employment generation. Strengthening partnerships with local suppliers presents another avenue to boost regional economies and ensure a more resilient supply chain.

Additionally, investing in education, healthcare, and infrastructure development can further enhance the well-being and quality of life of community members. Environmental conservation initiatives, such as reforestation, coastal clean-ups, and sustainable agricultural practices, offer opportunities to contribute positively to ecological preservation while promoting community involvement and stewardship.

The Group also sees potential in leveraging digital platforms and technology to enhance outreach, communication, and engagement with communities. By aligning these initiatives with broader sustainability goals, the Group can unlock new growth opportunities, reinforce its corporate social responsibility commitments, and build long-term and mutually beneficial relationships with its host communities.

CUSTOMER MANAGEMENT

<u>Customer Satisfaction</u>

Customer satisfaction is a material topic for the Group. It regularly conducts focus group discussions to stay updated on changing consumer preferences and subscribes to market reports from partner agencies such as Kantar and Nielsen to monitor category performance. The Company also engages in social media listening to understand consumer sentiments about its products and respond promptly to negative feedback. Additionally, the Company tracks customer and consumer complaints on a single platform to ensure that each complaint is accurately evaluated, resolved, and addressed with appropriate corrective actions when necessary.

Impacts and Risks

The Group recognizes the important role its products play in the everyday lives of consumers—providing both nourishment and enjoyment across diverse age groups and lifestyles. To continue meeting evolving consumer needs, the Group remains attentive to shifts in preferences, economic conditions, and lifestyle trends that may influence demand or the reception of new product offerings.

While economic slowdowns or rising costs may prompt consumers to seek more affordable options, SMFB actively explores strategies to offer value while maintaining product quality. The Group is also aware of the impact that consumer feedback, whether through formal complaints or social media commentary, can have on brand perception. As such, it prioritizes consistent product quality and responsive customer service to help safeguard brand reputation and strengthen consumer trust.

By remaining agile and responsive to market developments, SMFB aims to sustain strong customer relationships, protect its brand equity, and support long-term business performance.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, and Employees

Management Approach to Impacts and Risks

As SMFB strives to be the customers' top-of-mind choice, it upholds customer focus as a core guiding principle: "Our customer is our reason for existence." The Group emphasizes the importance of understanding and anticipating customer needs, and consistently delivering products and services that meet or exceed their expectations. This customer-centric approach is embedded in its operational strategies, product innovation, marketing, and distribution efforts.

Leveraging its extensive history in the industry and leading market share across multiple product categories, SMFB remains attuned to evolving market trends. By continuously monitoring these trends, the Group identifies opportunities for product development, marketing enhancements, and distribution improvements. The insights gained from these efforts serve as critical inputs for designing relevant and responsive programs that enhance customer satisfaction and loyalty.

To strengthen its customer engagement, the Group employs various communication channels, including focus group discussions, workshops, and market studies. These initiatives allow SMFB to gather direct feedback, identify emerging preferences, and respond swiftly to changing consumer needs. This proactive and structured approach ensures that the Group remains agile and well-positioned to address potential risks while enhancing the overall customer experience.

Opportunities and Management Approach

The Group sees significant opportunities in diversifying and enhancing its product portfolio to cater to a wider range of tastes, lifestyles, and occasions. By continuously innovating and introducing new products across various categories, the Group can capture emerging consumer trends, penetrate underserved markets, and strengthen brand loyalty. Expanding into health-conscious, premium, and convenience-oriented segments presents additional growth avenues, while broadening its offerings for different demographics, including younger consumers, families, and niche markets, and ensures sustained relevance and competitiveness.

Health and Safety

The Group considers health and safety as a critical and material topic. Although consolidated data is not yet available, the Group is actively developing and implementing systems to ensure comprehensive reporting in future cycles. The following section outlines the management approach to addressing potential impacts and risks related to health and safety.

Impacts and Risks

The Group recognizes that health and safety compliance is a vital component of its operations, particularly in light of the requirements set by the Food Safety Act of 2013. This legislation aims to protect public health by ensuring that food products meet standards for safety, cleanliness, and proper labeling, while also preventing misleading practices. SMFB remains committed to upholding these standards through strict quality control measures and continuous process improvements. By doing so, the Group not only supports consumer well-being but also reinforces trust in its brands. Ongoing compliance efforts help minimize the risk of regulatory issues and contribute to the long-term integrity of the Company's operations.

Furthermore, the Group continues to navigate an increasingly evolving regulatory landscape related to health, food and beverage safety, and environmental standards. This includes securing and maintaining various approvals, licenses, and permits from agencies such as the FDA, DTI, and DENR. While compliance requirements have become more detailed and complex, SMFB remains committed to meeting all necessary obligations. Staying proactive in these areas helps ensure smooth operations and minimizes the risk of potential disruptions.

Moreover, the Group's adherence to mandatory standards, such as Hazard Analysis at Critical Control Points (HACCP) and Good Manufacturing Practices (GMP), supports the identification, evaluation, and control of biological, chemical, and physical hazards throughout the production process. These measures are key to ensuring product quality and consumer safety. While occasional challenges in implementation may arise, SMFB remains focused on continuously strengthening its systems and processes to uphold the highest standards of food safety and maintain consumer trust.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB is committed to maintaining high standards of quality and food safety, aligned with applicable regulations and best practices in the markets where its products are registered and distributed. This commitment is supported by globally recognized frameworks such as Good Manufacturing Practices (GMP), Good Laboratory Practices, Food Safety Systems Certification 5.1, ISO 22000 (Food Safety Management Systems), ISO 9001:2015 (Good Feed Milling Practices), and ISO/IEC 17025:2005 (Laboratory Accreditation Program). These standards help guide a comprehensive and consistent approach to quality and safety across the Group's operations.

The Group's facilities undergo regular audits, and all products are subject to thorough quality and safety checks prior to distribution. Employees receive extensive training in quality assurance, food safety, and product handling to ensure that best practices are applied at every stage. Safeguards are in place throughout the supply chain, from raw material sourcing to delivery, to maintain reliability and consistency. For example, SMF applies strict criteria for raw material acceptance, maintains FSSC-certified or certifiable facilities, and upholds good warehousing practices across its depots and warehouses. In addition, supply chain partners regularly participate in food safety and handling training, and CCTV systems are in place to support monitoring and security in production and storage areas.

To strengthen consumer trust and ensure responsiveness, the Group utilizes multiple communication channels, such as social media, phone calls, email, and customer care platforms, to receive and address feedback. All concerns are systematically tracked and resolved, supporting continuous improvement. Measures like the standardization of batch codes across SMF's business segments further enhance product traceability and allow for timely responses, including product recalls when needed.

Compliance with national regulations, such as Presidential Decree No. 856 or the Code on Sanitation of the Philippines, is an integral part of the Group's operational approach. The Group ensures that food establishments meet the required sanitary and structural guidelines, including securing annual sanitary permits as required by the Department of Health. It also upholds Good Warehousing Practices and implements Sanitary Warehousing and Distribution Preventive Control Plans, reinforcing its ongoing commitment to consumer safety and product quality.

Opportunities and Management Approach

The Group continually seeks opportunities to enhance the safety, quality, and nutritional value of its food and beverage products. Guided by a zero-tolerance policy on food safety violations, it has built a workplace culture that instills responsibility for safety and quality at every level of the organization. This unwavering commitment to excellence drives the Group to explore, implement, and refine best practices that exceed industry standards.

Recognizing the growing consumer demand for healthier options and the increasing regulatory scrutiny aimed at reducing unhealthy food consumption, SMF is proactively working to improve the nutritional profile of its products. This effort is particularly relevant considering the rising incidence of non-communicable diseases in the country. To address these concerns, SMF has established nutrition thresholds to guide product development, with targeted reductions in sodium, trans fat, added sugar, and saturated fat over the next five years.

As part of this initiative, SMF has implemented a program to limit sodium content in its processed foods to 667 mg per serving, aligning with the World Health Organization's recommended daily threshold of 2000 mg. Additionally, the Food division has initiated nutrition forums to raise employee awareness of proper nutrition and promote healthier lifestyle choices.

By continuously improving its nutritional standards and ensuring compliance with evolving regulations, the Group not only strengthens its commitment to consumer health and safety but also seizes growth opportunities in the expanding market for healthier food and beverage products.

The Nutrition Policy is accessible through the Company's website at:

https://www.smfb.com.ph/files/reports/San_Miguel_Foods_Nutrition_Policy.pdf.pdf

Marketing and Labelling

The Group considers marketing and labeling as a material topic essential to maintaining consumer trust and regulatory compliance. While consolidated data is not yet available, the Group is actively developing systems to ensure comprehensive data gathering and reporting in future cycles. The management approach to addressing potential impacts and risks related to marketing and labeling is detailed in the following section.

Impacts and Risks

The Group recognizes the importance of responsible marketing and accurate product labeling as part of its commitment to transparency and consumer trust. Compliance with regulatory standards, such as those outlined in the Consumer Act, is essential in ensuring that product information is clearly and correctly presented. These regulations cover aspects such as proper labeling of trade names, manufacturer details, ingredient disclosures, nutritional value, product classification, and expiration dates for applicable items.

SMFB takes care to align its labeling and marketing practices with these requirements to support informed consumer choices and uphold brand integrity. While there may be occasional challenges in navigating evolving regulations, the Group remains proactive in reviewing its materials and processes to help ensure continued compliance. Maintaining clear and honest communication through marketing campaigns also helps strengthen consumer confidence and long-term loyalty.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Customers and Consumers, Employees, and Local Communities

Management Approach to Impacts and Risks

The Group adheres to stringent marketing and labeling standards to ensure compliance with applicable regulations and maintain consumer trust. Advertising content is governed by the Ad Standards Council Guidebook for Responsible Advertising and Manual of Procedures, established by the Ad Standards Council—a non-stock, non-profit organization formed by the Kapisanan ng mga Brodkaster ng Pilipinas, the Philippine Association of National Advertisers, and the Association of Accredited Advertising Agencies. This guidebook outlines the screening procedures for broadcast, out-of-home, and print advertising and provides mechanisms for resolving disputes related to advertising content.

For its alcoholic beverage brands, the Group actively promotes responsible drinking through its marketing and advertising efforts. Every commercial, advertisement, and promotional material prominently features the statement “Drink Responsibly” to reinforce this commitment.

Additionally, the Group ensures that product labels for all its products comply with applicable regulations set by government agencies, such as the Philippine FDA and the DTI. Labeling practices are designed to provide accurate and clear information to consumers, in line with national standards on health, safety, and consumer protection. The Group’s adherence to these guidelines mitigates risks associated with non-compliance, misrepresentation, and potential liabilities.

Opportunities and Management Approach

The Group actively seeks opportunities to enhance its marketing, advertising, and labeling practices to better inform and engage consumers. By continuously improving the clarity, accuracy, and accessibility of product information, the Group aims to strengthen consumer trust and loyalty. Collaboration with industry peers, regulators, and other stakeholders remains a priority, as the Group strives to align its practices with evolving standards and consumer expectations.

For SMF, opportunities lie in effectively communicating nutritional improvements and promoting the health benefits of its products. Aligning with government initiatives such as the Philippine Plan of Action for Nutrition, the First 1,000 Days Law, and the Department of Science and Technology’s Food Nutrition Research Institute Nutritional Profile presents a strategic avenue to support national health objectives while enhancing consumer perception of its brands.

In the alcoholic beverages segment, the Group continues to explore innovative ways to promote responsible drinking, particularly through its marketing and advertising strategies. Strengthening messaging around moderation and responsible consumption offers opportunities to enhance brand reputation while meeting regulatory expectations and social responsibility commitments.

The Group’s proactive approach to refining its marketing, labeling, and advertising frameworks demonstrates its commitment to transparency, consumer protection, and long-term growth.

For the Group’s alcoholic beverages, it will likewise explore ways to further promote responsible drinking, especially in the marketing of its products.

Customer Privacy

Disclosure	2024	2023	Unit
No. of substantiated complaints on customer privacy	0	0	Count
No. of complaints addressed	0	0	Count
No. of customers, users and account holders whose information is used for secondary purposes	0	0	Count

Impacts and Risks

The Group handles a considerable amount of personal data from stakeholders such as customers, suppliers, and employees. This information is collected through various channels, including market research, marketing initiatives, and consumer feedback platforms, to help enhance products, services, and overall stakeholder engagement.

Recognizing the importance of data privacy, the Group remains committed to protecting personal information and aligning with the requirements of the Data Privacy Act of 2012 and its Implementing Rules and Regulations. While challenges such as unauthorized access or data loss can arise in today's digital environment, SMFB takes a proactive approach by implementing robust safeguards and regularly reviewing its data protection practices. These efforts help ensure the security of personal information, support compliance, and maintain stakeholder trust.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Suppliers and Vendors, Customers and Consumers, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB is dedicated to safeguarding customer privacy and ensuring that all personal information is used strictly for the purpose for which it was collected. This commitment is outlined in SMFB's Privacy Statement, which is accessible on its website: https://www.smfb.com.ph/page/website-privacy-statement. Visitors must agree to the Privacy Statement before accessing the website, ensuring transparency and consent.

In addition, SMFB's Personal Data Privacy Policy adheres to principles of transparency, legitimate use, and proportionality in the processing of personal data. This policy is designed to comply with all applicable laws and regulations, including the Data Privacy Act of 2012. To reinforce its commitment to data privacy, SMFB as well as its Beer and NAB, Food, and Spirits divisions have each appointed their own Data Protection Officer (DPO) responsible for overseeing compliance with data protection standards and addressing any privacy-related concerns. The full policy can be accessed on its website: https://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf.

Furthermore, SMFB employs stringent data protection measures, including secure data storage, controlled access, regular audits, and continuous training to ensure compliance and maintain the integrity of customer information.

During the reporting period, SMFB did not receive any complaints regarding breaches of customer privacy, and there was no incidences of non-compliance with privacy-related regulations.

Opportunities and Management Approach

SMFB recognizes that safeguarding customer data privacy is both a responsibility and an opportunity to strengthen consumer trust and enhance its reputation. The Company is committed to complying with relevant privacy laws and continuously improving its data protection practices to meet evolving legal requirements and industry standards. To achieve this, SMFB actively monitors changes in privacy regulations and best practices, both locally and globally. This proactive approach enables the Company to enhance its policies and processes, ensuring they remain compliant, comprehensive, and resilient.

SMFB regularly reviews and updates its data privacy policies to ensure alignment with current laws, technological advancements, and emerging privacy standards. It implements advanced security protocols, encryption technologies, and secure access controls to protect customer data from unauthorized access or breaches. Additionally, the Company conducts regular training sessions to ensure all employees understand their roles and responsibilities in maintaining data privacy and complying with established guidelines.

To promote transparency and build consumer confidence, SMFB strengthens communication channels with customers, ensuring they are informed about data collection, usage, and protection practices. The appointment of a DPO further ensures accountability and consistent adherence to privacy standards through dedicated oversight and management. By continuously enhancing its data privacy framework, SMFB aims to build greater consumer trust, promote transparency, and establish itself as a leader in responsible data management.

Data Security

Disclosure	2024	2023	Unit
No. of data breaches, including leaks, thefts, and losses of data	0	0	Count

Impacts and Risks

The Group manages a significant volume of information assets, including sensitive personal data from customers, suppliers, and employees. These are securely stored and maintained through electronic systems, business applications, and digital platforms. As SMFB advances its digital transformation, the use of cloud computing, network systems, and other technologies continues to expand, offering greater efficiency and connectivity across the organization.

With increased digital integration, the Group remains mindful of potential risks associated with data security. These may include cybersecurity challenges such as phishing, ransomware, or unauthorized access, as well as potential vulnerabilities stemming from system issues or human error. To address these concerns, SMFB takes a proactive approach—continuously strengthening its systems, implementing data protection protocols, and promoting awareness among employees.

Compliance with data privacy regulations, including the Data Privacy Act of 2012, is a key component of the Group's governance framework. SMFB is committed to upholding the confidentiality, integrity, and availability of its data assets while fostering trust among stakeholders. As digital technologies continue to evolve, the Group remains focused on enhancing its data protection measures to support operational continuity, safeguard sensitive information, and maintain its reputation as a responsible and forward-thinking organization.

Key Stakeholders Affected: Shareholders and Investors, Government Bodies and Regulators, Customers and Consumers, Suppliers and Vendors, Employees, and Local Communities

Management Approach to Impacts and Risks

SMFB is deeply committed to safeguarding customer privacy through a structured, proactive, and comprehensive data protection framework. The Group's approach to privacy management is anchored on transparency, legitimate use, and proportionality, ensuring that personal information is collected, processed, and utilized strictly for its intended purpose. These principles are clearly articulated in SMFB's Privacy Statement, which is accessible on its official website and requires users to acknowledge and agree to the terms before accessing the site.

The Personal Data Privacy Policy serves as the cornerstone of SMFB's privacy management efforts. It establishes stringent guidelines designed to comply with the Data Privacy Act of 2012, its Implementing Rules and Regulations, and all relevant issuances from the National Privacy Commission. The policy is continuously reviewed and updated to remain aligned with evolving legal requirements and industry best practices. To reinforce accountability and compliance, SMFB, SMB, SMF, and GSMI have appointed separate DPOs who are responsible for overseeing the implementation of privacy policies, monitoring compliance, and addressing privacy-related concerns throughout their respective businesses.

Furthermore, the Group ensures that its employees are adequately trained and made aware of their responsibilities concerning data privacy. This is achieved through regular workshops, policy dissemination, and integration of privacy principles into operational processes. The Company also employs strict access controls, advanced encryption methods, and continuous monitoring systems to prevent unauthorized access, breaches, or misuse of personal information.

SMFB's commitment to data privacy is reinforced by its track record of compliance. During the reporting period, there were no reported complaints or incidents of non-compliance related to breaches of customer privacy. This exemplary performance underscores SMFB's proactive approach to privacy management and its ongoing commitment to protecting the personal information of all its stakeholders. The full Personal Data Privacy Policy can be accessed on the Company's website at:

https://www.smfb.com.ph/files/reports/SMFB_DataPrivacyPolicy1.pdf

Opportunities and Management Approach

SMFB actively pursues opportunities to enhance its data privacy and information security practices, recognizing that the rapidly evolving landscape of data privacy risks demands constant vigilance and innovation. The Company is committed to adopting advanced technological solutions that strengthen data protection and ensure compliance with industry standards and regulatory requirements.

To bolster its data security framework, SMFB is exploring and integrating cutting-edge tools, including cloud storage systems, off-site facilities, and advanced encryption technologies. These initiatives aim to enhance the protection, accessibility, and integrity of customer information, while ensuring business continuity and resilience. Additionally, SMFB is implementing new software solutions designed to streamline data management processes and improve the overall efficiency of its information security systems.

Aligned with the broader SMC Group's commitment to safeguarding sensitive information, SMFB is investing in a state-of-the-art Security Operations Center (SOC). This facility aims to enhance the Group's capabilities in detecting, mitigating, and containing cybersecurity incidents, including sophisticated threats such as phishing, ransomware, and hacking. By leveraging proactive monitoring systems and real-time analytics, SMFB seeks to improve its resilience against potential data breaches and other privacy-related risks.

Furthermore, SMFB conducts regular evaluations of its internal controls, security protocols, and privacy management systems to ensure these remain robust and responsive to emerging threats.

Continuous training programs are also implemented to raise employee awareness and adherence to best practices in data protection.

This proactive approach underscores SMFB's commitment to continuously improving its privacy management systems, maintaining consumer trust, and safeguarding the personal information of its stakeholders. By embracing technological advancements and strengthening its information security infrastructure, SMFB aims to establish itself as a leader in responsible data management and protection.

Links:

Enterprise Risk Management

http://www.smfb.com.ph/page/enterprise-risk-management

Code of Business Conduct and Ethics

https://www.smfb.com.ph/files/reports/SMFB_Code_of_Business_Conduct_and_Ethics_3.pdf

https://www.sanmiguel.com.ph/storage/files/reports/SMC_Code_of_Conduct_and_Ethical_Business_Policy_Final.pdf

Charter of the Board of Directors:
https://www.smfb.com.ph/files/reports/SMFB_Charter_of_the_Board_of_Directors.pdf

Manual on Corporate Governance: https://www.smfb.com.ph/disclosures/l/manual-on-corporate-governance

Company Policies: https://www.smfb.com.ph/articles/company-policies

OUR SUSTAINABILITY FRAMEWORK

Sustainability Framework

San Miguel Food and Beverage, Inc., along with its divisions under San Miguel Brewery Inc., San Miguel Foods, and Ginebra San Miguel Inc., is committed to being a constant presence in the daily lives and significant milestones of Filipinos. As one of the country's largest and most enduring food and beverage companies, with over 130 years of history, our responsibility goes beyond achieving financial success.

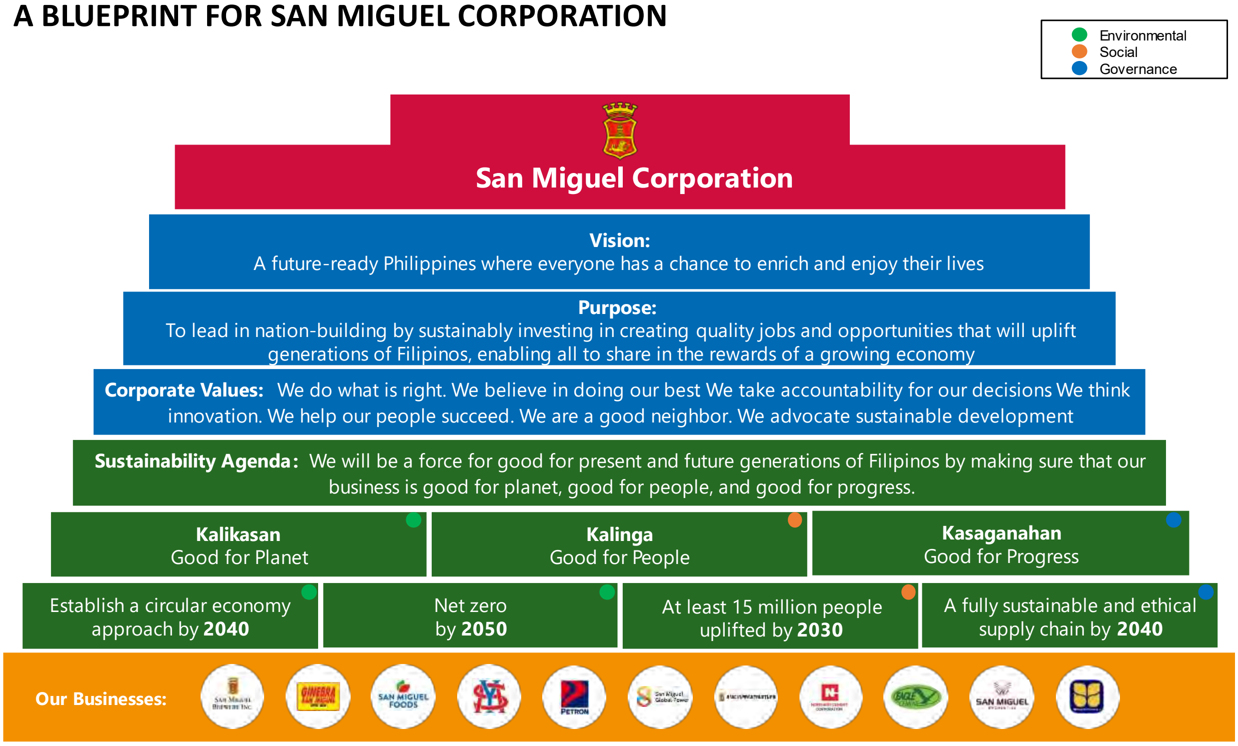
As our operating environment continues to evolve, the Group has recognized the need to refresh its identity and purpose. About two years ago, SMFB's operating divisions introduced updated versions of their Vision and Core Purpose to better align with today's realities. This renewed focus emphasizes key priorities such as flexibility, diversity, and sustainability, ensuring the Group remains responsive to the issues that matter most to its stakeholders and society.

As a key subsidiary of San Miguel Corporation, SMFB has aligned its sustainability priorities with those of its parent company. The Group is committed to pursuing initiatives that create meaningful, lasting impacts—benefiting not only the present but also future generations.

Ginebra San Miguel Inc.

Vision	Igniting the Filipino spirit to aspire for better.
Purpose	Our brands shall embody the best in the Filipino, inspiring all to pursue life's every aspiration.
Sustainability Statement	Spirit of sustainability and 'malasakit' in every product we create.

A BLUEPRINT FOR SAN MIGUEL CORPORATION



The SMC Group's Sustainability Blueprint serves as both a guide and a roadmap toward achieving our goals. It is designed to inspire, transform, and strengthen a culture grounded in more sustainable practices. Through this blueprint, the SMC Group aim to provide innovative and lasting solutions to the critical challenges faced by our communities, our country, and the environment.

By aligning its strategies with its commitment to Kalikasan (Good for Planet), Kalinga (Good for People), and Kasaganaan (Good for Progress), the SMC Group is determined to drive positive change that ensures prosperity, inclusivity, and sustainability for present and future generations.

SUSTAINABILITY HIGHLIGHTS

The following are some of the key initiatives implemented by SMFB and its subsidiaries that actively support and advance the United Nations Sustainable Development Goals (UN SDGs):

COMPANY	KEY PRODUCTS & SERVICES, SOCIETAL IMPACT, AND ALIGNMENT WITH THE UN SDGs	POTENTIAL NEGATIVE IMPACTS	MITIGATION STRATEGIES & MANAGEMENT APPROACHES
San Miguel Food and Beverage (SMFB)	Produces and distributes a diverse range of food and beverage products including beer, spirits, poultry, animal feeds, pet care products, veterinary medicines, flour, fresh and processed meats, dairy	Environmental impact from manufacturing processes including carbon emissions, waste generation, water usage, and packaging waste.	Implementing cleaner energy sources, improving resource efficiency, enhancing recycling efforts, adopting renewable materials, and

	products, spreads, and coffee. Supports economic growth through its extensive distribution network and exports to 70 markets worldwide. Aligns with SDGs: 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-being), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 12 (Responsible Consumption and Production). 		promoting circular economy approaches.
San Miguel Brewery (SMB)	Produces and markets beer brands such as San Miguel Pale Pilsen, San Mig Light, and Red Horse. Operates 7 production facilities nationwide. Aligns with SDGs: 6 (Clean Water and Sanitation), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 12 (Responsible Consumption and Production).	Environmental impact from manufacturing processes, including emissions, waste, and water use. Non-compliance with evolving environmental regulations poses legal and reputational risks.	Improved energy efficiency, transitioning to cleaner energy, enhancing water use efficiency, bottle recovery and reuse programs, and promoting responsible marketing practices.

			
San Miguel Foods (SMF)	Produces food products including fresh chicken, meats, processed meats, flour, premixes, margarine, cheese, and plant-based meats. Contributes to food security through accessible and affordable nutrition. Aligns with SDGs: 2 (Zero Hunger), 3 (Good Health and Well-being), 12 (Responsible Consumption and Production). 	High sodium content in processed foods may lead to health issues like high blood pressure, heart disease, and stroke. Waste generation from packaging and agricultural processes.	Reformulating products to reduce sodium, introducing fortified products, promoting balanced diets, enhancing recycling programs, utilizing renewable materials, and employing resource-efficient technologies
Ginebra San Miguel (GSMI)	Produces popular spirits, including Ginebra San Miguel, GSM Blue Mojito, and Primera Light Brandy. Supports economic growth through dealer networks. Aligns with SDGs: 3 (Good Health and Well-being), 8 (Decent Work and Economic Growth), 12 (Responsible Consumption and Production).	Potential health risks associated with alcohol consumption including addiction and alcohol-related diseases. Environmental risks from glass bottle production and disposal.	Promoting responsible drinking campaigns, improving bottle retrieval and reuse programs, adhering to government regulations, and supporting health awareness initiatives.

Company-Wide Sustainability Initiatives and Practices

SMFB, along with its divisions under SMB, SMF, and GSMI, is committed to implementing sustainability practices that span across all business units. These initiatives are designed to enhance customer welfare, ensure product safety and quality, promote responsible sourcing, and improve environmental performance throughout their operations.

The following practices reflect SMFB's integrated approach to sustainability, aligned with globally recognized standards and targeted toward achieving various UN SDGs:

Practice	Description	Mitigation Strategies & Management Approaches	Aligned SDGs
Customer Welfare & Responsibility	Ensuring product and service safety through rigorous safety standards, including compliance with the Department of Agriculture (DA), National Meat Inspection Service (NMIS), Bureau of Animal Industry (BAI), Food and Drug Administration (FDA), and Good Manufacturing Practices (GMP) regulations.	Implementation of ISO standards, Food Safety System Certification (FSSC), and rigorous internal audits. Supplier evaluation and risk assessments are strictly enforced.	3 (Good Health and Well-being) 12 (Responsible Consumption and Production).
Food Safety & Quality	Ensures that all products, including food, non-alcoholic beverages, spirits, and beer, meet rigorous safety and quality standards throughout the entire supply chain.	Implementation of robust quality management systems, including ISO standards, FSSC, GMP, and Hazard Analysis and Critical Control Points (HACCP).	2 (Zero Hunger) 3 (Good Health and Well-being) 12 (Responsible Consumption and Production).

	Compliance with local and international standards is maintained to ensure product integrity, safety, and excellence.	Regular audits, employee training, and continuous improvement programs are applied across all production lines.	
Antibiotic Use for Poultry (SMF)	Restricts antibiotic use to essential treatment purposes only. Strictly prohibits antibiotics classified by WHO as "Highest Priority Critically Important" for human medicine.	Observance of the Department of Agriculture - Bureau of Animal Industry (DA-BAI) guidelines, adherence to mandated withdrawal periods, ensures supervision by licensed veterinarians, and promotes responsible antibiotic use.	2 (Zero Hunger) 3 (Good Health and Well-being) 12 (Responsible Consumption and Production).
Nutrition (SMF)	Enhances nutritional quality of products by prioritizing consumer health and well-being. Aims to reduce sodium, sugar, total fat, and trans fats, while increasing beneficial ingredients and fortification.	Implementation of phased reduction strategies for sodium and sugar, promotes healthier product portfolios, and strengthens partnerships with regulatory bodies and experts.	2 (Zero Hunger) 3 (Good Health and Well-being) 12 (Responsible Consumption and Production).
Product Labeling & Transparency	Ensures that all products, including food, non-alcoholic beverages, spirits, and beer, are clearly labeled with accurate	Compliance with FDA regulations and other applicable standards, adherence to labeling requirements under	3 (Good Health and Well-being) 12 (Responsible Consumption and Production).

	and comprehensive information. Labels provide essential details such as nutritional content, ingredients, allergens, alcohol content, serving size, and product origin, as the case may be, to enable informed consumer choices.	FDA Administrative Order No. 2014-0030, and continuous improvement in transparency and accuracy. Regular audits, updates to packaging information, and adherence to international best practices in product labeling.	
Sustainable Packaging & Disposal	Complies with the Extended Producer Responsibility (EPR) Law, utilizes eco-labels, and aligns with the International Resin Identification System.	Enhances recycling programs, promotes the use of eco-friendly packaging materials, and ensures proper disposal through clear labeling and responsible marketing.	12 (Responsible Consumption and Production). 14 (Life Below Water) 15 (Life on Land)