SM INVESTMENTS

20 Years of **Driving Progress**

2025 Integrated Report

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20 Years of Driving Progress

This year marks 20 years of building businesses that support each other. We have grown steadily since our listing in 2005, serving customers, building communities and achieving solid returns.

Today, we are a leading business group in the Philippines. Good governance continues to guide us.

Our strong foundation lets us keep delivering for the future.

Our Report Framework

This 2025 Integrated Report of SM Investments Corporation (SM Investments), covering the period from January 1 to December 31, 2025, has been prepared in alignment with the Integrated Reporting <IR> Framework. It aims to provide a comprehensive and connected view of our organization's strategy, governance, performance and prospects in the context of value creation over time.

As part of our holistic approach, this report offers access to complementary resources that form a complete suite of disclosures. These include the Sustainability Report—an early adopter of IFRS S1 and S2 standards—the Financial Report and the Integrated Report Microsite. All resources are available on our website and can also be accessed through the QR code below.

The preparation of this report was a collaborative effort by our Finance, Governance and Risk Management, Investor Relations, Human Resources, Corporate Communications and Sustainability departments, under the guidance of the Board's Executive Committee. This process reflects our commitment to integrated thinking and transparent reporting.

On behalf of the Board, the Executive Committee approved and authorized the release of this report in April 2026.

Amando M. Tetangco, Jr.
Chairman of the Board

Frederic C. DyBuncio
President and Chief Executive Officer

Our Vision and Mission

It is our vision to build an ecosystem of sustainable businesses that are catalysts for responsible development in the communities we serve.

We are committed to partner with our host communities to provide a consistently high standard of service to our customers, look after the welfare of our employees and deliver sustainable returns to our shareholders, at all times upholding the highest standards of corporate governance and environmental stewardship in all our businesses.

Retail, banking, property and other investments work together to support each other and deliver long-term growth. The extensive synergies of our group are unique to SM

Our ecosystem spurs development through the assets we build, services we offer and jobs we create, centered on our Integrated Property Developments

Our growth comes from improving the lives of our many stakeholders and helping drive the growth of the Philippines

Our workforce reflects the people we serve. We ensure a fair, inclusive culture where people across generations can learn, grow and succeed together

For almost seven decades, we've known our customers by heart, earning their trust through consistent, reliable everyday service

Our diverse businesses deliver reliable, growing cashflows and a strong balance sheet that allow us to invest with discipline for long-term value creation. Our track record of doing this is impressive

Strong oversight by a majority independent-led Board, benchmarked to global best practices

We act responsibly to minimize our impact, protect our unique ecology and build climate resilience through practical programs and leadership advocacy

For a company as big as SM Investments, every word in this statement is chosen carefully. Each one reflects how we see ourselves, the world and the role we play in it.

Our Businesses

Retail

We create access to modern retailing to address the needs and aspirations of Filipinos

Banking

We deliver a full range of banking services and enable growth and financial inclusion

Property

We build Integrated Property Developments centered on our malls as community centers

Portfolio Investments

We invest in high-growth sectors that have synergies with our core businesses

Our 20-Year Journey

2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

2005

SM Investments becomes the country's largest IPO on the Philippine Stock Exchange, raising **PHP28.75 billion (USD528 million)**

The SM Group becomes the **majority owner of Chinabank**

2006

SM Mall of Asia opens, the largest mall in Asia by gross floor area

SMDC launches **Mezza Residences,** its first high-rise residential project

2007

BDO merges with Equitable PCI Bank, creating the country's largest bank

SMX Convention Center opens as the Philippines' **largest convention facility**

SM Foundation accepts its **first batch of technical-vocational scholars**

SM launches **Hamilo Coast,** beginning its leisure and eco-tourism developments

2008

SM celebrates its **50th anniversary**

2010

Radisson Blu Cebu opens as the brand's **first hotel in Asia-Pacific**

2011

SM Retail and **Fast Retailing** form a joint venture to bring **Uniqlo** to the Philippines

2012

The MOA Arena opens as a **world-class entertainment venue** with a seating capacity of 15,000

2013

SM consolidates its property businesses under SM Prime, creating one of Southeast Asia's largest property companies

SM Investments partners with **NEO** (formerly NET Group) to expand its **green office portfolio**

SM Retail and SM Prime enter into a joint venture with **WalterMart** for community malls

SM-controlled **Belle Corp.** partners with **Melco Crown** to develop **City of Dreams Manila**

2014

SM Investments issues its **first offshore bond,** a USD350 million 10-year US dollar note

Chinabank acquires **Planters Development Bank,** becoming the **5th largest private universal bank** in the country

SM-Alfamart joint venture opens its **first minimart in the Philippines**

SM North EDSA becomes **SM's first solar-powered mall**

2015

SM Investments is listed on the **Forbes Global 2000 Companies**

SM Seaside City Cebu opens as a **landmark development in Visayas**

BDO acquires **One Network Bank,** renaming it to **BDO Network Bank** to extend financial services to underserved communities and MSMEs

SM Investments releases its **first Sustainability (ESG) Report**

2016

SM consolidates specialty retail formats under **SM Retail, Inc.**

Conrad Manila opens at the Mall of Asia complex

SM City Tianjin in China opens as **SM's largest mall outside the Philippines**

BDO gains **full ownership of Generali Pilipinas Life,** forming **BDO Life**

2017

SM Investments reaches PHP1 trillion in market capitalization on the Philippine Stock Exchange

Jose T. Sio is appointed **Chairman** and **Frederic C. DyBuncio** is appointed **President and CEO of SM Investments**, marking a major step in strengthening professional, non-family leadership

2018

2019

SM Foundation reaches **one million patients served** through its medical missions nationwide

2020

The SM Group mobilizes its **ecosystem** for community resilience during the **COVID-19 pandemic:**

- **SM Supermalls** waives a total of PHP233 billion in rental fees and other charges for its tenants
- **SM Markets** adjusts its operations to ensure access to essential goods
- **SM Foundation** distributes nearly 1 million Kalinga Packs and conducts over 780 relief missions
- **Malls and logistics** support the national vaccination program, enabling nearly 10.5 million vaccine doses nationwide
- **BDO and Chinabank support hundreds of thousands** of customers by implementing large-scale **loan payment extensions** and **waiving digital transaction fees**

2021

SM Investments becomes the **majority owner of Goldilocks Bakeshop** in food manufacturing and **2GO Group** in logistics

2022

SM refreshes its brand icon, streamlining the Group's visual identity across businesses

SM Investments acquires full ownership of the **Philippine Geothermal Production Company, Inc. (PGPC),** expanding its renewable energy portfolio

SM Store launches the **Green Finds program,** promoting more sustainable product choices

Watsons marks **20 years in the Philippines** with **SM**

2023

Amando M. Tetangco, Jr. is appointed the **first independent Chairman of SM Investments**, with **Jose T. Sio** as **Chairman Emeritus**.

SM Advantage Card (SMAC) reaches 10 million members

2024

The **SM Investments Board** becomes **majority independent-led** with **5 out of 9 directors**

SM Investments earns its **first Five Golden Arrow Award** for corporate governance excellence in Asia

SM Investments debuts on **TIME's World's Best Companies** list and **Fortune's** inaugural **Southeast Asia 500**

SM Investments and **SM Prime** establish a **USD3.0 billion EMTN program** in Singapore

SM Foundation completes the **rehabilitation of 200 health centers nationwide**

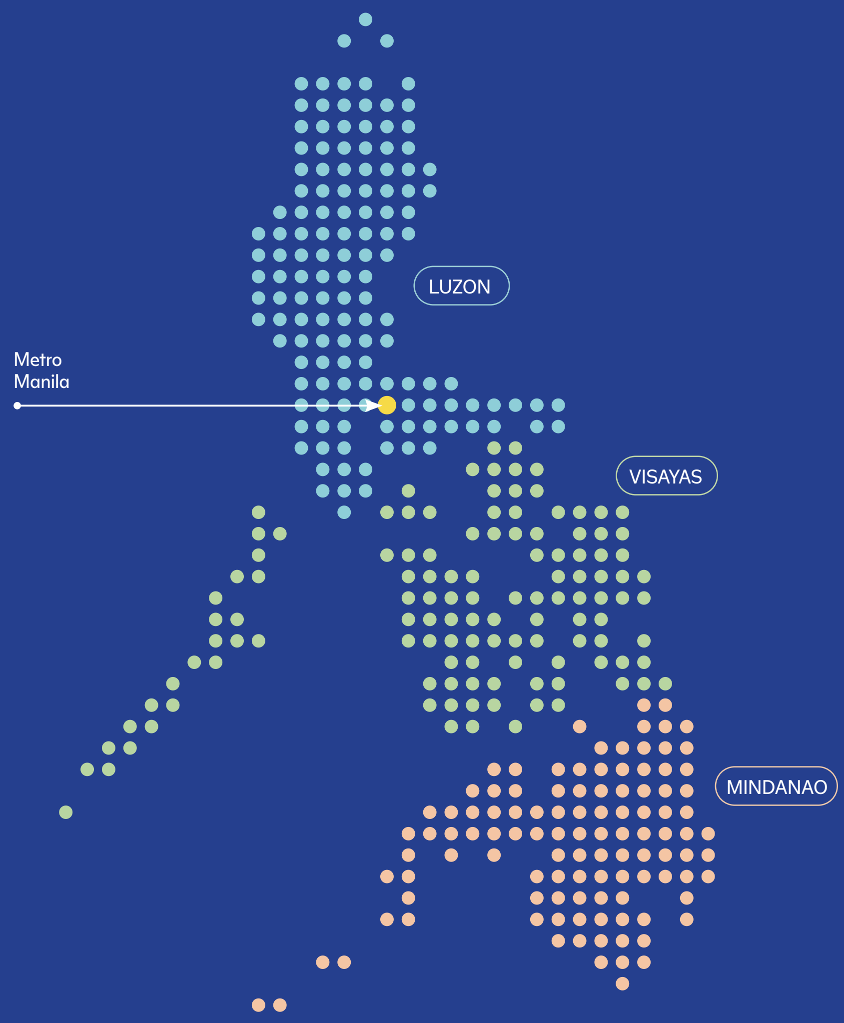
Alfamart opens its **2,000th minimart** in its **10th year**

2025

SM Investments marks its **20th year as a listed company**

Our Business Footprint

Our ecosystem of businesses extends nationwide



	Retail Outlets	Malls	Bank Branches	Integrated Property Developments
Philippines	**4,831**	**89**	**2,647**	**22**
Metro Manila	1,067	25	1,103	11
Luzon (excluding Metro Manila)	3,245	49	853	6
Visayas	312	8	362	3
Mindanao	207	7	329	2

77.3% SMRETAIL

78 SM Store	**221** Savemore	**2,007** Specialty Stores	**2,309** Alfamart
68 SM Supermarket	**58** SM Hypermarket	**89** Waltermart	**1** Mindpro

49.8% SMPRIME

22 Integrated Property Developments	**89** Malls in PH	**25** Leisure Home Developments	**2** Trade Halls	**10** Hotels	**1** Arena
22 Office Buildings	**9** Malls in China	**6** Convention Centers	**68** Primary Residences	**6** Warehouse Properties	

45.2% BDO

7,716 ATMs	**1,994** Branches in PH	**2** Foreign Branches	**14.4%** ROCE	**1.7%** NPL Ratio

22.5% Chinabank

1,139 ATMs	**653** Branches in PH	**15.6%** ROE	**1.6%** NPL Ratio

Portfolio Investments

26.6% Belle Corp.	**71.3%** PULS	**95%** NEO Subsidiaries	**34%** NEO Associates	**51%** Airspeed
67.2% 2GO Group	**100%** PGPC	**34.1%** Atlas Mining	**64.1%** Goldilocks	

Percentages are effective ownerships of SM Investments

2025 Year in Review

JAN

SM Investments reports **2024 consolidated revenues of PHP654.8 billion** and **net income of PHP82.6 billion**

FEB

MOA Sky opens atop **SM Mall of Asia** — a **55,000-sqm open-air destination** featuring sports, entertainment and leisure spaces

SM Investments is awarded the **IFR Asia Philippine Capital Market Deal of the Year**

Chinabank rejoins the **PSE Index**

MAR

SM Investments marks **20 years on the PSE**

SM Investments launches its **first-ever PHP60 billion share buyback program**

SM Investments receives **The Asset Triple A Award — Best Corporate Bond (Philippines)**

APR

Marife Zamora is appointed **Independent Director of SM Investments**

SM Investments is the early adopter of **IFRS S1 and S2 sustainability disclosure standards**

MAY

SM City Laoag opens with 113,000 m² of gross floor area (GFA)

JUN

2GO Group achieves profitability across all business segments for the first time

SM Investments is recognized in **Fortune's Southeast Asia 500**

JUL

SM Prime introduces **Signature Series** for premium residences

SM Prime unveils the **Philippines' largest rooftop solar facility** at **SM City Fairview**

AUG

SM companies are recognized among **Top 5 Philippine PLCs** and **Top 50 ASEAN PLCs** for corporate governance by the **ASEAN Corporate Governance Scorecard Awards**

Atlas Mining launches a **4.99 MW floating solar facility in Cebu**, supplying ~10% of site power with expansion potential to 50 MW

2GO launches the new **Manila-Siargao route**

SEP

SM Investments is named among **TIME Magazine's World's Best Companies**

SM Investments is certified as a **Great Place to Work® for 2025**

OCT

SM Supermalls and **SM Markets** each celebrate their **40th anniversary**

SM Investments, SM Prime, BDO and Chinabank all receive **Five Golden Arrow Awards from the Institute of Corporate Directors**

SM City La Union opens with approximately 112,000 m² of GFA

SM City Xiamen Haicang opens as the 9th SM mall in China

SMAC&SHOP debuts as the **all-in-one app** for SMAC members

NOV

Radisson Blu Cebu celebrates its **15th anniversary**

Goldilocks opens its **1,000th store**

DEC

SM Supermalls reaches **100 MW** of installed **renewable energy capacity**

The **SM–DOLE Job Fair program** reaches **30,000 jobseekers hired on the spot**

SM Hotels and Conventions Corp launches the **Park Inn by Radisson SM City Dasmariñas**

Leadership Perspectives

Conversations with
Amando M. Tetangco, Jr., Chairman of the Board and
Frederic C. DyBuncio, President and Chief Executive Officer

Leading Growth Forward

Amando M. Tetangco, Jr., Chairman of the Board

How do you see the Philippine market and its growth potential for SM?

The Philippine economy remains fundamentally sound as it adjusts to external and cyclical headwinds. In 2025, GDP growth moderated to 4.4%, reflecting slower investment and public spending but still ranking among the higher growth rates globally. Inflation averaged a benign 1.7%, anchoring price stability and enabling supportive monetary policy. Labor market conditions also remain constructive, with the unemployment rate around 4.2% in 2025, consistent with a historically stable employment backdrop. Supported by robust remittances, strong foreign exchange reserves and a stable banking sector, these fundamentals give us confidence to continue investing for sustainable long-term growth.

We have strong confidence in the behavior of Filipino consumers. Spending on essentials remains robust and discretionary spending is broad-based. Both businesses and individual consumers have increased their confidence to borrow and invest as interest rates have come down. In property, we continue to see major long-term opportunities in expanding malls and in provincial and upscale residences and large-scale urban developments.

Filipinos' consumption continues to be a dependable engine of economic growth, providing a solid foundation for SM. In each of our core businesses in retail, banking and property we see significant under-penetration across the Philippines, presenting enormous opportunities for development and long-term growth.

How do you see SM today versus 20 years ago?

When SM's parent company went public in 2005, we had 19 malls, 361 bank branches and 55 retail stores. We had assets of PHP169.1 billion and our market capitalization was PHP127.2 billion.

Two decades later, we have 89 malls, 2,545 bank branches and 4,831 retail stores, with assets exceeding PHP1.8 trillion and a market capitalization of close to PHP854.9 billion.

What has powered this growth is ambitious business expansion built on a deep relationship with Filipino consumers and communities. As cities grew and new markets emerged, SM invested alongside them, offering opportunities for employment, entrepreneurship, accessibility and community-building. This journey reflects the vision of our founder, Henry Sy, Sr. and still guides us today.

How does the Board interact with management and shareholders?

The Board ensures that SM operates with fairness, transparency, accountability and equitable treatment of all stakeholders.

The majority of the Board is composed of Independent Directors who are all respected leaders in business and previously in government and who bring their considerable experiences and judgement to ensure independent thinking and oversight within the Group. They collaborate closely with Management to guide strategy, while remaining independent to ensure balanced decisions that uphold stakeholder trust. This makes us a stronger company, with an independent Board working in conjunction with a highly entrepreneurial Management team.

We also ensure that there are clear channels for shareholder engagement, encouraging Management to have high disclosure levels and regular open dialogues with our investors. We listen to their feedback and concerns and this informs Board discussions.

In all things we try to ensure that SM follows the highest standards of governance and this is recognized in the accolades we receive from international governance bodies including our second 5 Golden Arrows (highest award possible) for exemplary corporate governance by the Institute of Corporate Directors, our citation among the Top 5 Philippine publicly listed companies (PLCs) and Top 50 ASEAN PLCs by the Association of Southeast Asian Nations (ASEAN) Capital Market Forum (ACMF) as well as other awards from foreign publications such as Alpha Southeast Asia and Corporate Governance Asia.

What is your message to stakeholders about SM going forward?

SM has been part of the Filipino growth story for almost seven decades and 20 years as a publicly listed company. As we look ahead, what gives us confidence is the strength of our customers who remain resilient, employees who continue to serve with dedication and partners and communities who grow alongside us.

As we do so, we take our role in the Philippines, our commitments to being responsible and our aim to meet the highest standards of global governance seriously.

I'd like to express my heartfelt thanks to our Board and Management, employees, private and public sector partners for their unwavering support this last year.

We enter the next chapter fully aware of both global geopolitical uncertainties and the potential domestic challenges we must address. With our clear business focus, financial strength and strong competitive advantages we are confident we can continue to grow and outperform over the long term.

Thank you all for the continued support.

A Year of Growth

Frederic C. DyBuncio, President and Chief Executive Officer

How did the SM Group perform this year?

The SM Group delivered another year of record performance in 2025, despite a year that tested the resilience of businesses and households alike. Consumption remained one of the Philippines' most reliable growth drivers and our broad exposure to the Filipino consumer helped us navigate economic shifts and weather-related disruptions.

Consolidated earnings grew by 10% to PHP90.5 billion, while revenues increased by 4% to PHP681.7 billion. Banking remained the largest contributor to earnings at 49%, followed by property at 27%, retail at 18% and portfolio investments at 6%.

In SM Retail, earnings were supported by higher food volumes and continued network expansion. Non-food categories such as fashion, health and beauty, kids and pets posted steady growth, while home and athletics were softer amid shifting consumer priorities.

Our banks, BDO Unibank and China Banking Corporation, grew earnings by 6% and 13%, respectively, driven by core lending and deposit growth, disciplined risk management and stable asset quality. Both banks continued to support individuals and enterprises through credit, payments and savings products.

In our property business, SM Prime Holdings delivered 7% earnings growth, anchored by recurring income from malls, with rental revenues up 6%. Hotels and convention centers also posted solid gains. Residential demand in Metro Manila remained subdued.

Portfolio Investments delivered 6% of our net income, mainly driven by PGPC and NEO buildings.

Taken together, our performance reflected a clear story: as we continued to invest where people live, work and spend, customers responded by staying engaged with our businesses.

What were the highlights of 2025?

As the parent company of the SM Group, a defining milestone this year was our 20th Listing Anniversary at the Philippine Stock Exchange, capping a period of extraordinary growth.

We also took concrete steps to return value to shareholders by increasing total dividends by 44% to PHP13 per share and by launching a PHP60 billion (~USD1 billion) share buyback program, the largest in Philippine corporate history.

Across our businesses, we were active in expansion and capital market activity:

We opened new malls in Laoag and La Union, extending our footprint in Northern Luzon. SM Prime also introduced the Signature Series by SM Residences for the premium residential segment and made significant progress in its 360-hectare Pasay reclamation project. SM Prime successfully raised USD350 million through the joint SM Investments/SM Prime Euro Medium-Term Note (EMTN) program in Singapore at highly competitive rates.

SM Retail added 490 new stores, with Alfamart reaching 2,309 locations nationwide. Our cash-generating retail business continued to be self-funding and a source of solid dividends for the parent.

In banking, Chinabank rejoined the PSE Index, reflecting renewed investor confidence. BDO grew its lending book faster than the industry and raised USD500 million in five-year senior notes that were more than 3.2 times oversubscribed and issued PHP115 billion in ASEAN Sustainability Bonds, which drew demand 23 times the offer size.

In our portfolio businesses, 2GO Group achieved profitability in the majority of its business lines, marking a full operational turnaround. PGPC continued to explore geothermal opportunities in six additional sites to its current two operating steam fields. Meanwhile, Atlas Mining commissioned the country's first megawatt-scale floating solar panel project at its Malubog dam in Cebu, supplying ~10% of the mine's power needs.

Alongside business growth, we advanced environmental and sustainability initiatives, carefully tracking carbon reduction, water recycling, plastics repurposing and waste management. We also remained ahead in sustainability reporting as an early adopter of IFRS Sustainability Standards.

Through our foundations, we continued to deliver community impact, granting 870 new scholarships and building and renovating new schools, healthcare centers and wellness centers in 2025.

What were the challenges of 2025 and how did SM address these?

The local operating environment remained volatile last year, shaped by external trade uncertainty, domestic political noise and unusually severe typhoon activity in the second half of the year.

However, the fundamentals of the Philippine economy remained intact, providing a stable base for disciplined operations and capital deployment. Our long-term perspective and focus on resilience enabled us to adapt and continue with our business plans.

A key challenge was weak international sentiment toward investing in the Philippines. Despite achieving over 200% growth in earnings since 2019, the share price of SM Investments remained severely undervalued at pandemic-era levels. Our long-term share buyback program and higher dividends were in response to this as we sought to support our shareholders.

Amid these uncertainties, our strategy for growth remains anchored on balance sheet strength, operational efficiency and serving essential needs. Our diversified portfolio continues to benefit from stable demand fundamentals, particularly in businesses that support everyday consumer and financial needs.

What makes SM distinct from other companies?

What sets SM apart is how deeply we are woven into the everyday lives of Filipinos and how well we operate as an ecosystem of supportive businesses.

From essential goods to financial services to integrated developments, our businesses support people through daily routines and important life moments. We are known for having the pulse and trust of the Filipino consumer.

Each of our businesses supports the others with distinct and unique synergies: SM department stores and retail formats are key tenants in our malls; our banks support our tenants, suppliers and customers; and our malls anchor Integrated Property Developments that provide the hubs for our community-based presence. In the meantime, our logistics and renewable energy investments support practical needs for the growth of our businesses and our network.

This ecosystem allows us to scale responsibly — connecting consumption, finance, infrastructure and services in ways that are visible to customers and measurable to investors. It is this operating model that underpins our long-term value creation.

Our ecosystem also creates financial strength for our Group. Each business has a role in generating diverse and reliable cash flows, ensuring a strong balance sheet, access to funding and providing the financial stability that allows us to invest for our long-term growth.

In recognition of this, we received a number of awards we are proud of last year, including: TIME Magazine's World's Best Companies; best annual report in Southeast Asia by IR magazine; Platinum award for transparent reporting by the Asia Sustainability Reporting Awards; Platinum award for sustainability leadership by The Asset; and our maiden EMTN issuance was awarded IFR Asia's Philippine Capital Market Deal of the Year as well as The Asset magazine's Triple A Award for Best Bond – Corporate.

Why is shared value creation so important to SM?

Shared value is embedded in how we operate. Our many businesses deal with many stakeholders — our customers, employees, partners, communities and shareholders. They are all critical to our growth and for us to be successful they need to win as well.

In 2025, we delivered PHP90.5 billion in earnings, paid PHP30.8 billion in taxes and government fees, employed over 141,000 people directly and many more indirectly, supported over 100,000 micro, small and medium enterprises (MSMEs), including tenants and suppliers. Together we brought essential goods, services and aspirational experiences to many millions of customers nationwide and in doing so invested in communities.

For us, looking after those we depend upon and who depend upon us is a source of resilience and is key to our own long-term success.

Following this approach, SM has grown market capitalization by over 13x and delivered more than PHP700 billion in earnings since listing in 2005.

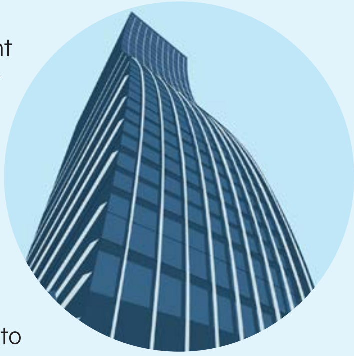
What are the SM Group's priorities for the next few years?

We are a growth company and we remain ambitious — focused on building on our strengths for the long term.

Our priorities are clear:

We will continue expanding our core businesses nationwide, particularly in provinces with strong economic momentum.

We will pursue long-term value creation through large-scale developments, such as the 360-hectare Pasay reclamation project, which has completed sand placement, with horizontal development soon to commence.



Our portfolio investment companies will support Group synergies and help improve parent earnings.

We will maintain prudent financial management, with strong liquidity, access to capital and internal funding capacity.

We will also look for ways to improve returns to our shareholders such as through buybacks and dividends.

Equally important, we will sustain high standards of governance, transparency and environmental and social responsibility, while continuing to serve the aspirations of our customers and uplifting the lives of the communities in which we operate.

For another year of solid growth and expansion, I would like to extend my heartfelt thanks to all of our stakeholders for their support — to our dedicated employees, our partners and our millions of loyal customers. With your support we intend to continue our story of success into the next 20 years and beyond.

How We Operate

As the parent company of a group of dynamic market-leading businesses, each of which has a significant presence and role in the Philippines, there is much to review when we look back at 2025.

Despite the complexities around us, our priorities are clear and our approach is concise. Our shared vision, entrepreneurial culture and how we execute our businesses' strategies follow common and effective themes. Our coordinated approach is key to our competitive advantage and long-term success.

We have an ambitious and entrepreneurial **growth** mindset, which is applied across SM's unique and synergistic **business ecosystem**. Our operations are grounded on uncompromising standards of **responsibility** and in practical **environmental leadership**. This approach has enabled us to create **shared value** for our many stakeholders and deliver **high impact** for all concerned.

These themes helped define our actions in 2025, as well as establish our uniqueness and outlook for the future.

We Drive Growth

The Philippines remains one of the fastest-growing economies in the world and our Group benefits from this due to our consumer-centric businesses and our entrepreneurial culture. Our track record of growth speaks for itself.

While we are No.1 in all the key businesses we operate, we still see enormous opportunities for growth across the country. Levels of penetration are low and incomes are rising, especially in the provinces. Serving more customers in more regions with diverse tailored offerings and flexible formats is our core strategy for growth.

To expand **SM Retail**, we maintain a portfolio of diverse grocery formats by size and leading specialty stores in all key non-food categories, as well as our our popular **SM Store**, our department store, that anchors our malls. This complete range allows us to adapt our retail presence and merchandise to each community and to ensure our malls always have high occupancy.

In 2025, our retail affiliates added 192 specialty stores and **SM Markets** opened 14 stores, with about 93% outside Metro Manila. **Alfamart** opened 280 neighborhood minimarts, nine in ten outside NCR, bringing grocery essentials closer to where people live.

In property, **SM Prime** opened new malls in Laoag and La Union, supporting regional development and job creation. We also launched our premium primary residential brand, **Signature Series by SM Residences**. Meanwhile, our Pasay reclamation project continued apace, completing sand placement last year and will deliver 360 hectares of modern city development anchored on sustainable lifestyles and much needed urban infrastructure.

Financial access also expanded as **BDO** and **Chinabank** added a combined 109 branches between them, mostly in underserved areas. Both our banks continued to invest in "phygital" capabilities, integrating physical branches with digital platforms to give consumers more choices and flexibility in how they bank.

Across our businesses, we also offer digital and e-commerce access via SMAC&SHOP and SM Markets Online in retail and SM Malls Online in malls.

Our one-stop logistics solutions provider, **2GO**, launched a new Manila–Siargao route and expanded cold chain capacity by nearly 50%, strengthening connectivity and logistics for island communities.

Our continued growth as a group is enabled by long-term planning and a deep understanding of the Philippine market, underpinned by a strong balance sheet and high internal funding of expansion from our cash-generating businesses.

Alfamart: Expanding modern grocery shopping

Alfamart Philippines, our partnership with Alfamart Indonesia, is rapidly expanding, bringing convenient grocery shopping to new neighborhoods across Luzon.

Alfamart blends the convenience of a neighborhood store with the breadth of a supermarket — a format gaining strong traction across Southeast Asia, particularly among families that value accessibility and affordability.

It offers an assortment of products catering to daily needs including fresh and frozen food, SM Bonus products, snacks and personal care items at reasonable prices. Supported by its own distribution centers in Laguna, Quezon, Cavite, Bulacan and Pampanga, the chain ensures a consistent supply of tailored merchandise across its network of 2,309 stores.

The minimart format expands by at least 200 stores a year, creating new footprints for SM Retail in underserved areas with high growth potential.

BDO Network Bank: Bringing banking to the underserved

BDO Network Bank brings banking to undeserved communities. BDO Network branches are friendly, accessible and designed to cater to provincial communities. It offers reasonably priced credit and a broad banking relationship that covers savings, insurance, investments and cash management solutions.

In 2025, it opened 68 new branches, bringing the total number of branches and loan offices to 637. In remote areas with limited or no connectivity, the bank reaches customers through the deployment of low-orbit satellite internet.

These efforts are complemented by the coordinated expansion of Cash Agad, a service that allows individuals and MSMEs to withdraw cash, check their savings account balances, pay bills and make deposits using over 12,000 small retail point-of-sale (POS) terminals operated by partner agents.

We Leverage Our SM Ecosystem

We have always been deliberate in ensuring our businesses work together as an ecosystem that serves our customers. Our various Group businesses have grown together for nearly seven decades, interwoven to support each other at every stage.

These relationships are arms-length financially and subject to independent review and governance. However, at the operational level, the ability to work together as we grow is a unique feature and competitive advantage of the SM Group.

Visitors to our **Mall of Asia complex** in Pasay recognize our dynamic ecosystem in action. Anchored on one of the world's largest and busiest malls with over 680 tenants and facilities that include commercial, social, dining, sports, entertainment, medical and other services, the 67-hectare complex also includes residential condominiums, office spaces, a world-class arena, hotels, a convention center and a National University campus. Our own retail, bank and logistics operations support its local businesses and customers.

The overall development supports hundreds of businesses and serves millions of customers as an **Integrated Property Development**. It is our blueprint for similar developments nationwide.

As of end 2025, we have 22 Integrated Property Developments across the country, with 11 in Metro Manila and 11 in key provincial cities. Each one is thoughtfully planned to bring together living, working, learning and leisure in one connected space.

As we grow, our banks also support the financial needs of our suppliers and tenants, enabling them to work seamlessly with our retail and property businesses.

With our growth trajectory into more provinces, the efficient movement of goods is critical. **2GO** addresses this need with reliable premier end-to-end multimodal logistics and transportation solutions. Its shipping operations launched the Manila to Siargao route this year, opening direct freight access and providing sea travel alternative to one of the Philippines' top island destinations.

Beyond being modern community hubs, our malls also serve as a marketplace for entrepreneurship. We have a long-term tenant occupancy rate of 96%, composed mostly of MSMEs.

Our loyalty program, **SMAC**, which has 11.5 million active members, helps tie together customer relationships across our businesses. In 2025, it collaborated with SM Store and BDO Remit to make remittance pick-ups more rewarding for Filipino families. When they claim their BDO remittances at SM Store Foreign Currency Exchange counters, they earn SMAC points, which they can use to shop and enjoy benefits across thousands of SM retail outlets nationwide.

SM continues to grow because its businesses are built to complement each other, creating and leveraging unique synergies, ultimately enabling us to serve our customers and communities better.

Our SM Ecosystem is a source of financial strength

Our mix of businesses makes us financially strong. They work well together by design.

Retail generates strong cash from its many stores across the country. This cash flow stays reliable under any economic conditions.

Our banks deliver regular profits and large cash reserves. They help convince lenders we are safe and support our ability to borrow at attractive rates outside the Group.

Property collects steady rents from its network of malls. It uses the cash generated to build large-scale projects that grow in value over time.

Portfolio businesses like 2GO, PGPC and NEO add earnings diversity. They bring additional reliable income to SM Investments, the parent, from logistics, renewable energy and high-quality office buildings.

Our stakes in these businesses give us diverse earnings, ample cash, controlled debt and stability. This lets us confidently invest in growth.

Our SM Ecosystem enables MSMEs

SM is home to more than 100,000 MSMEs and we are invested in their growth and success. Our program “SM for MSMEs” under SM Supermalls champions the progress of these small businesses by providing a route-to-market, access to financing, business advice and support.

In 2025, SM for MSMEs conducted 28,761 booth activations as well as trade fairs and bazaars, empowering 920 new MSMEs and start-ups across the country. The program recorded a 64% increase in rental revenue versus 2024 with a 58% growth in booth activations, reflecting both broader reach and stronger execution across regional and provincial malls.

Successful businesses that started and grew with SM support include well-known brands such as National Bookstore, KangKong King flavored chips and Toby’s Sports.

SM Retail supports 299 local businesses and communites of artisans through our Kultura retail format dedicated to homegrown products.

We Take Responsibility Seriously

We are committed to being a responsible company with world-class standards. The scale of our operations and complexity of our business ecosystem require us to have strong governance principles and policies and to anchor how we operate on the values of integrity, accountability, transparency and fairness.

The tone is set at the **Board** level. Five out of nine of the company's Board members are Independent Directors, making SM Investments a standout example of an independently-led major Asian conglomerate. Our Chairman, Amando M. Tetangco Jr., is a former two-term Governor of the Bangko Sentral ng Pilipinas and the first independent Chairman of the company.

These Independent Directors lead all of the company's Investments' key **Board Committees**. The Related Party Transaction Committee is comprised solely of Independent Directors. Board oversight covers financial integrity, risk management, internal controls and sustainability performance, among others.

This approach is cascaded via clear **policies and processes** into the operations of the Group, with the aim of adhering to best practices globally and applying them in our Philippine context.

Examples can be seen in our fair and equal employee practices, customer and employee health and safety standards, building construction standards, data privacy, business continuity policy and anti-harassment policy, among others. In many areas, such as climate resilience and disaster preparedness and in early adoption of international reporting standards such as GRI and IFRS, we are recognized as leaders among our peers.

In 2025, SM Retail was honored with the Privacy Management Program award because of its in-depth data privacy standards spanning across all its businesses. In banking, both BDO and Chinabank strengthened their whistleblowing and anti-bribery and corruption policies for transparent and successful business operations.

As one of the leading property developers in the country, SM Prime implements a healthy and equal selection of vendors through its supplier selection policy which implements a competitive and non-discriminatory process for all interested parties.

Third-party recognition such as our second consecutive **5 Golden Arrow Award** by the ICD and the **Top 50 ASEAN Corporate Governance Scorecard** reflect how our governance practices translate into our daily operations.

As we grow, stewardship of trust is as important to us as stewardship of capital.

Increasing the role of women in our Board

Over the last 20 years, SM Investments' commitment to be responsible has led to looking for best practices globally and aiming to lead in adopting them locally.

Since 2024, one-third of the company's Directors have been women, well ahead of local regulatory expectations. This also follows the high percentage of women in our management at 63% and in our general workforce at 64%.

In 2025, shareholders elected Marife B. Zamora as an Independent Director of the Board, joining Atty. Lilly K. Gruba as the second female Independent Director. Ms. Zamora brings decades of leadership in telecommunications, insurance and business process outsourcing. She is also a known advocate for women in technology and leadership. Meanwhile, Atty. Gruba is a Professor on Taxation Law, Mergers and Acquisitions and Local Government Finance as well as a former Director of the Philippine Economic Zone Authority, Overseas Workers Welfare Administration and was Undersecretary of the Department of Finance.

We Protect the Environment

At SM, we place sustainability at the core of our operations. We are well-known as leaders in sustainability reporting and transparency, having for many years adopted international standards ahead of local requirements. The real thrust of our efforts, though, is in driving practical initiatives that have real impact. We also try to be advocates, supporting others to do likewise.

In 2025, we identified initiatives across our businesses that aim to reduce our **carbon footprint** by up to 40% by 2040 through efficient practices and the adoption of **renewable energy** wherever possible. We also partnered with the Department of Science and Technology to help advance the development of **sustainable plastic materials** and improve **plastic waste management** strategies.

SM Supermalls unveiled the largest rooftop **solar energy** photovoltaic (PV) system on a commercial building in the country at SM City Fairview with a 3.79 MW peak solar power capacity. To date, 68 out of our 89 malls are already equipped with solar panels. This brings our property arm closer to its goal of net zero GHG emissions by 2040.

Our new malls in La Union and Laoag, Ilocos Norte are both equipped with rainwater catchment facilities that can store 760 and 1,068 cubic meters of rainwater, respectively. These underground tanks collect and store rainwater to help mitigate flooding in surrounding communities during adverse weather conditions.

Our residential business launched SMDC Nature, a new sustainability-focused residential brand advocating **green living**, wellness and accessibility, offering nature-centric homes. These residential units will be equipped with solar power systems and motion-sensor lighting, reducing power use by up to 35% in common areas, preventing over 250 metric tons of CO_2 emissions annually per project.

In SM Retail, we continue to champion **sustainable consumption** anchored on our Green Finds program. This program offers customers a wide range of sustainable choices from over 29,000 green products as of the end of 2025.

To date, BDO has disbursed over PHP1.21 trillion in **sustainable finance** that include funding 71 high-impact renewable energy projects capable of generating 6,165 MW of clean energy nationwide. BDO does not finance any new coal-fired power plant capacity and is on track to reducing its **coal exposure** by 50% and no more than 2% of its total loan portfolio by 2033, while further increasing its financing support for renewable energy projects under its Sustainable Finance Program. Chinabank has adopted a phased approach to reduce its exposure to coal-fired power generation projects to not more than 5% of total loan portfolio by 2030 and not more than 3% by 2035.

The continued exploration of geothermal sites by our **renewable energy** (RE) company, PGPC, is crucial in our effort to contribute to the national goal of having RE account for 35% of the country's total power capacity by 2030 and derive more than 50% of the country's total power generation capacity from RE sources by 2040.

Our partnership with Japanese **waste recycling** technology company GUUN helped process non-recyclable waste and hard-to-recover plastics into fluff fuel to reduce coal usage. The collaboration helps us support the Extended Producer Responsibility (EPR) Act of 2022, which requires companies to recover their plastic packaging products and to pursue **waste responsible management** programs.

Our efforts in environmental sustainability are must-haves that are integrated into our daily operations with a clear measurable impact.

You can read the details in our comprehensive Sustainability Reporting (see QR code to access).

A mission towards plastic-free communities

The SM Group addresses the challenge to help advance the development of sustainable plastic materials and improve plastic waste management strategies.

Our Trash to Cash program under SM Cares is a recycling market that encourages the public to exchange plastic waste, PET bottles and other recyclables for cash every first Friday and Saturday of the month in participating SM malls nationwide.

We take responsibility for the recovery of our plastic packaging products. One of our affiliates, Watsons Philippines, has already transitioned 100% of its stores to using paper bags instead of single-use plastics. In addition, 2GO's shipping operations now utilize 100% recyclable, reusable and biodegradable packaging materials. For Airspeed, the company reduces plastic waste across its fulfillment operations by replacing 75% of its bubble sheet consumption with eco-friendly shredded carton packaging. In addition, its delivery pouches are now 100% biodegradable.

In 2025, SM Markets sold 20.8 million Green Bags, equivalent to around 31.2 million plastic bags avoided.

We're also taking on the challenge of plastics and turning it into practical solutions. Our partnership with GUUN reduces landfill volume and gives trash a second lease on life by converting over 6,000 metric tons of non-recyclable waste into fluff fuel, avoiding the annual landfill burden for 8,000 households.

As we convert waste into clean energy solutions, we are creating a circular model within our Group.

Reducing our carbon footprint

At SM, we help drive cleaner and more efficient energy across the Group. Aside from our leading efforts in financing and investing in renewable energy through BDO and PGPC, all our businesses are working on practical initiatives.

To date, SM Prime sources at least 60% of its electricity utilization from clean, renewable energy.

SM Retail is also advancing clean energy adoption. The SM Store in Cubao now sources 3.3% of its power from rooftop solar, while the SM Retail Headquarters in Pasay City has been running 100% on renewable energy since November 2024.

Atlas Mining recently commissioned the country's first megawatt-scale floating solar facility at the Carmen Copper site in Toledo City, Cebu. Covering three hectares on the Malubog Reservoir, the installation generates 4.99 MW of renewable power, meeting about 10% of the copper mine's energy needs.

Our logistics arm 2GO has shifted to renewable energy for its warehouses in Asinan and Elisco, deploying a combined 48 electric vehicle (EV) forklifts that cut approximately 40.5 metric tons of carbon emissions annually.

For Goldilocks Bakeshop, two of its manufacturing plants in Pangasinan and Cebu have opted to use solar energy in 2025. With a total peak capacity of 1,006 kW it can potentially save 1.06 million kWh of electricity, equivalent to a 716.48 metric ton reduction of greenhouse gas emissions.

NEO successfully renewed its EDGE Zero Carbon Certification, reaffirming its commitment to achieving net zero carbon across all seven buildings, well ahead of the company's original goal of 2030.

We Create Shared Value and High Impact

Our financial performance is consistently strong but we also measure success in terms of the impact we have on our many stakeholders. We aim to make a positive impact in people's lives.

Serving our **customers** is paramount. They give us our reason for being. We are proud that the SM brand is recognized and trusted by millions of Filipinos for helping meet their needs.

In 2025, we continued to focus on elevating the customer experience by transforming our spaces to become more experiential, fostering community well-being. The MOA Sky Park, SM La Union sandbox, SM Laoag's Dap-ayan Park and new pickleball facilities in our malls are prime examples. Inside our retail stores, you will now find real coffee shops, through our partnership with Coffee Bean and Tea Leaf, which makes the shopping experience even more enjoyable.

We rely on our empowered and customer-focused **employees** to serve our customers. We ensure that all 141,000 of us are as diverse as the people we serve and all treated equally and fairly.

SM has been recognized as one of the country's largest job creators, strengthened through the launching of our Job Opportunities Building Skills (J.O.B.S.) advocacy, which hosted 370 nationwide job fairs and upskilling initiatives in our various malls. Over 30,000 Filipinos were hired on the spot as we continue to partner with government agencies and with various organizations for a globally competitive workforce.

We also help entrepreneurs whether as a **supplier** or **tenant**. Majority of SM Supermalls tenants are MSMEs. These up-and-coming business owners actively join our fairs and leasing spaces, many of whom are first-time entrepreneurs or former online sellers who now see the value of connecting with customers face-to-face. Through these, SM becomes the launchpad and marketplace of their dreams.

SM Foundation and SM Cares continue to serve as the bedrock for engaging with our host **communities**. In addition to 1,797 medical missions and over 7,376 scholarships, to date, we have renovated 228 health centers and breastfeeding facilities and built 116 schools. Our disaster relief programs, have helped Filipinos with over one million packs of *Kalinga* (care) relief goods.

For our **shareholders**, we deliver consistent financial growth and increasing dividends. In 2025, we launched our first share buyback program, the largest in the Philippines at PHP60 billion (~USD1 billion), to drive additional value creation for our long-term investors.

Our impact is enormous.

Our contributions are measurable.

Our approach means that everyone benefits.

In this way, the Group becomes stronger and more successful in the long term.

Looking after our people

We focus on being an equal opportunity and fair employer. Our policies and employee programs are designed to ensure this and look after and develop our people. We ensure the health, safety and welfare of our people through policies and programs that promote a safe and healthy work environment.

Our people participate in a number of sports and fitness programs such as basketball, badminton, yoga and zumba. We also conduct learning sessions on health-related matters through online courses, such as mental health seminars and for raising awareness on the prevention of illnesses.

Our Equal Opportunity Policy and Zero Tolerance Policy on Harassment and Discrimination help ensure a responsible, safe and empowering work environment. Our Business Continuity Plan ensures the safety of our people by practicing disaster preparedness.

The SM Sustainability School, a group-wide learning platform aimed at developing sustainability skills and mindset, achieved nearly 100,000 enrollees by end 2025. Every employee participating can become a certified sustainability champion for free.

Through our people-focused efforts, we earned a certification as a Great Place to Work for 2025 by the global authority on workplace culture, Great Place to Work®.

Our Valued Resources

Over the past 20 years as a listed company, we have built scale, resilience and relevance by effectively stewarding our key resources to create long-term value.

Manufactured Capital

As the Philippines continues to urbanize, with an estimated 84% of Filipinos expected to live in cities by 2040, SM aligns its developments with national urbanization priorities by building inclusive, resilient and sustainable urban centers.

Over the past decades, we have grown our footprint with 22 Integrated Property Developments and 89 malls that function as community, commercial and economic hubs. These developments are designed to enhance accessibility, generate employment and foster social cohesion.

Looking ahead, future Integrated Property Developments such as Pasay 360 reflect our long-term commitment to creating mixed-use environments that serve evolving national needs. With strong capitalization and expertise, we continue to build the foundation and steward assets that enable sustainable, multi-generational urban growth.

Intellectual Capital

The SM brand is one of the most recognized and well-loved brands in the Philippines, deeply embedded in everyday Filipino life. This trust and patronage are reflected in the scale of our physical and digital touchpoints, as millions of customers shop, dine and engage daily across our mall and retail network.

Complementing this brand equity is SMAC, one of the country's largest and longest-running loyalty programs with 11.5 million members. The launch of SMAC&SHOP marked an evolution of our digital capabilities, integrating malls, markets and retail brands to respond to changing consumer behavior and growing digital preferences.

Human Capital

Our people are at the heart of our growth. We foster an inclusive workplace anchored on meritocracy, equal opportunity and respect, supported by facilities that promote well-being. With an average employee tenure of 9 years, our workforce demonstrates strong engagement and pride in being part of a homegrown brand that continues to grow and evolve.

Across the Group, women comprise 64% of our workforce and 63% of leadership roles, reflecting our commitment to gender equity and senior leadership development. At the Board level, we continue to strengthen diversity and independence, reinforcing long-term stewardship and sound decision-making across the Group.

Social Capital

SM's growth is closely linked to the success of the communities and enterprises within our ecosystem. We support over 100,000 MSMEs through our retail and property platforms, providing accessible pathways for small businesses to participate in formal markets and grow.

We continue to support employment opportunities across our ecosystem. Through initiatives such as SM–DOLE (Department of Labor and Employment) Job Fairs, over 30,000 job seekers have been hired on the spot, supporting inclusive access to livelihood opportunities nationwide.

Through SM Foundation, we continue to invest in education, healthcare and livelihood development. To date, the Foundation has supported thousands of scholars and delivered extensive community health and disaster response initiatives, reinforcing SM's shared value approach.

Natural Capital

Environmental stewardship is integral to our long-term strategy. This is particularly important in a country that is one of the most at-risk from worsening environmental and climate impacts. We are committed to reducing our carbon footprint by 40% by 2040, supported by sustained investments in renewable energy, green infrastructure and responsible sourcing.

Our renewable energy journey spans large-scale rooftop solar installations across malls, progressing from SM's first solar-powered mall to the largest rooftop solar installation at SM City Fairview. Complementing this is our investment in geothermal energy through PGPC, supporting stable, low-carbon renewable energy production.

Customer-facing sustainability initiatives continue to scale. The Green Finds program, first launched by SM Store, now has over 29,000 SKUs, empowering consumers to make more sustainable choices.

We are also at the forefront of solutions to plastic waste, with reduced plastic use and recycling across our businesses, alongside investments in converting plastics into alternative fuel and other products via our joint venture with GUUN.

Financial Capital

SM's financial strength is anchored on disciplined capital allocation, prudent risk management and long-term value creation. From our 2005 PSE listing to today's access to global capital markets, we have steadily strengthened our balance sheet and funding flexibility.

At the Group level, we maintain conservative leverage, with net debt-equity at 30:70, even as we continue to invest in future growth. Our access to funding remains strong, supported by robust internal cash flow generation and diversified access to both local and international capital markets.

In 2024, SM Investments and SM Prime launched an EMTN program to further diversify funding sources. As of December 31, 2025, both companies had drawn USD850 million from the program —USD500 million in 2024 and USD350 million in 2025, both oversubscribed by over 3x, reflecting strong investor confidence.

As early adopters of IFRS Sustainability Disclosure Standards S1 and S2, we continue to integrate financial and sustainability considerations to support resilient growth and shared stakeholder value.

All our key businesses in retail, banking, property, logistics and renewable energy remain profitable and focused on developing greater scale to deliver long-term returns to shareholders.

How We Create Shared Value

Our Valued Resources

We take a synergistic approach in managing our assets to deliver sustained returns and foster sustainable development.

What We Do and How We Do It

We operate as an ecosystem, with our businesses working together to achieve shared goals in serving and meeting the aspirations of Filipinos. We prioritize our customers, practice financial prudence and ensure good governance while keeping an eye on the future.

Manufactured Capital

Integrated Property Developments
A unique mix of malls, residences, office buildings and hotels facilitating urbanization

Intellectual Capital

The SM Brand
The SM brand is one of the most popular and trusted brands in the country

Social Capital

Our Connection to Our Customers
We know our customers and we have a deep understanding of their needs and wants

Our Empowered People
We have a diverse group of people that mirror our diverse customers

Our Inclusive Supply Chain Network
Over the years, we have grown alongside our suppliers, forging enduring partnerships

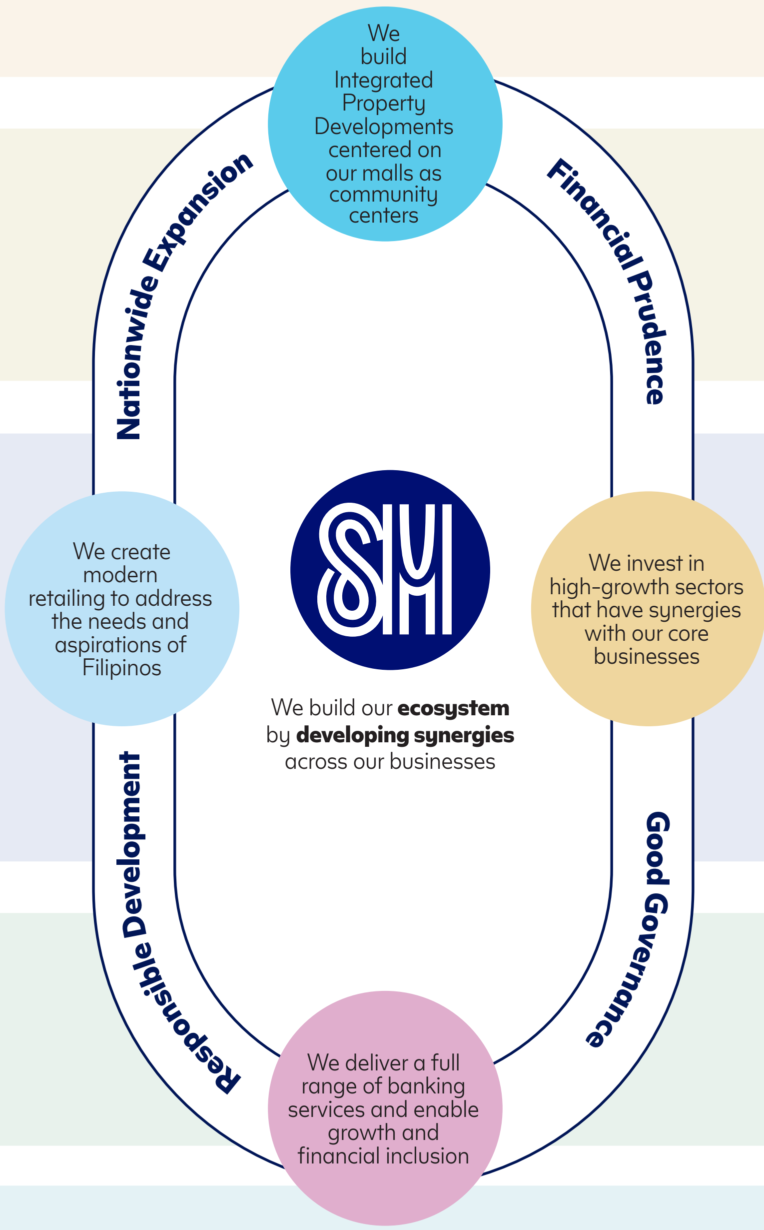
Our Relationship with Our Communities
Wherever we are present, we help uplift the lives of Filipinos in our host communities

Natural Capital

Geothermal Energy and Environmental Assets
We optimize our environmental assets to help in the just transition to low carbon economies

Financial Capital

One of the Largest Market Capitalizations in the Country
We maintain a strong balance sheet and adhere to prudent financial practices.



What's Important to You and What We Delivered

Positive Impact Created, Aligned with UN Sustainable Development Goals

Manufactured Capital

Future-ready developments that strengthen communities and urban growth

2 New Malls in the Philippines
1 New Mall in China
200,000 solar panels installed across 68 malls

We build future-ready urban spaces and resilient infrastructure:

- Newly opened SM City Laoag and SM City La Union expand access to modern retail and community spaces
- Expanded international footprint with SM City Jinan in China
- SM Supermalls reached 116 MW of installed renewable energy capacity

Intellectual Capital

Innovation and strong governance that enhance value and trust

- **SMAC**, the Philippines' leading retail loyalty program, now fully integrated into an all-in-one digital app, **SMAC&SHOP**
- **SM in Focus**, the Group's news channel created by broadcast journalist Rico Hizon, gained 100,000+ subscribers on YouTube in its first year
- Early adoption of **IFRS S1 and S2** sustainability disclosure standards

We advance innovation, responsible consumption and governance leadership:

- Expanded **Green Finds** to 29,000+ sustainable product SKUs
- Advanced waste reduction through SM Prime's **RDC (Reduce, Dispose, Compost)** campaign
- Recognized among **TIME Magazine's World's Best Companies** and **ASEAN Corporate Governance** Awardees

Social Capital

Employment, MSME growth and community upliftment at scale

- The SM ecosystem supports **100,000+ MSMEs** nationwide
- Employed **141,000+ people** across our businesses
- Hired 30,000 jobseekers on the spot through SM Job Fairs
- Advanced education, healthcare and livelihood programs through **SM Foundation**

We create opportunities, strengthen communities and promote inclusive growth:

- Enabled MSMEs to scale through access to markets and nationwide reach
- Supported employment generation across our value chain, including partners and host communities
- Expanded access to education, healthcare and livelihood opportunities in the communities we serve.

Natural Capital

Responsible environmental stewardship through renewable energy, waste reduction and climate action

- PGPC generated geothermal steam **equivalent to 2.5B kWh of electricity**
- Strengthened recycling initiatives through partnership with **GUUN**

We contribute to climate action and circular economy efforts:

- Reduced carbon emissions across operations, supporting our goal of a **40% reduction** in our carbon footprint **by 2040**
- Promoted circular waste practices and community participation

Financial Capital

Sustained performance creating long-term shareholder value

- Launched a **PHP60 billion share buyback program**
- EMTN program recognized by **IFR Asia** as Philippine Capital Market Deal of the Year
- Included in **Fortune's Southeast Asia 500**

We generate sustainable returns while strengthening partnerships and investor confidence:

- Delivered year-end consolidated revenues of **PHP681.7 billion** and net income of **PHP90.5 billion**
- SM Prime successfully issued the **second tranche of the EMTN program**, raising **USD350 million**
- Paid cash dividends rose by **44%** in 2025, following strong 2024 results

Our Leadership

Board of Directors

Seated from left to right:
Henry T. Sy, Jr. – Vice Chairman, Non-Executive Director; Teresita T. Sy – Vice Chairperson, Non-Executive Director;
Amando M. Tetangco, Jr. – Chairman of the Board, Independent Director; Harley T. Sy – Executive Director

Standing from left to right:
Lily K. Gruba – Independent Director; Marife B. Zamora – Independent Director;
Frederic C. DyBuncio – President and Chief Executive Officer; Ramon M. Lopez – Independent Director; Robert G. Vergara – Independent Director

Board Advisers

Seated from left to right:
Herbert T. Sy, Hans T. Sy, Gregory L. Domingo

Standing from left to right:
Tomasa H. Lipana, Roberto G. Manabat, Elizabeth T. Sy, Joseph Phi

Amando M. Tetangco, Jr.

Chairman, Independent Director

Filipino, 73, Male
Date of First Appointment: June 2023

Key positions in various companies:
- Chairman and Independent Director – SM Investments Corporation
- Vice Chairman and Independent Director – SM Prime Holdings, Inc.
- Independent Director – Converge ICT Solutions, Inc.
- Independent Director – Shell Pilipinas Corporation
- Director – Manila Hotel
- Director – Toyota Motor Philippines
- Trustee – St. Luke's Medical Center
- Trustee – Tan Yan Kee Foundation
- Trustee – Foundation for Liberty and Prosperity

Other previous key positions and appointments:
- Governor – Bangko Sentral ng Pilipinas (BSP)
    - Concurrent Chairman - Monetary Board
    - Concurrent Chairman - Anti-Money Laundering Council
    - Concurrent Chairman – Financial Stability Coordination Council
    - Concurrent Chairman – Philippine International Convention Center
    - Concurrent Vice Chair – Agriculture Credit Policy Council
    - Concurrent Member – Capital Markets Development Council
    - Concurrent Member – Export Development Council
- Deputy Governor – BSP, Banking Services Sector, Economic Research and Treasury
- Alternate Executive Director – International Monetary Fund, Washington, D.C.
- Management Services Division, SyCip Gorres Velayo (SGV) & Co.
- Philippine Representative - ASEAN Central Bank Forum; Executives' Meeting of East Asia and Pacific Central Banks; the South East Asia Central Banks, the South East Asia, New Zealand and Australia; and the Center for Latin American Monetary Studies.
- Governor for the Philippines - International Monetary Fund
- Alternate Governor - World Bank and the Asian Development Bank
- Chair of the Meeting of Small Open Economies - Bank for International Settlements (BIS)
- Chair - BIS Asian Consultative Council; the Financial Stability Board Regional Consultative Group for Asia; and the Alliance for Financial Inclusion Steering Committee

Relevant Educational background and other training:
- Honorary Degree of Doctorate in Management – Asian Institute of Management
- Master's Degree in Public Policy and Administration (Development Economics) – University of Wisconsin, Madison, Wisconsin, U.S.A.
- AB Economics Degree, cum laude – Ateneo De Manila University

Other Directorships in Reporting/Listed Companies
- SM Prime Holdings, Inc.
- Converge ICT Solutions, Inc.
- Shell Pilipinas Corporation

Other Information:
- Order of the Rising Sun, Gold and Silver Star – Emperor of Japan
- Multiple Recognition as one of the Best Central Bank Governors
- Management Man of the Year – Management Association of the Philippines
- Order of Lakandula with Rank of Bayani – President of the Philippines

Teresita T. Sy

Vice Chairperson, Non-Executive Director

Filipino, 75, Female
Date of First Appointment: May 1979

Key positions in various companies:
- Vice Chairperson – SM Investments Corporation
- Board Adviser – SM Prime Holdings, Inc.
- Chairperson – SM Retail Inc.
- Chairperson – BDO Unibank, Inc. (BDO)
- Chairperson/Director – BDO Private Bank, Inc.
- Chairperson/Director – BDO Foundation, Inc.

Relevant Educational background and other training:
- Bachelor of Arts and Bachelor of Science Degree in Commerce – Assumption College

Other Directorships in Reporting/Listed Companies
- BDO Unibank, Inc.

Henry T. Sy, Jr.

Vice Chairman, Non-Executive Director

Filipino, 72, Male
Date of First Appointment: May 1979

Key positions in various companies:
- Vice Chairman – SM Investments Corporation
- Chairman – SM Prime Holdings, Inc.
- Chairman – Synergy Grid & Development Phils., Inc.
- Chairman and Chief Executive Officer – SM Development Corporation
- Vice Chairman – National Grid Corporation of the Philippines

Relevant Educational background and other training:
- Management Degree – De La Salle University

Other Directorships in Reporting/Listed Companies
- SM Prime Holdings, Inc.
- Synergy Grid & Development Phils., Inc.

Harley T. Sy

Executive Director

Filipino, 66, Male
Date of First Appointment: May 1993

Key positions in various companies:
- Executive Director – SM Investments Corporation
- Director – China Banking Corporation and others within the SM Group
- Board Adviser – BDO Unibank, Inc.
- Board Adviser – BDO Private Bank
- Vice Chairman and Treasurer – SM Retail Inc.

Relevant Educational background and other training:
- Bachelor of Science Degree in Commerce, Major in Finance – De La Salle University

Other Directorships in Reporting/Listed Companies
- China Banking Corporation

Frederic C. DyBuncio

President and Chief Executive Officer

Filipino, 66, Male
Date of First Appointment: April 2017

Key positions in various companies:
- President and Chief Executive Officer – SM Investments Corporation
- Chairman – Atlas Consolidated Mining and Development Corporation

Relevant Educational background and other training:
- Master's Degree in Business Management – Asian Institute of Management
- Bachelor of Science Degree in Business Management – Ateneo de Manila University

Other Directorships in Reporting/Listed Companies
- Atlas Consolidated Mining and Development Corporation

Robert G. Vergara
Independent Director

Filipino, 65, Male
Date of First Appointment: April 2019

Key positions in various companies:
- Independent Director – SM Investments Corporation
- Independent Director – Metro Pacific Health, Inc.
- Independent Director – STI Education Systems Holdings, Inc.
- Independent Director – Philplans First, Inc.
- Independent Director – AIG Insurance Philippines, Inc.
- Chairman and Director – Cabanatuan Electric Corporation
- Director – Sea Crest Fund
- President – Vergara Advisory Management, Inc.

Other previous key positions and appointments:
- President and General Manager and Vice Chairman of the Board of Trustees – Government Service Insurance System (GSIS)
- Vice Chairman and Director – National Reinsurance Corporation of the Philippines
- Vice Chairman and Director – Manila Hotel Corporation
- Director – The Philippine Stock Exchange
- Director – Philippine Health Insurance Corporation
- Director – Philippine National Construction Corporation
- Director – Housing and Urban Development Coordinating Council
- Managing Director and Founding Partner - Cannizaro (Hong Kong) Limited
- Director – Lionhart (Hong Kong) Ltd.
- Principal – Morgan Stanley Asia Ltd.
- Managing Director – IFM Asia Ltd.

Relevant Educational background and other training:
- Master's Degree in Business Administration – Harvard Graduate School of Business Administration
- Bachelor of Science Degrees in Management Engineering and Mathematics, magna cum laude – Ateneo De Manila University

Other Directorships in Reporting/Listed Companies
- STI Education Systems Holdings, Inc.

Ramon M. Lopez
Independent Director

Filipino, 65, Male
Date of First Appointment: August 2022

Key positions in various companies:
- Independent Director – SM Investments Corporation
- Independent Director – AIC Group of Companies
- Independent Director – Monde Nissin Corporation
- Trustee and Vice Chairman – Valenzuela City Technological College (ValTech)
- Independent Director – New Marketlink Pharmaceuticals Corporation
- Independent Director – Pilmico Foods and Agribusiness Corporation
- Independent Director – Seedbox Securities Inc.
- Independent Director – Asian Consulting Group
- Chairman – Governing Board of the Economic Research Institute for ASEAN and East Asia (ERIA)
- Board Adviser – Packworks Venture PTE. LTD.
- Trustee – Bayan Family of Foundations

Other previous key positions and appointments:
- Secretary – Philippine Department of Trade and Industry
  - Concurrent Chairman – Board of Investments
  - Concurrent Chairman – Philippine Economic Zone Authority
  - Concurrent Chairman – Export Development Council
  - Concurrent Chairman – Anti-Red Tape Authority Advisory Council
  - Concurrent Chairman – Philippine International Trading Corporation
  - Concurrent Supervisor – Intellectual Property Office of the Philippines

Relevant Educational background and other training:
- Master's Degree in Development Economics – Williams College, Massachusetts U.S.A
- Bachelor's Degree in Economics – University of the Philippines School of Economics, Diliman Q.C.

Other Directorships in Reporting/Listed Companies
- Monde Nissin Corporation

Other Information:
- Philippine Innovation Man of the Year Award
- Presidential Award, Order of Sikatuna with a rank of Datu
- People of the Year – People Asia
- Presidential Medal of Merit
- "Lifetime Contributor of the Year Award" – The Asia CEO Awards

Lily K. Gruba

Independent Director

Filipino, 76, Female
Date of First Appointment: June 2024

Key positions in various companies:
- Independent Director – SM Investments Corporation
- Founding Partner – Gruba Caganda Advincula Melo & De la Fuente (formerly, Zambrano and Gruba)
- Director – Asia United Bank
- Director – Cosco Capital, Inc.
- Executive Director – Fr. Joaquin, SJ Institute for Continuing Legal Education
- Professor on Taxation Law, Mergers and Acquisitions and Local Government Finance and bar reviewer – Ateneo de Manila University School of Law

Other previous key positions and appointments:
- Undersecretary – Department of Finance
  - Concurrent Director – Philippine Economic Zone Authority
  - Concurrent Director – Overseas Workers Welfare Administration
- Philippine Bar examiner for Taxation Law and for Commercial Law

Relevant Educational background and other training:
- Bachelor of Arts in Psychology – University of Santo Tomas
- Bachelor of Laws Degree – Ateneo Law School
- Admitted to the Philippine Bar in 1977
- Master of Laws – Georgetown University Law Center, Washington, D.C.

Other Directorships in Reporting/Listed Companies
- Asia United Bank Corporation
- Cosco Capital, Inc.

Other Information:
- 100 Top Lawyers in the Philippines – Asia Business Law Journal
- Tax Lawyer of the year Nominee, Southeast Asia – Legal 500

Marife B. Zamora

Independent Director

Filipino, 73, Female
Date of First Appointment: April 30, 2025

Key positions in various companies:
- Independent Director – SM Investments Corporation
- Director – Smart Communications, Inc.
- Director – Digitel Philippines
- Director – MediaQuest Holdings Inc.,
- Chairman of the Board – WTW Insurance & Reinsurance Brokers Inc. Philippines
- Independent Director – Pru Life Insurance Corporation of U.K.
- Trustee – FTW (For The Women) Foundation
- Co-Founder of the Filipina CEO Circle

Other previous key positions and appointments:
- Director – PLDT Inc.
- Director – Cemex Holdings Phils. Inc.
- Trustee – Asian Institute of Management
- Trustee – ABS CBN Foundation Inc.
- Chairman – Convergys Philippines Services Corporation
- Managing Director – Convergys Corporation Asia Pacific, Europe, Middle East and Africa
- Country Manager – Convergys Philippines
- Managing Director – Headstrong Philippines Inc.
- Various Sales, Marketing and Management positions – IBM Philippines

Relevant Educational background and other training:
- Bachelor of Arts major in Math and History – College of the Holy Spirit
- Bachelor of Science Pre-Med – University of the Philippines
- Advance Management Program – Wharton Aresty Institute of Executive Education, University of Pennsylvania

Other Information:
- 3rd woman President and the 68th President – Management Association of the Philippines
- President – Philippine Software Association
- Vice President – American Chamber of Commerce of the Philippines
- Board Member – Contact Center Association of the Philippines
- President – UP Sigma Delta Phi Alumni Association
- Global Filipino Executive of the Year – Asia CEO Awards
- Woman STARpreneur Award – 'Go Negosyo'
- 100 Most Influential Filipino Women in the World – Filipina Women's Network
- Mariang Maya Award – UP Sigma Delta Phi
- Babae Trailblazer Award – Women's Business Council Philippines

Other Directorships in Reporting/Listed Companies: None

Corporate Governance

SM Investments Corporation (SMIC or the "Company") practices good corporate governance in all its dealings with all stakeholders, investors, business partners, creditors, customers and employees because SMIC believes that good corporate governance will provide the long-term growth, sustainability and success to the Company. SMIC's good corporate governance framework and practices are part of the Company's core values that are anchored on the principles of fairness, integrity, accountability, transparency and stakeholder engagement.

SMIC's various awards and recognition are identified in this report. We aim to create value in all our businesses we operate, not just with our customers, but, also, the communities and the environment to ensure sustainable growth and development.

The Board of Directors

SMIC's Board of Directors is at the helm of the organization's governance structure. The Company's directors possess the necessary qualifications, competencies and skills to effectively participate and help secure the achievement of the Company's vision, mission and corporate objectives. The Company adheres to a board diversity policy that ensures a diverse composition of Board of Directors, which assists in advancing SMIC's strategic objectives. By virtue of the said policy, the Company commits to having a diverse organization in terms of age, competency, experience, business background, ethnicity, culture, skill, knowledge and gender, among others. To monitor progress in achieving the Board's diversity, the relevant board committee utilizes a board matrix, which provides for the mix of attributes, skills, competencies, experience and affiliations the members of the Board currently possess vis-a-vis the needs to complement its existing composition. Both the board diversity policy and board matrix are posted on the Company website. The profiles of the Board of Directors are included in SMIC's annual reports including this report and the Definitive Information Statement as well as posted on the Company website.

SMIC's Board is composed of a majority of independent directors where five (5) of nine (9) highly qualified directors are independent directors including our Chairman of the Board. In accordance with the Company's Manual on Corporate Governance, the Board shall always have at least three (3) independent directors. Independent directors are directors that are free from management responsibilities, substantial shareholdings and material relations, which could be perceived to impede the performance of independent judgment. Independent directors are tasked to encourage impartial discussions at board meetings, monitor and provide feedback on Management's performance, and safeguard the interests of the Company's various stakeholders.

In addition to fostering the Company's culture of corporate governance, the Board is tasked to do the following in accordance with the Manual on Corporate Governance:

- Install a process of selection to ensure a mix of competent directors and officers.
- Determine the Company's purpose, vision, mission and strategies to carry out its objectives and review it annually, or sooner should the need arise.
- Oversee the development of and approve the Company's business objectives and strategy, and monitor Management's implementation of such.
- Ensure that the Company complies with all relevant laws, rules and regulations.
- Identify the Company's major and other stakeholders and formulate a clear policy on communicating or relation with them through an effective investors relations program.
- Adopt a system of internal checks and balances.
- Identify and monitor key risk areas and key performance indicators, and ensure that a sound Enterprise Risk Management framework is in place.
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.
- Ensure that an effective succession planning program for directors, key officers and management is in place.
- Ensure that each elected director, before assumption of office, be required to attend a seminar on corporate governance conducted by a duly recognized private or governance institution.
- Ensure that each director annually attend continuing education programs conducted by an accredited training provider of relevant government agencies.
- Ensure that directors with material interest in any transaction affecting the Company abstain from taking part in the deliberations for the same.
- Formulate and implement group-wide policies to ensure the integrity of related party transactions, especially those which pass certain thresholds of materiality, between and among the Company and its related companies, business associates, major shareholders, officers, directors and their spouses, children, dependent siblings and parents, and of interlocking director relationships.
- Ensure that the Company's Code of Ethics, which provides the standards for professional and ethical behavior, as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings, is properly disseminated to the Board, Management and employees, and is available to the public via the Company's website.
- Establish and maintain an alternative dispute resolution system to settle conflicts between the Company and its shareholders or other third parties, including regulatory authorities.

Board Performance and Attendance

Per our Manual on Corporate Governance, the Board should meet at least six (6) times annually. For the year 2025, there were nine (9) meetings conducted of which 100% attendance was achieved. The Board meetings are scheduled before the start of the financial year to encourage higher participation. Special board meetings may be called by the Chairman, the President or Corporate Secretary at the request of any two (2) directors. A director's absence or non-participation for whatever reason in more than 50% of all meetings, both regular and special, in a year may be a ground for temporary disqualification in the succeeding election. Furthermore, non-executive directors meet at least once annually without any executive directors or representatives of Management present, and also hold a separate meeting with the external auditors, likewise without executive directors or Management present.

2025 Meetings and Attendance		
Director	Meetings Attended	Percentage Present (%)
Amando M. Tetangco, Jr.	9/9	100
Teresita T. Sy	9/9	100
Henry T. Sy, Jr.	9/9	100
Harley T. Sy	9/9	100
Frederic C. DyBuncio	9/9	100
Robert G. Vergara	9/9	100
Ramon M. Lopez	9/9	100
Lily K. Gruba	9/9	100
Marife B. Zamora*	6/6	100

*Ms. Marife B. Zamora was elected on April 30, 2025 as Independent Director, replacing Ms. Tomasa H. Lipana. Ms. Lipana attended the Board meetings held on January 22, February 7 and 28, 2025.

Board Committees

To address specific tasks and responsibilities, the Board adopted six (6) board committees, namely the Executive Committee, the Audit Committee, the Related Party Transaction Committee, the Compensation Committee, the Risk Management Committee, and the Corporate Governance and Sustainability Committee.

Each committee has a Charter, which defines its composition, roles and responsibilities in line with the provisions found in the Manual on Corporate Governance and pertinent regulations. The Charters include administrative provisions on the conduct of meetings and proceedings, reportorial responsibilities and provide the standards for evaluation of the respective committee performance. The Charters are posted on the Company's website.

The Executive Committee

The Executive Committee is composed of both executive and non-executive directors and acts on behalf of the Board during the interim periods between Board meetings. The Committee meets, at least, on a monthly basis to assist the Board in overseeing the implementation of strategies, set and monitor the Company's performance goals and foster the sharing and dissemination of best practices in all areas of the business group. The Executive Committee also defines the group-wide policies and action, relating to sustainable development, including environment, health and safety, internal communications, innovation and research and technology and purchasing.

Executive Committee	
Office	Name
Chairperson (NED)	Teresita T. Sy
Member (ED)	Harley T. Sy
Member (ED)	Frederic C. DyBuncio

The Audit Committee

The Audit Committee exercises the Board's oversight of the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws, rules and regulation. The Committee pursuant to its Charter, and so authorized by the Board, also recommends and evaluates the performance of the external auditor. The Committee is composed of four (4) non-executive and independent directors, including the Chairperson. Its members possess relevant background, knowledge, skills and experience in areas of accounting, audit and finance.

The Committee meets at least four (4) times during the year. The Chairperson of the Audit Committee, Atty. Lily K. Gruba, does not serve as the chairperson of any of the other board committees. More information on the Committee's activities are discussed in the Audit Committee Report included in this report.

Audit Committee						
2025 Meetings and Attendance						
Office	Name	2/26	2/28	5/5	8/4	11/10
Chairperson (ID)	Lily K. Gruba*	✓	✓	✓	✓	✓
Member (ID)	Ramon M. Lopez	✓	✓	✓	✓	✓
Member (ID)	Amando M. Tetangco, Jr.	✓	✓	✓	✓	✓
Member (ID)	Marife B. Zamora**	-	-	✓	✓	✓

*Atty. Lily K. Gruba was appointed as Chairperson of the Audit Committee on April 30, 2025. Ms. Tomasa H. Lipana served as the Chairperson until April 30, 2025 and attended the Audit Committee meetings held on February 26 and February 28, 2025.

** Ms. Marife B. Zamora was elected on April 30, 2025 as an Independent Director.

The Related Party Transaction Committee

The Related Party Transaction Committee reviews all material related party transactions of the Company and ensures that said transactions are conducted reasonably and at arms' length. The Committee is composed of three (3) non-executive and independent directors, including the Chairman. The disclosure on the details of related party transactions including name, relationship, and nature, among others, are in Note 21 of the Notes to the Consolidated Financial Statements.

Related Party Transaction Committee			
2025 Meetings and Attendance			
Office	Name	2/26	10/15
Chairperson (ID)	Ramon M. Lopez	✓	✓
Member (ID)	Robert G. Vergara	✓	✓
Member (ID)	Marife B. Zamora*	-	✓

*Ms. Marife B. Zamora was elected as an Independent Director on April 30, 2025, replacing Mr. Amando M. Tetangco, Jr. (ID) as a member of the Related Party Transactions Committee. Mr. Tetangco attended the committee meeting held on February 26, 2025.

The Compensation Committee

The Compensation Committee is tasked with the oversight of policies on salaries and benefits, as well as promotions and other forms of career advancement. The Committee is composed of three (3) non-executive directors, two (2) of whom are independent directors, and meets at least twice during the year.

Compensation Committee			
2025 Meetings and Attendance			
Office	Name	4/30	11/10
Chairperson (NED)	Teresita T. Sy	✓	✓
Member (ID)	Amando M. Tetangco, Jr.	✓	✓
Member (ID)	Lily K. Gruba	✓	✓

Board Remuneration

The annual compensation paid to each director is disclosed annually in the Definitive Information Statement sent to shareholders as publicly disclosed and posted on the Company website, together with the Notice of the Annual Stockholders' Meeting. Each member of the Board received PHP5.4 million for the year 2025 except for any outgoing and newly elected Director whose remuneration is pro-rated. As such, Ms. Marife B. Zamora received PHP3.6 million for the year 2025 as she was elected as Independent Director on April 30, 2025.

There is no distinction on the fee for a committee chairman and member. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus, or other forms of emoluments. As part of the Code of Ethics, grants or loan arrangements extended to Directors and Officers by the Company and/or its subsidiaries and/or affiliates are prohibited unless covered by the requisite approval from the Board of Directors and are done at arms' length and at fair market rates. No director shall be involved in deciding his own remuneration during his incumbent term. Any change in the remuneration structure of directors shall be subject to the approval by the Company's stockholders during the stockholders' meeting.

The Risk Management Committee

The Risk Management Committee is responsible for the oversight of the Company's Enterprise Risk Management (ERM) system. The Committee is composed entirely of non-executive and independent directors, including the Chairman. Per the Committee's charter, at least one (1) of its members must have relevant knowledge and experience on risk and risk management. The Committee Chairman, Mr. Robert G. Vergara does not serve as the chairman of any of the other board committees.

Risk Management Committee			
2025 Meetings and Attendance			
Office	Name	8/4	11/10
Chairperson (ID)	Robert G. Vergara	✓	✓
Member (ID)	Amando M. Tetangco, Jr.	✓	✓
Member (ID)	Lily K. Gruba	✓	✓
Member (ID)	Marife B. Zamora*	✓	✓

*Ms. Marife B. Zamora was elected as Independent Director and appointed as a member of the Risk Management Committee on April 30, 2025.

The Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability Committee is tasked to assist the Board in its corporate governance and sustainability-related responsibilities, such as but not limited to, economic, environmental, social and governance (EESG) matters, climate change, Anti-Money Laundering Act, information technology, risk and social impacts related to sustainability reporting. The Committee also performed the review and evaluation of the qualifications of all candidates nominated to the Board of Directors, and those nominated to positions that require Board approval under the Company's By-Laws. The Committee is composed entirely of non-executive and independent directors.

Corporate Governance and Sustainability Committee				
2025 Meetings and Attendance*				
Office	Name	2/26	3/14	8/4
Chairperson (ID)	Amando M. Tetangco, Jr.	✓	✓	✓
Member (ID)	Ramon M. Lopez	✓	✓	✓
Member (ID)	Robert G. Vergara	✓	✓	✓
Member (ID)	Lily K. Gruba	-	✓	✓

*Ms. Tomasa H. Lipana served as an Independent Director and a member of the Corporate Governance and Sustainability Committee until April 30, 2025. She attended meetings held on February 26 and March 14, 2025.

Nomination and Election of Directors

SMIC complies with applicable law and relevant rules and regulations set forth by the Securities and Exchange Commission (SEC), among other regulatory agencies, for the nomination of candidates for election to its Board of Directors. The procedure for nomination of directors is identified in the Company's Definitive Information Statement. The Corporate Governance and Sustainability Committee reviews and qualifies the nominees for election to the Board of Directors at the Company's Annual Stockholders' Meeting (ASM). All nominations for directors submitted in writing to the Corporate Secretary within the set nomination period are considered valid. All shareholders, including minority shareholders, are entitled to be notified of the schedule and other details of the ASM for the election of board of directors and are entitled to vote as such. Elected directors hold office for one (1) year until their successors are elected pursuant to SMIC's By-Laws. When searching for candidates for the Board of Directors, the Company engages the services of professional search firms and/or other external sources, such as director databases set up by director or shareholder bodies.

The Corporate Governance and Sustainability Committee reviews the qualifications of all nominee directors from the pool of candidates submitted by the nominating shareholders. The Manual on Corporate Governance prescribes the following qualifications to be a director of the Company:

- Holder of at least one (1) share of stock of the Corporation;
- Shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- Shall be at least twenty-one (21) years old;
- Shall be proven to possess integrity and probity;
- Shall be diligent, hardworking and reputable;

- Shall be proven to possess the appropriate level of skill and experience in line with the strategic plans and goals of the Company; and
- In addition to the qualifications for membership in the Board required in relevant laws, the Board may provide for additional qualifications which may include practical understanding of the Company's business, membership in good standing in relevant industry, business or professional organizations, and previous business experiences.

The Corporate Governance and Sustainability Committee also determines the number of directorships which a member of the Board may hold simultaneously with their SMIC board seats. No individual independent director holds more than five (5) directorships in other publicly listed companies. No executive director serve on more than two boards of listed companies outside the Group.

In addition to the aforementioned qualifications, the Corporate Governance and Sustainability Committee also identifies qualifications of directors that are aligned with the Company's strategic direction. Likewise, the Committee ensures that those nominated to the Board possess all the qualifications and none of the disqualifications provided in the Manual on Corporate Governance, applicable law and regulations. Further to this, the Committee ensures that nominees have attended an orientation or training program related to corporate governance before assuming office pursuant to pertinent regulatory requirements. The committee also recommends continuing education/ training programs for directors and key officers with training providers that are duly accredited by the SEC.

Training and Continuing Education Program

In 2025, members of the Board of Directors participated in various corporate governance seminars and training programs. On July 25, members of the Board of Directors attended a seminar organized by BDO Unibank, Inc. On October 3, members of the Board of Directors and key officers participated in a corporate governance seminar conducted by the Institute of Corporate Directors (ICD). Attendance of the SMIC Board of Directors and key officers to these SEC-accredited seminars and training programs are disclosed.

Evaluation of the Board

Through the Corporate Governance and Sustainability Committee, the Board conducts an annual performance evaluation of the collective Board, Board Committees, individual directors, the Company's Chairman of the Board, President and selected officers. The evaluation criteria are based on the duties and responsibilities of the Board of Directors, Board Committees, individual directors, Chairman of the Board, President and the heads of the control functions (Chief Audit Executive, Chief Risk Officer and Chief Compliance Officer) as provided for by SMIC's By-Laws, Manual on Corporate Governance and respective Board Committee Charters.

Directors are asked to rate the annual performance of the respective bodies and individuals, as well as identify areas for improvement, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings, their accessibility to Management, the Corporate Secretary and Board Advisors as well as training/ continuing education programs or any other forms of assistance that they may need in the performance of their duties. The Board then reviews the results of the evaluation and agree on action plans to address the issues raised. The forms used for the evaluation may be viewed via the Company's website. Board evaluation is also discussed in the Company's Definitive Information Statement. Every three (3) years, the annual board evaluation is conducted by a third-party facilitator.

CORPORATE GOVERNANCE RELATED POLICIES

SMIC regularly reviews and enhances its Manual on Corporate Governance, Code of Ethics, and other corporate governance related policies and programs to promote the continued development of its corporate governance culture. All corporate governance related policies and information are available to the public through the Company's website at www.sminvestments.com.

The Manual on Corporate Governance

The Manual on Corporate Governance sets out the principles and practices of good corporate governance adopted by the Company. It addresses matters relating to the Board of Directors and Management, and includes the Company's policies on disclosure and transparency, as well as requirements for communication and corporate governance training programs. The Manual also outlines the rights of stakeholders and the protection of the interests of minority stockholders. There have been no deviations from the Manual since its adoption. SMIC confirms that the Company, its directors, officers, and employees have complied with applicable laws and relevant regulations, including the SEC Code of Corporate Governance and the governance principles set out in the Manual, and remains committed to the continuous review and improvement of its corporate governance practices.

The Code of Ethics

SMIC's Code of Ethics provides the Company with the backbone for its culture of corporate governance. All directors, officers and employees are required to adhere to the Code in the performance of their duties and responsibilities. The Code highlights the importance of integrity in all the dealings with investors, creditors, customers, contractors, suppliers, regulators, co-employees, and the Company's other various stakeholders. It also highlights the Company's duties to its employees, shareholders, and the importance of corporate social responsibility.

The Company ensures compliance with the Code of Ethics through the collaboration of its Human Resources (HR) Group and the Governance, Risk and Compliance (GRC) Team. The Code is part of the Company's basic orientation training program to ensure that all employees and stakeholders are informed and that the principles, standards and practices therein are implemented. Implementation is further monitored by the HR Group. It shall receive reports of violation and ensure the proper handling and resolution thereof. Company policies are also aligned with provisions of the Code as applicable. The Code is reviewed at least annually to ensure that provisions therein remain up-to-date and relevant pursuant to applicable law and pertinent regulatory requirements.

The Sustainability Policy

SMIC is committed to and complies with all applicable laws and regulations in all aspects of its operations pertaining to human and labor rights and environmental responsibility. It also aims to minimize the Company's risks and impacts through the development of a robust and documented system of implementation, measurement, monitoring, dissemination, and evaluation of globally accepted standards of social development and environmental sustainability performance both within its scope of operations and to the broader community. The Company is focused on enhancing the sustainability of its business ecosystem and is actively addressing the climate adaptability and mitigation of its businesses. The sustainability policy is complemented by a Sustainability Management System with operating policies and implementing procedures on 11 material topics that include, among others, climate action, resource management, sustainable supply chain and equal opportunity. Management performance is linked to sustainability metrics. SMIC's sustainability policy, management system and programs are discussed further in the SMIC Sustainability Report and the SMIC Sustainability Notes aligned with the International Financial Reporting Standards (IFRS) S1, S2 and Global Reporting Initiative (GRI). All of these are publicly accessible through the Company website.

Other CG Related Policies	Brief Description
Insider Trading Policy	Directors, officers and employees are prohibited from trading in SMIC shares during the period within which a material non-public information (MNPI) is obtained, five (5) trading days before and two (2) trading days after the disclosure of any material, stock price-sensitive information. The GRC Team issues reminders of the trading restriction period or the "blackout period", before the release of financial reports or the disclosure of other material information to ensure compliance with the Policy, the Securities Regulation Code Rule 68, applicable law and other relevant regulatory issuances. Covered persons are prohibited from trading the Company's shares for as long as they possess MNPI until such information has been publicly disclosed. All covered persons stated in the Policy are required to report their dealings in company shares within three (3) business days of the transaction for proper and timely disclosure.
Related Party Transactions Policy	SMIC discloses in detail the nature, extent and all other material information on transactions with related parties in the Company's financial statements and quarterly and annual reports. The Company ensures that its related party transactions are conducted at fair market prices and at arms' length. The full policy may be found in SMIC's website and describes the process by which the Company handles its related party transactions, particularly those that cross the Company's materiality threshold.

Other CG Related Policies	Brief Description
Conflict of Interest Policy	SMIC's Conflict of Interest Policy defines a conflict of interest as a situation wherein a director, officer or employee has or appears to have a direct or indirect personal interest in any transaction, which may deter or influence him/ her from acting in the best interests of the Company. Any director, officer or employee involved in an actual or potential conflict of interest is required to immediately disclose annually said conflict to the Company.
Guidelines on Gifts/Hospitality/ Entertainment/ Anti-corruption	Based on the provisions of the Code of Ethics, SMIC's directors, officers and employees are prohibited from soliciting or accepting gifts, hospitality, and/ or entertainment in any form from any business partner. The term gift covers anything of value, such as but not limited to cash or cash equivalent. The guidelines provide exceptions such as corporate giveaways, tokens or promotional items of nominal value. In the same manner, accepting travel sponsored by any current or prospective business partner is prohibited.
Guidelines on Placement of Advertisements	SMIC issued a policy to prohibit the placement of advertisements in publications that solicit for such ad placement prior to the release of the official results of an awarding process conducted by the publication and where an SM company or director, officer or employee is one of the nominees vying for the award. SMIC may consider placing advertisements in such publications as part of its overall marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to an SM company or director, officer or employee.
Whistleblowing Policy	Under SMIC's whistleblowing policy, whistleblowers may accomplish and submit a report through the dedicated whistleblowing platform managed by an independent third party provider. Concerns reported may include, among others, suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable law or regulation, and any act that may damage the Company's reputation. Investigation is subject to due process and applicable penalties and sanctions thereafter. Furthermore, the policy invokes a "No Retaliation" section for reports made in good faith. Requests for anonymity shall be honored, provided that such anonymity does not conflict with legal obligations and necessary actions for the purpose of resolving the reported concern/s.

Other CG Related Policies	Brief Description
Policy for Vendor Selection and Purchase of Goods and Services	Existing and potential vendors and suppliers are required to conform to the Company's Code of Ethics as a pre-requisite for the accreditation process.
Alternative Dispute Resolution System	Ensures that the Company maintains an alternative dispute resolution system to settle conflicts between the Company and its stockholders or other third parties, including regulatory authorities.
Human Rights Policy	SMIC respects and promotes human rights in accordance with the International Bill of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. We are committed to the principles that all persons should be treated with respect.
Anti-Bribery and Anti-Corruption Policy	SMIC is committed to conducting business in an ethical and honest manner. The Company is committed to acting professionally, fairly, and with integrity in all its business dealings and relationships.
Anti- Discrimination and Anti-Harassment Policy	SMIC is committed to providing a working environment that is safe and free from harassment (including sexual harassment) for all its employees and will not tolerate any form of behavior that is based upon an individual's sex, sexual orientation, race, ethnicity, national origin, age and religion.
Operational Health and Safety Policy	SMIC is committed to the protection of health, safety and wellbeing of all members of the organization including its subsidiaries. The Company strives to promote a strong and sustainable culture that will facilitate the awareness of risk and the prevention of injury and illness.
Privacy Policy	SMIC collects, processes, and stores data subjects' personal data when they use its services, websites, applications, attend events, apply for jobs, or enter into contracts, with their consent. This privacy policy explains how data subjects' personal information is collected, used, and protected.
Succession Planning Policy	Part of the duties and functions of the Board of Directors is to ensure that an effective succession planning program for directors, key officers, and management is in place to support the long-term success of SMIC. The succession plan covers all levels of the organization including key management positions and the President and CEO. HR, in consultation with management and the Board, develops and monitors the internal talent pool for capacity building and matches the identified employees with the potential roles for which they can be trained. HR shall also have access to external sourcing as the Company deems necessary. HR initiates the exercise of identifying potential successors within the organization and determine their readiness to assume greater responsibilities prior to the incumbent's separation or retirement. As such, the internal talent pool may include "ready now" and "future" successors based on performance and potential assessments, skills-based evaluation, 360-degree feedback, and other activities used to identify the successors. Learning and training programs (in-house and external) shall be made available to all employees to ensure business continuity in leadership and minimize disruption in daily operations, as applicable.

Visit SMIC's Corporate Governance webpage to learn more about the Company's policies and other corporate governance initiatives.

ERM FRAMEWORK AND PROCESS

At SMIC, Enterprise Risk Management (ERM) actively supports sustainable growth and long-term value creation by embedding a disciplined and integrated risk management approach across the organization. Anchored in prudent risk management principles, the ERM framework strengthens governance, enhances strategic execution, and reinforces resilience in an increasingly complex and dynamic business environment.

SMIC's ERM framework directly supports the Group's strategy of market leadership and continuous innovation. Through a structured process that systematically identifies, assesses, manages, and monitors risks within a defined risk appetite, the framework enables the organization to navigate evolving business conditions while capitalizing on emerging opportunities. Continuous monitoring and periodic evaluation ensure the framework remains effective, adaptive, and aligned with strategic priorities.

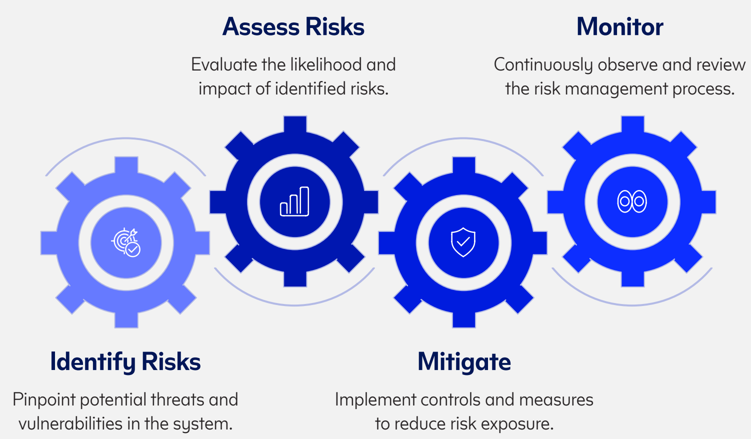
Risk management is embedded into annual planning, investment gating, capital allocation, procurement processes, project approvals, and change management initiatives. By integrating risk considerations into decision-making processes across business units and the broader SM Group, SMIC enhances informed decision-making, strengthens operational discipline, and supports sustainable success in a consumer-driven economy.

In 2025, SMIC further enhanced its ERM framework to respond to evolving organizational needs and the increasingly complex global risk landscape. The updated framework aligns with **ISO 31000:2018 Risk Management Guidelines and the COSO Enterprise Risk Management (2017) Framework.**

This dual alignment reinforces comprehensive integration of risk management across the Group through:

Leadership Alignment and Governance Commitment	**Integrated Strategy and Objective Setting**
Design and Effective Implementation	**Performance Evaluation and Continuous Improvement**

SMIC's risk assessment process begins with systematic identification of relevant risks, encompassing strategic, operational, financial, technological, geopolitical, ESG, and emerging risks. Risks are evaluated based on likelihood, financial and non-financial impact, velocity, and potential interdependencies. Prioritized risks form the basis for mitigation strategies, action plans, and continuous monitoring. This structured approach enhances resilience while enabling the Group to respond proactively to both risks and opportunities.



Roles and Responsibilities in Enterprise Risk Management

Risk management at SMIC is a shared responsibility embedded across all organizational levels, from the Board of Directors to operational units. This structure integrates risk awareness and accountability into our corporate governance, fostering resilience and sustainable growth.

Board of Directors

The Board of Directors, through the RMC, holds ultimate responsibility for overseeing SMIC's Enterprise Risk Management framework. They approve the Group's risk appetite and monitor key risk exposures and mitigation strategies. Regular updates affirm the adequacy and integrity of internal controls and risk management systems.

Management and Chief Risk Officer

The CRO leads and coordinates the Group's ERM process, integrating risk management into operational processes and strategic initiatives. The CRO supports the Board and RMC by reporting major risks and mitigation strategies bi-annually. Responsibilities are delegated to risk owners, ensuring operational risk management within their respective areas.

Internal Audit

Internal Audit (IA) provides independent assurance on the effectiveness of the Group's governance systems, risk management processes, and internal controls. Operating independently, IA evaluates mitigation measures and the integrity of control frameworks. An annual attestation is issued, with control deficiencies and emerging risks reported directly to the Audit Committee.

This three-line-of-defense structure reinforces SMIC's commitment to sound governance and enterprise-wide risk accountability.

Key Risks and Opportunities

SMIC's comprehensive enterprise-wide risk assessment identifies key exposures across ESG, geopolitical, macroeconomic, human capital, technology, strategic, and financial domains. These risks are managed within established risk appetite thresholds and are evaluated not only for their potential adverse impact but also for the strategic opportunities they may present.

Geopolitical and Country Risk

Operating in a dynamic global environment exposes SMIC to geopolitical tensions, evolving regulatory frameworks, trade restrictions, foreign investment controls, and policy changes across jurisdictions. Political instability, regulatory shifts, and cross-border capital constraints may impact operations, supply chains, investment flexibility, and asset valuations.

Mitigation: SMIC mitigates these risks through geographic diversification, continuous monitoring of regulatory developments, country risk assessments integrated into investment decisions, and scenario analysis to evaluate potential disruptions.

Opportunity: Global supply chain realignment and regionalization trends present opportunities for strategic investments in domestic capacity expansion, infrastructure development, and sectors benefiting from localization initiatives.

Macroeconomic and Inflation Risk

Macroeconomic volatility, including inflationary pressures, interest rates and currency fluctuations, and potential economic slowdown, may affect consumer demand, operating margins, asset valuations, and financing costs.

Mitigation: SMIC manages these exposures through prudent financial policies, diversified funding sources, liquidity buffers, and stress testing integrated into capital planning and portfolio management. Continuous monitoring of macroeconomic indicators supports informed capital allocation decisions.

Opportunity: Periods of market dislocation may create attractive entry valuations for long-term investments. Strong balance sheet management positions SMIC to deploy capital countercyclically when strategic opportunities arise.

Human and Talent Risk

The Group's ability to execute its strategy depends on attracting, developing, and retaining high-quality talent. Competitive labor markets, leadership succession challenges, and evolving workforce expectations may impact operational effectiveness and innovation capacity.

Mitigation: SMIC addresses these risks through structured succession planning, leadership development initiatives, performance-aligned incentives, employee engagement programs, and investments in digital upskilling. Risk ownership at business unit level ensures continuity of key roles and knowledge transfer.

Opportunity: A strong talent strategy enhances innovation, strengthens execution capability, and supports long-term competitive advantage.

ESG and Sustainability Risks

SMIC manages environmental, social, and governance risks through structured sustainability oversight and coordination with the ERM function. Key exposures include Climate Physical Risks, Climate Transition Risks, Customer and Community Safety Risks, and broader reputational considerations.

Mitigation: Mitigation measures include updates to Business Continuity and Disaster Recovery Plans (BCP/DRP), enhanced insurance coverage, sustainability governance oversight, and resource efficiency initiatives embedded in daily operations. The Sustainability Team regularly reports progress on the Group's sustainability roadmap to the Steering Committee, with relevant updates provided to the Board through the Corporate Governance and Sustainability Committee. Close coordination with the CRO ensures enterprise-wide integration.

Technology and Cyber Risk

SMIC proactively manages technology risks, including cybersecurity threats, system vulnerabilities, technology obsolescence, and emerging AI-related risks such as model governance and deepfake threats.

Mitigation: To strengthen digital resilience, SMIC has established an IT Council, AI Council, and Information Security Council. These bodies foster collaboration, establish best practices, and oversee the implementation of a comprehensive cybersecurity control framework. Regular vulnerability assessments, penetration testing conducted through third-party engagements, and tabletop exercises form part of the Group's BCP/DRP program. Continuous monitoring enhances threat detection and response capabilities.

Opportunity: Strategic adoption of digital technologies and AI enhances operational efficiency, data-driven decision-making, and innovation capacity.

Financial and Capital Allocation Risk

SMIC diligently manages liquidity, market, refinancing, and capital allocation risks. Volatility in capital markets may affect funding access and cost of capital.

Mitigation: The Group mitigates these risks through diversified funding sources, disciplined leverage management, continuous monitoring of capital markets, and structured investment governance processes. Performance and capital allocation risks are assessed to ensure optimal deployment of resources aligned with strategic objectives.

Opportunity: Strong financial discipline enhances resilience and enables the Group to capitalize on strategic growth opportunities during periods of market volatility.

Strategic Execution Risk

Effective execution of strategic initiatives, integration of investments, and alignment between growth objectives and risk appetite are critical to long-term performance.

Mitigation: SMIC employs disciplined investment approval processes, project gating mechanisms, and post-investment performance monitoring to ensure accountability and value realization.

Management Commitment

SMIC's integrated approach to enterprise risk management reflects its commitment to safeguarding operations, strengthening governance, and delivering sustainable value for stakeholders. By embedding risk awareness across all levels of the organization and aligning risk management with strategy, capital allocation, and sustainability objectives, the Group enhances resilience while positioning itself to capture emerging opportunities in a rapidly evolving business landscape.

DISCLOSURE AND TRANSPARENCY

SMIC ensures that its stakeholders receive timely and accurate information on all facets of its business through its website and disclosures. SMIC's website has a separate corporate governance section that has subsections where its policies, programs and other relevant developments may be found. The Company also ensures that shareholders are provided with periodic reports that include relevant information on its directors and officers and their shareholdings and dealings with the Company.

SMIC regularly discloses its top shareholders and its beneficial owners who own more than 5% of its shares. Shareholdings of directors and senior management are disclosed in the Definitive Information Statement sent to shareholders prior to the Annual Stockholders' Meeting.

The Company also uses non-financial performance indicators discussed in this report.

The Investor Relations Department

SMIC's Investor Relations (IR) Department is the main avenue of communication and engagement between the Company and its various stakeholders, including minority shareholders. The IR Department engages its stakeholders, through a range of activities such as, but not limited to, quarterly earnings briefings, site visits, participation in investor conferences, annual roadshows, press releases, and timely company disclosures. SMIC holds analysts' briefings, media briefings and press conferences throughout the year and shares presentations presented therein through the company website. In 2025, the IR Department and senior management conducted roadshows across Asia and in the UK. The SMIC IR Department also coordinates stakeholder engagement activities with the different IR departments of the Company's subsidiaries and affiliates to maximize impact and align messaging. SMIC's various stakeholders may reach out to the Company for information or details on the Company, its operations, directors and/ or officers, to provide feedback and/or make other relevant suggestions/recommendations to the Company:

Investor Relations Department
10/F OneE-Com Center
Ocean Drive, Mall of Asia Complex
Pasay City, 1300 Philippines
ir@sminvestments.com

The Annual Stockholders' Meeting

The Annual Stockholders' Meeting (ASM) provides SMIC shareholders, including minority shareholders, the opportunity to raise concerns, give suggestions, and vote on relevant items set forth in the agenda. SMIC releases its ASM notice at least 28 days before the schedule of the meeting in accordance with applicable law and regulatory issuances and requirements, which includes detailed agenda items, rationale thereof, meeting date, venue and time, proxy validation and other relevant schedules, among others. Voting methods, including real time secure electronic voting in absentia, are clearly defined and explained in accordance with pertinent regulatory requirements and CG standards. Stockholders may vote by personally attending the meeting or through their proxies, or *in absentia* and pre-cast their votes through the Company's secure online voting facility for the ASM. The detailed discussion of stockholders' voting rights and voting procedures are disclosed before the ASM through the Definitive Information Statement alongside the "Guidelines for Remote Participation and Voting in *Absentia*" appended thereto.

Under the Company's By-Laws and Manual on Corporate Governance, and in accordance with applicable law and pertinent regulations, shareholders may cumulatively vote for the election or replacement of members of the Board of Directors. Prior to the ASM, shareholders are furnished a copy of the annual report, including financial statements, the Definitive Information Statement, and all relevant information about matters to be taken up during the meeting. Furthermore, the Company appoints an independent party to count and validate the tabulation of votes at the ASM.

Minutes of the ASM are posted on the Company's website immediately following the ASM. Such record the agenda items and resolutions made during the meeting, that shareholders were given the opportunity to ask questions, which were addressed and answers were recorded, among other pertinent information pursuant to SEC regulations and other regulatory issuances. To ensure that all shareholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairpersons and Members, Management, the Corporate Secretary, Compliance Officer, Internal Auditor and the External Auditors are always present during the ASM.

RIGHTS, ROLES AND PROTECTION OF STAKEHOLDERS

Based on its Manual on Corporate Governance, Code of Ethics and other relevant rules, laws and regulations, SMIC is required to recognize and protect the rights and interests of its key stakeholders, namely its shareholders, employees, customers, business partners, creditors, as well as the communities it operates in and the environment.

Rights of Shareholders

SMIC's Manual on Corporate Governance also protects the rights of shareholders, which include, among others, shareholders' appraisal right and right to vote, inspect corporate books and records, gain access to material information and receive equitable share of the Company's profits.

The exercise of a shareholder's voting right is encouraged by SMIC to ensure meaningful participation in all ASMs and, if any, special meetings. Voting procedures are provided in the Company's Definitive Information Statement distributed to shareholders prior to the meetings. Shareholders maintain the right to receive dividends subject to the discretion of the Board. They may exercise their appraisal right or the right to dissent and demand payment of the fair value of their shares in accordance with the Corporate Code. Minority shareholders are given the right to propose the holding of a meeting as well as the right to propose items in the agenda of the meeting, provided that the items are for legitimate business purposes and in accordance with the law, jurisprudence and best practice. Minority shareholders are also given access to information relating to matters for which Management is accountable.

Dividend Policy

The Company adopts a dividend policy designed to provide shareholders with sustainable return while preserving financial flexibility to support long-term growth and value creation. The Board determines the dividend payout taking into consideration the Company's operating results, cash flows, capital investment needs, and overall financial position. The Board also seeks to maintain an appropriate balance between distributing returns to shareholders and retaining sufficient resources for future development and prudent risk management.

Dividend decisions are made on a case-by-case basis and remain subject to the discretion and approval of the Board, considering prevailing business and economic conditions.

Dividends, when declared, shall be paid within thirty (30) days from the date of declaration.

In accordance with the Company's dividend policy, SMIC aims to provide returns to shareholders while maintaining a prudent balance between dividend distributions and the requirements of long-term growth, financial flexibility, and ongoing business commitments. Dividend declarations are determined by the Board, taking into account earnings performance and other relevant considerations. In 2025 and 2024, the Company declared and paid dividends of PHP15,972.1 million and PHP10,998.2 million, respectively, representing 73% and 60% of the prior year's earnings of the SMIC Parent Company. Further information on the Company's dividend policy and dividend declarations is set out in the Definitive Information Statement.

Employee Welfare and Remuneration Philosophy

SMIC strives to be an employer of choice and provides for the health, safety and welfare of its employees. Through the efforts of its Human Resources Department (HRD), the Company has established policies and programs that promote a safe and healthy work environment that caters to all cultures and creeds and encourages employee development and growth.

SMIC encourages good health and wellness through its various sports and fitness programs. There are courts and fitness facilities in the workplace the employees can use and participate in HRD supported sports and wellness activities. Work from home as flexible work arrangement is also implemented for the health and safety of the employees. SMIC provides a fully functioning clinic and employs the services of a 24-hour roving ambulance service in case of an emergency.

The Company continues to conduct seminars and various learning sessions via online platform throughout the year in accordance with its Training and Development Policy.

Remuneration is structured to align with corporate performance, shareholder interests, and long-term value creation. It consists of fixed components that may include base pay, allowances and company-provided benefits, among others, alongside short-term and long-term incentives as variable components, which are linked to measurable performance indicators such as financial results, strategic goals and leadership effectiveness. These are reviewed annually with reference to relevant market benchmarks. The Company discloses the aggregate remuneration of its Executive Directors and President/CEO in accordance with applicable law and pertinent regulatory requirements.

SMIC embraces a meritocratic approach, where sustainability is integral to the Company's strategy. Remuneration is tied to sustainability performance, which is incorporated into the Company's broader business performance metrics and reward systems. The performance of all employees including senior management is evaluated based on business-related objectives, with sustainability being a key component, reflecting its importance in the ongoing success and growth of the organization.

All qualified employees are entitled to annual merit increase in salary based on their performance in the preceding year. This way, the Company has a measurable standard to align performance-based remuneration of its executive directors, senior executives and all other qualified employees with the long-term interests of the organization. Qualified employees may also be eligible for cash incentive and the management stock incentive program as part of the Company's long-term incentive scheme and reward compensation policy.

Benefits strictly provided by the Company, that are in addition to what is mandated by law, may be withheld when necessary such as if the executive is found to have violated a company policy resulting in disciplinary action involving employment termination. Similarly, an incentive tied to performance may be withheld if performance requirements are not sufficiently met.

Emergency Preparedness Program

SMIC implements an emergency preparedness program that aims to safeguard its workforce, operations, and customers against emergencies, whether natural or human-caused incidents such as, but not limited to, fire and other security threats. Led by the HR-Administrative and Facilities Department, and in coordination with fire and security agents, the Company conducts regular safety or fire drills and first aid orientation and training throughout the workplace. These drills are conducted to establish a structured approach for responding to an emergency and ensure that the Company has competent, composed and efficient response from SMIC's workforce to handle such an emergency.

The Company has implemented an emergency text blast system for emergency announcements and a hotline where employees can call for an update and/or instruction.

The Company has also developed and maintained Business Continuity Planning that will be activated in case of an emergency in order that business operations can be carried out as usual. Critical functions of each departments are identified to prevent business disruption. Regular table-top exercises are conducted to ensure preparedness and that the protocols will be implemented as planned when the need arises.

Training and Employee Development

Pursuant to SMIC's Training and Development Policy, the Company is committed to developing a strong learning culture, in which everyone is able to achieve their full potential, and will increase job satisfaction and support career development. As such, SMIC is committed to providing excellent training and development opportunities for its staff, which meet the operational and strategic objectives of the organization, as well as individuals' learning aspirations and needs.

SMIC is committed to ensuring that all employees are provided with the training they need to perform their jobs. To aid understanding and organization, HR categorizes training and development into Orientation and Onboarding, Leadership, Management, and Supervisory Skills Development, Soft Skills Training, Professional and Technical Training, and Health and Safety. As such, all employees have access to training programs and activities such as the Orientation for New Employees of SM (ONE SM), the SM Sustainability School, Learning Bites and Webinars on various relevant topics such as health and wellness, cybersecurity, data privacy, and artificial intelligence (AI).

For issues or concerns, all stakeholders may refer to:

Ms. Vicky Lee-Salas
Senior Vice President, Chief Risk and Compliance Officer
vicky.salas@sminvestments.com

Mr. Noel T. Ang
SAVP - Governance, Risk and Compliance
noel.ang@sminvestments.com

Ms. Maria Virginia A. Tolentino-Uy
SAVP - Governance, Risk and Compliance
marvi.tolentino-uy@sminvestments.com

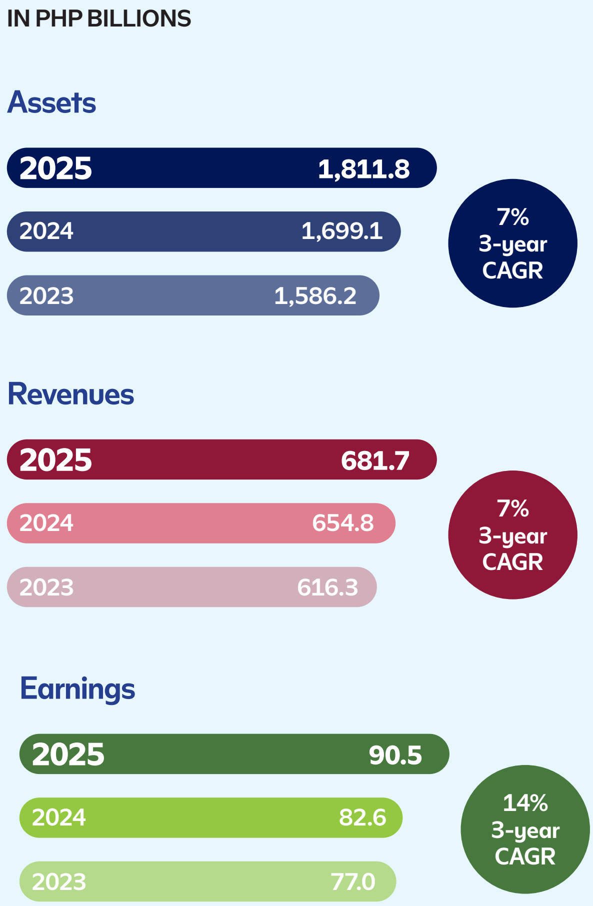
Financial Highlights

18% Retail

27% Property

49% Banking

6% Portfolio Investments



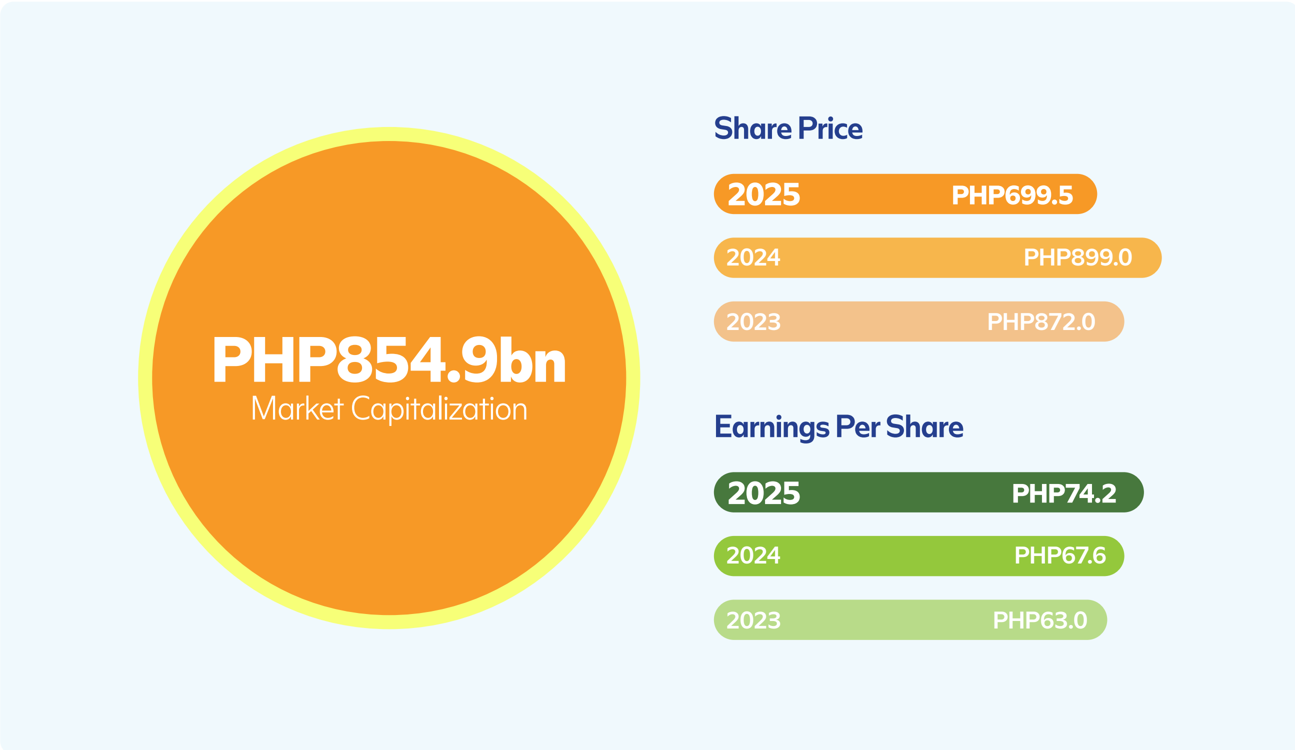
Core Businesses

FY 2025 Performance

	Revenues	%Chg	Earnings	%Chg
SM Retail	PHP458.1bn	5%	PHP21.1bn	1%
SM Prime	PHP141.1bn	1%	PHP48.8bn	7%
BDO	*PHP203.1bn	9%	PHP87.2bn	6%
Chinabank	*PHP72.6bn	14%	PHP28.0bn	13%

Note: *Net Interest Income

Share Performance



Financial Position (PHP bn)	2025	2024	2023
Revenues	681.7	654.8	616.3
Earnings	90.5	82.6	77.0
Total Assets	1,811.8	1,699.1	1,586.2
Total Liabilities	856.2	832.7	814.0
Total Equity	955.6	866.4	772.2
Financial Ratios			
Current Ratio	1.1	1.1	1.1
Return on Equity	14%	14%	15%
Debt-Equity Ratio (Net)	30:70	31:69	33:67
Dividend Payout Ratio (based on parent company earnings)	73%	60%	79%
Per Share Data (PHP)			
Earnings per Share	74.2	67.6	63.0
Book Value per Share	572.3	513.3	455.5
Price Earnings Ratio	9.4	13.3	13.8
EBITDA	188.0bn	178.3bn	166.9bn

Statement of Management's Responsibility for Financial Statements

The management of SM Investments Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards Accounting Standards. Management is also responsible for such internal controls as it determines are 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 assesses the Group's ability to continue operating in the foreseeable future, discloses any relevant matters affecting this assessment, and applies the going concern basis of accounting unless it intends to liquidate the Group or cease operations, or has no realistic alternative but to do so.

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

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, audited the consolidated financial statements of the Group 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.

Amando M. Tetangco, Jr. Chairman of the Board	**Frederic C. DyBuncio** President and Chief Executive Officer	**Erwin G. Pato** Treasurer and Executive Vice President

Signed this 27th day of February 2026

Report of the Audit Committee

The Audit Committee ("Committee") assists the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of SM Investments Corporation's (SMIC or the "Company") financial reporting, internal control system, internal and external audit processes, and compliance with relevant laws and regulations. Likewise, the Committee oversees special investigations as may be necessary.

The Committee is composed of four (4) non-executive and independent directors. The Committee members have relevant background, knowledge, skills and experience in the areas of finance and accounting, audit, risk management, information technology, and corporate governance. In 2025, they attended an annual corporate governance training program approved by the Securities and Exchange Commission (SEC) through an SEC-accredited training provider. The Committee also performed the annual self-assessment/evaluation and reviewed its performance against its Charter and other regulatory mandates to ensure its satisfactory performance.

Ms. Tomasa H. Lipana served as Chair of the Audit Committee until April 30, 2025. Atty. Lily K. Gruba was appointed Chairperson of the Audit Committee, succeeding Ms. Tomasa H. Lipana effective April 30, 2025. On the same date, Ms. Marife B. Zamora was elected as an Independent Director and joined the Committee as a member.

As of December 31, 2025, the Audit Committee was composed of the following members:

- **Lily K. Gruba** (Chairperson, effective April 30, 2025)
- **Ramon M. Lopez** (Member)
- **Amando M. Tetangco, Jr.** (Member)
- **Marife B. Zamora** (Member)

The profiles and qualifications of the Committee members can be found in the Governance Section of this report (pages 32–35). The profile of Ms. Tomasa H. Lipana is provided below:

Tomasa H. Lipana (Chairperson, Until April 30, 2025)
Filipino, 77, Female

Key positions:
- Adviser to the Board of Directors – SM Investments Corporation
- Independent Director and Audit Committee Chairperson – Flexo Manufacturing Corporation
- Independent Director and Audit Committee Chairperson – OceanaGold (Philippines), Inc.

Previous professional appointments:
- Independent Director – SM Investments Corporation
- Chairperson and Senior Partner – Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers
- Independent Director – Rural Bank of Silay City, Inc.
- Independent Director – Goldilocks Bakeshop Inc.
- Independent Director – Inter-Asia Development Bank
- Independent Director – QBE Seaboard Insurance Philippines
- Appointive Director – Trade and Investment Development Corporation (Philippine Guarantee Corporation)

Professional affiliations:
- Fellow and Trustee – Institute of Corporate Directors
- Trustee – Shareholders' Association of the Philippines, Inc.

Education and training:
- Executive Education Programs – Harvard Business School, University of Western Ontario, and Asian Institute of Management
- Bachelor's Degree, Cum Laude – University of the East
- Certified Public Accountant (CPA Board Placer)

Recognition:
- Accountancy Centennial Award for Excellence – Professional Regulation Commission, Board of Accountancy
- Outstanding CPA in Public Practice – Philippine Institute of Certified Public Accountants
- Outstanding Alumna – University of the East

Presented below are the dates of the Committee meetings and the attendance of each member.

Audit Committee						
Office	Name	2025 Meetings and Attendance				
		2/26	2/28	5/5	8/4	11/10
Member (ID)	Lily K. Gruba*	✓	✓	✓	✓	✓
Member (ID)	Ramon M. Lopez	✓	✓	✓	✓	✓
Member (ID)	Amando M. Tetangco, Jr.	✓	✓	✓	✓	✓
Member (ID)	Marife B. Zamora**	-	-	✓	✓	✓

*Atty. Lily K. Gruba was appointed as Chairperson of the Audit Committee on April 30, 2025. Ms. Tomasa H. Lipana served as the Chairperson until April 30, 2025 and attended the Audit Committee meetings held on February 26 and February 28, 2025.
** Ms. Marife B. Zamora was elected on April 30, 2025 as an Independent Director.

In compliance with the Audit Committee Charter, the Manual of Corporate Governance, and relevant laws and regulations, the Audit Committee performed the following activities relating to the three (3) major areas of concern:

Internal Audit

1. The Committee provided oversight of the Internal Audit.

   Under SMIC's Internal Audit Charter, the primary purpose of Internal Audit is to strengthen SMIC's ability to create, protect, and sustain value by providing the Board of Directors and Senior Management with independent, risk-based, objective, and reasonable assurance, advice, insight, and foresight through systematic and disciplined evaluation of SMIC's governance system, risk management, and internal control environment.

   To maintain the independence of the Internal Audit, the Chief Audit Executive (CAE) administratively reports to the Chief Executive Officer and functionally reports to the Board of Directors, through the Audit Committee.

   The CAE has direct and free access to communicate with the Management and Audit Committee. The entire Internal Audit Team has full and unrestricted access to all records, documents, systems, and information required for the effective and efficient audit process.

2. The Committee reviewed and approved the 2025 Internal Audit plan, including the scope, methodology, organization structure and staffing.
3. The Committee monitored the implementation of the Internal Audit plan and reviewed the periodic reports of the CAE, summarizing the overall assessment of the Company's control environment, significant audit findings and areas of concern as well as the corresponding management responses and action plans.

External Audit

The Audit Committee has the primary responsibility to make a well-informed recommendation regarding the appointment, re-appointment or removal of the External Auditor.

The External Auditor is tasked to undertake an independent audit and provide and perform an objective assurance on the preparation and presentation of the financial statements.

4. The Committee reviewed/discussed with the External Auditor, SGV & Co., the following:
   - The annual audit plan for 2025, including scope, approach, risk-based methods, focus areas and time table;
   - The results of its examination and action plan to address pending audit issues; and
   - The assessment of internal controls and quality of financial reporting.
5. The Committee reviewed/discussed the report of SGV & Co. on significant accounting issues, changes in accounting policies/standards, and major pending tax legislations, which would impact the Company and its subsidiaries.
6. The Committee discussed with SGV & Co. the matters required to be disclosed under the prevailing applicable Auditing Standards, and obtained from said Firm a letter confirming its independence, as required by prevailing applicable Independence Standards.
7. The Committee reviewed and approved all audit and non-audit services provided by SGV & Co. to the Company. The Committee also reviewed the significance of non-audit related fees in relation to the annual fees.

8. The Committee assessed the internal control system of the Company based upon the review and evaluation done and reported by the internal and external auditors and noted that the system is generally adequate to generate reliable financial statements.
9. The Committee reviewed and endorsed to the Board for approval the unaudited consolidated financial statements of SM Investments Corporation and its subsidiaries for the first quarter ended March 31, 2025, second quarter ended June 30, 2025, and third quarter ended September 30, 2025.
10. Based on its review and discussion, and subject to the limitations on the roles and responsibilities referred to above, the Committee recommended for Board approval, and the Board approved, the audited consolidated financial statements of SM Investments Corporation and its subsidiaries for the year ended December 31, 2025.
11. The Committee reviewed and discussed the performance, independence and qualifications of the External Auditor, SGV & Co., in the conduct of their audit of the consolidated financial statements of SM Investments Corporation and its subsidiaries for the year. Based on the review of their performance and qualifications, the Committee also recommended the re-appointment of SGV & Co. as the Company's External Auditor for 2026.

27 February 2026

Lily K. Gruba
Chairperson
Effective April 30, 2025

Ramon M. Lopez
Member

Amando M. Tetangco, Jr.
Member

Marife B. Zamora
Member
Effective April 30, 2025

Tomasa H. Lipana
Chairperson
Effective until April 30, 2025

Atty. Elmer B. Serrano
Corporate Secretary

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(Amounts in Millions)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	**₱101,847**	₱112,528
Time deposits	**3,217**	221
Financial assets at fair value through other comprehensive income (FVOCI)	**717**	794
Receivables and contract assets	**94,099**	92,269
Inventories	**119,167**	119,676
Other current assets	**42,355**	58,312
Total Current Assets	**361,402**	383,800
Noncurrent Assets		
Financial assets at FVOCI - net of current portion	**23,676**	26,362
Investments in associate companies and joint ventures	**437,230**	399,484
Time deposits - net of current portion	**4,178**	3,113
Property and equipment	**59,646**	57,357
Investment properties	**657,173**	592,950
Right-of-use assets	**51,702**	49,185
Intangibles	**40,386**	40,386
Other noncurrent assets	**176,408**	146,415
Total Noncurrent Assets	**1,450,399**	1,315,252
Total Assets	**₱1,811,801**	₱1,699,052

LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**₱20,223**	₱24,074
Accounts payable and other current liabilities	**213,084**	210,373
Income tax payable	**3,550**	4,093
Current portion of long-term debt	**100,397**	104,628
Total Current Liabilities	**337,254**	343,168
Noncurrent Liabilities		
Long-term debt - net of current portion	**390,839**	371,872
Lease liabilities - net of current portion	**35,172**	33,192
Deferred tax liabilities	**21,138**	19,445
Tenants' deposits and others	**71,763**	64,950
Total Noncurrent Liabilities	**518,912**	489,459
Total Liabilities	**856,166**	832,627

(Forward)

	December 31	
	2025	2024
Equity Attributable to Owners of the Parent Company		
Capital stock	**₱12,331**	₱12,261
Additional paid-in capital	**76,667**	71,752
Treasury stock	**(5,175)**	(41)
Equity adjustments from common control transactions	**(6,949)**	(6,949)
Cost of Parent Company common shares held by subsidiaries	**(6,225)**	(25)
Cumulative translation adjustment	**2,962**	1,821
Fair value changes on cash flow hedges and others	**183**	557
Unrealized gain on financial assets at FVOCI	**7,130**	9,899
Remeasurement loss on defined benefit asset/obligation	**(1,789)**	(2,100)
Share in other comprehensive loss of associate companies and joint ventures - net	**(11,107)**	(11,772)
Retained earnings:		
Appropriated	**30,000**	30,000
Unappropriated	**597,230**	521,901
Total Equity Attributable to Owners of the Parent Company	**695,258**	627,304
Non-controlling Interests	**260,377**	239,121
Total Equity	**955,635**	866,425
Total Liabilities and Equity	**₱1,811,801**	₱1,699,052

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income

(Amounts in Millions Except Per Share Data)

	Years Ended December 31		
	2025	2024	2023
REVENUES			
Sales:			
Merchandise	**₱444,646**	₱421,757	₱401,726
Real estate	**40,633**	45,910	42,124
Rent	**72,580**	67,966	61,785
Equity in net earnings of associate companies and joint ventures	**53,973**	50,002	44,945
Others	**69,901**	69,142	65,672
	681,733	654,777	616,252
COSTS AND EXPENSES	**521,380**	502,951	474,084
OPERATING INCOME	**160,353**	151,826	142,168
OTHER INCOME (CHARGES)			
Interest expense	**(21,778)**	(23,710)	(24,085)
Interest income	**3,840**	4,577	4,048
Loss from fair value changes on derivatives - net	**(83)**	(480)	(31)
Impairment reversal (provision)	**(365)**	(476)	320
Foreign exchange gain - net and others	**796**	1,174	397
	(17,590)	(18,915)	(19,351)
INCOME BEFORE INCOME TAX	**142,763**	132,911	122,817
PROVISION FOR INCOME TAX			
Current	**17,679**	16,928	16,209
Deferred	**1,312**	1,330	423
	18,991	18,258	16,632
NET INCOME	**₱123,772**	₱114,653	₱106,185
Attributable to			
Owners of the Parent Company	**₱90,482**	₱82,609	₱76,989
Non-controlling interests	**33,290**	32,044	29,196
	₱123,772	₱114,653	₱106,185
Basic/Diluted Earnings Per Common Share			
Attributable to Owners of the Parent Company	**₱74.16**	₱67.60	₱63.00

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(Amounts in Millions)

	Years Ended December 31		
	2025	2024	2023
NET INCOME	**₱123,772**	₱114,653	₱106,185
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	**2,260**	522	(1,035)
Fair value changes on cash flow hedges	**(971)**	(491)	(1,759)
	1,289	31	(2,794)
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on defined benefit obligation	**459**	1,677	(2,503)
Net unrealized loss on financial assets at FVOCI	**(2,477)**	(1,073)	(600)
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	**(238)**	(751)	344
	(2,256)	(147)	(2,759)
Share in other comprehensive income (loss) of associate companies and joint ventures - net	**678**	(458)	(642)
TOTAL COMPREHENSIVE INCOME	**₱123,483**	₱114,079	₱99,990
Attributable to			
Owners of the Parent Company	**₱90,182**	₱82,070	₱72,882
Non-controlling interests	**33,301**	32,009	27,108
	₱123,483	₱114,079	₱99,990

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

(Amounts in Millions Except Per Share Data)

	Equity Attributable to Owners of the Parent Company					
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Company Common Shares Held by Subsidiaries	Cumulative Translation Adjustment
As at January 1, 2025	**₱12,261**	**₱71,752**	**(₱41)**	**(₱6,949)**	**(₱25)**	**₱1,821**
Net income	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	–	**1,141**
Total comprehensive income	–	–	–	–	–	**1,141**
Realized gain on disposal of financial assets at FVOCI	–	–	–	–	–	–
Issuance of common shares	**70**	**6,130**	–	–	**(6,200)**	–
Purchase of treasury shares	–	–	**(5,134)**	–	–	–
Transactions with non-controlling interests	–	**(1,215)**	–	–	–	–
Cash dividends - ₱13.00 per share	–	–	–	–	–	–
Cash dividends paid to non-controlling interests	–	–	–	–	–	–
Net change in non-controlling interests	–	–	–	–	–	–
As at December 31, 2025	**₱12,331**	**₱76,667**	**(₱5,175)**	**(₱6,949)**	**(₱6,225)**	**₱2,962**
As at January 1, 2024	₱12,261	₱71,837	(₱41)	(₱6,660)	(₱25)	₱1,587
Net income	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	–	234
Total comprehensive income	–	–	–	–	–	234
Effect of business combination	–	–	–	(289)	–	–
Transactions with non-controlling interests	–	(85)	–	–	–	–
Cash dividends - ₱9.00 per share	–	–	–	–	–	–
Cash dividends paid to non-controlling interests	–	–	–	–	–	–
Reversal of appropriations - net	–	–	–	–	–	–
Net change in non-controlling interests	–	–	–	–	–	–
As at December 31, 2024	₱12,261	₱71,752	(₱41)	(₱6,949)	(₱25)	₱1,821

Equity Attributable to Owners of the Parent Company								
Fair Value Changes on Cash Flow Hedges and Others	**Unrealized Gain (Loss) on Financial Assets at FVOCI**	**Remeasurement Gain (Loss) on Defined Benefit Asset/ Obligation**	**Share in Other Comprehensive Gain (Loss) of Associates – Net**	**Appropriated Retained Earnings**	**Unappropriated Retained Earnings**	**Total**	**Non-controlling Interests**	**Total Equity**
₱557	**₱9,899**	**(₱2,100)**	**(₱11,772)**	**₱30,000**	**₱521,901**	**₱627,304**	**₱239,121**	**₱866,425**
–	**–**	**–**	**–**	**–**	**90,482**	**90,482**	**33,290**	**123,772**
(374)	**(2,043)**	**311**	**665**	**–**	**–**	**(300)**	**11**	**(289)**
(374)	**(2,043)**	**311**	**665**	**–**	**90,482**	**90,182**	**33,301**	**123,483**
–	**(726)**	**–**	**–**	**–**	**726**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**(5,134)**	**–**	**(5,134)**
–	**–**	**–**	**–**	**–**	**–**	**(1,215)**	**(153)**	**(1,368)**
–	**–**	**–**	**–**	**–**	**(15,879)**	**(15,879)**	**–**	**(15,879)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**(12,023)**	**(12,023)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**131**	**131**
₱183	**₱7,130**	**(₱1,789)**	**(₱11,107)**	**₱30,000**	**₱597,230**	**₱695,258**	**₱260,377**	**₱955,635**
₱809	₱11,075	(₱3,151)	(₱11,376)	₱37,000	₱443,289	₱556,605	₱215,596	₱772,201
–	–	–	–	–	82,609	82,609	32,044	114,653
(252)	(1,176)	1,051	(396)	–	–	(539)	(35)	(574)
(252)	(1,176)	1,051	(396)	–	82,609	82,070	32,009	114,079
–	–	–	–	–	–	(289)	–	(289)
–	–	–	–	–	–	(85)	9	(76)
–	–	–	–	–	(10,997)	(10,997)	–	(10,997)
–	–	–	–	–	–	–	(9,279)	(9,279)
–	–	–	–	(7,000)	7,000	–	–	–
–	–	–	–	–	–	–	786	786
₱557	₱9,899	(₱2,100)	(₱11,772)	₱30,000	₱521,901	₱627,304	₱239,121	₱866,425

	Equity Attributable to Owners of the Parent Company					
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Company Common Shares Held by Subsidiaries	Cumulative Translation Adjustment
As at January 1, 2023	₱12,261	₱75,839	(₱41)	(₱6,660)	(₱25)	₱2,103
Net income	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	–	(516)
Total comprehensive income	–	–	–	–	–	(516)
Transactions with non-controlling interests	–	(4,002)	–	–	–	–
Cash dividends - ₱7.50 per share	–	–	–	–	–	–
Cash dividends paid to non-controlling interests	–	–	–	–	–	–
Net change in non-controlling interests	–	–	–	–	–	–
As at December 31, 2023	₱12,261	₱71,837	(₱41)	(₱6,660)	(₱25)	₱1,587

Equity Attributable to Owners of the Parent Company									
Fair Value Changes on Cash Flow Hedges and Others	Unrealized Gain (Loss) on Financial Assets at FVOCI	Remeasurement Gain (Loss) on Defined Benefit Asset/ Obligation	Share in Other Comprehensive Gain (Loss) of Associates – Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
₱1,610	₱11,823	(₱1,722)	(₱10,763)	₱37,000	₱375,464	₱496,889	₱195,301	₱692,190
–	–	–	–	–	76,989	76,989	29,196	106,185
(801)	(748)	(1,429)	(613)	–	–	(4,107)	(2,088)	(6,195)
(801)	(748)	(1,429)	(613)	–	76,989	72,882	27,108	99,990
–	–	–	–	–	–	(4,002)	174	(3,828)
–		–	–	–	(9,164)	(9,164)	–	(9,164)
–	–	–	–	–	–	–	(7,460)	(7,460)
–	–	–	–	–	–	–	473	473
₱809	₱11,075	(₱3,151)	(₱11,376)	₱37,000	₱443,289	₱556,605	₱215,596	₱772,201

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Amounts in Millions)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱142,763**	₱132,911	₱122,817
Adjustments for:			
Equity in net earnings of associate companies and joint ventures	**(53,973)**	(50,002)	(44,945)
Depreciation and amortization	**27,696**	26,508	24,707
Interest expense	**21,778**	23,710	24,085
Interest income	**(3,840)**	(4,577)	(4,048)
Provisions - net	**2,092**	4,176	4,400
Dividend income	**(882)**	(871)	(912)
Impairment provision (reversal)	**365**	476	(320)
Unrealized foreign exchange loss (gain) - net	**(185)**	(96)	44
Loss from fair value changes on derivatives - net	**83**	480	31
Loss (gain) on disposal of investments and properties - net	**54**	(445)	(66)
Income before working capital changes	**135,951**	132,270	125,793
Decrease (increase) in:			
Receivables and contract assets	**(11,584)**	(21,279)	(16,883)
Inventories	**862**	(2,185)	(24,275)
Other current assets	**452**	(2,514)	(1,437)
Increase in:			
Accounts payable and other current liabilities	**2,767**	9,732	14,195
Tenants' deposits and others	**6,752**	8,113	9,234
Net cash generated from operations	**135,200**	124,137	106,627
Income tax paid	**(18,237)**	(16,488)	(15,748)
Net cash provided by operating activities	**116,963**	107,649	90,879
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Financial assets at FVOCI	**1,018**	–	–
Investment properties	**48**	606	75
Property and equipment	**39**	318	53
Shares in a subsidiary	**20**	–	–
Investment in associate companies and joint ventures	**–**	1,586	–
Additions to:			
Investment properties	**(76,873)**	(67,569)	(68,206)
Property and equipment	**(10,619)**	(12,749)	(12,362)
Financial assets at FVOCI	**(774)**	(1,508)	(692)
Investments in associate companies and joint ventures	**–**	(5,337)	(288)
Decrease (increase) in:			
Time deposits	**(4,061)**	19,593	9,857
Other noncurrent assets	**(6,224)**	(254)	14,680
Dividends received	**18,270**	15,727	11,240
Interest received	**3,953**	4,478	4,289
Net cash used in investing activities	**(75,203)**	(45,109)	(41,354)

(Forward)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Long-term debt	**₱130,292**	₱112,876	₱107,591
Bank loans	**96,643**	105,535	45,600
Payments of:			
Long-term debt	**(118,409)**	(131,653)	(103,343)
Bank loans	**(100,562)**	(94,961)	(52,907)
Dividends	**(29,753)**	(20,435)	(17,335)
Interest	**(20,691)**	(22,224)	(22,835)
Lease liabilities	**(5,466)**	(5,308)	(5,220)
Purchase of treasury shares	**(5,134)**	–	–
Proceeds from matured derivatives - net	**620**	2,404	–
Proceeds from partial sale of shares in a subsidiary	**–**	–	1,295
Acquisition of non-controlling interest in a subsidiary	**–**	–	(5,169)
Net cash used in financing activities	**(52,460)**	(53,766)	(52,323)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(10,700)**	8,774	(2,798)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**19**	8	(17)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**112,528**	103,746	106,561
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱101,847**	₱112,528	₱103,746

Report Index

The 2025 Integrated Report of SM Investments Corporation is part of our comprehensive suite of disclosures, aligning with the Integrated Reporting <IR> Framework. It provides a clear view of our strategy, governance, performance and long-term value creation.

Our Full Suite of Disclosures

Report	Access via QR Code	Link
Integrated Report Microsite Dedicated website where you can view and download the full 2025 Integrated Report		https://www.sminvestments.com/2025smicintegratedreport/
Sustainability Report Comprehensive report of our sustainability strategies, initiatives and impact		https://www.sminvestments.com/2025smicintegratedreport/sustainability_report_2025/
Financial Report Full set of our audited financial statements		https://www.sminvestments.com/2025smicintegratedreport/financial_report_2025/

Sustainability Notes & Indices

We are also subscribed to multiple indices that detail our double materiality approach and alignment with IFRS S1 and S2, the Global Reporting Initiative (GRI) and industry-specific Sustainability Accounting Standards Board (SASB) and European Sustainability Reporting Standards (ESRS) disclosures.

Key indices and frameworks:

- IFRS S1 Index
- IFRS S2 Index
- GRI Index
- SASB Disclosures
- Sustainability & Climate Risk Management Framework
- SM GHG Management Plan
- Equal Opportunity Framework
- Sustainability Policy & Management System (SM Investments & SM Retail)

Scan to view our Sustainability Notes and Report Indices here:	All resources are available on our website www.sminvestments.com

Association Memberships

- Asia Society Philippine Foundation, Inc.
- Asia Business Council
- Association of Certified Public Accountants in Commerce and Industry
- Carbon PH Coalition
- Certified Internal Auditors Philippines
- Employers Confederation of the Philippines
- Financial Executives Institute of the Philippines
- Global Compact Local Network
- Good Governance Advocates and Practitioners of the Philippines
- Information Systems Audit and Control Association
- Institute of Corporate Directors
- Institute of Internal Auditors Philippines
- Makati Business Club
- Management Association of the Philippines
- NextGen Organization of Women
- Philippine Alliance for Recycling and Materials Sustainability
- Philippine Association of Management Accountants
- Philippine Association of National Advertisers
- Philippine Chamber of Commerce and Industry
- Philippine Institute of Certified Public Accountants
- Tax Management Association of the Philippines
- United Nations Women's Empowerment Principles
- US Philippine Society, Inc.

Corporate Information

Company Headquarters

10th Floor, OneE-Com Center
Harbor Drive, Mall of Asia Complex
Pasay City, 1300 Philippines

Stockholder Inquiries

SM Investments Corporation's common shares are listed on the Philippine Stock Exchange under the ticker symbol SM. Inquiries regarding dividend payments, account information, address changes, stock certificates, and other related matters may be directed to the Company's transfer agent.

BDO Unibank, Inc.
Trust & Investments Group
- Securities Services (Stock Transfer)

44th Floor, BDO Corporate Center Ortigas, East Tower
12 ADB Avenue, Ortigas Center, Mandaluyong City
Trunkline: (632) 8840-7000
Direct Line: (632) 8878-4961; (632) 8878-4105
Email address: bdo-stocktransferteam2@bdo.com.ph

Sustainability Inquiries

Inquiries regarding SM Investments Corporation's sustainability programs or this Integrated Report may be addressed to: ir@sminvestments.com or sustainability@sminvestments.com

The SM Group

SM INVESTMENTS

RETAIL

SM RETAIL

Department Store: SM STORE

Food Retail: SM SMARKETS, SM HYPERMARKET, SM SUPERMARKET, savemore MARKET, WalterMart, Alfamart

Specialty Retail: KULTURA (Mula 2004, Gawa ng Pilipino), watsons, LOOK, fitflop, THE BODY SHOP, Levi's, SM APPLIANCE CENTER, ACE Hardware, OUR HOME (Great Designs. Great Prices.), Toy Kingdom (The Amazing Toy Store!), innisfree, SPORTS CENTRAL, MINISO, dyson, Crate&Barrel, baby company, Pet Express, Disney store, UNIQLO LifeWear, nutribullet, LANEIGE, crocs

Loyalty Program: SMAC

PROPERTY

SM PRIME

Malls: SM SUPERMALLS

Commercial: SM OFFICES, SM WAREHOUSES

SM RESIDENCES

Primary Residences: SMDC, SIGNATURE SERIES SMRESIDENCES

Leisure Residences: Tagaytay Highlands, Hamilo Coast

SM HOTELS AND CONVENTIONS

CONRAD MANILA, LANSON PLACE MALL OF ASIA MANILA, TAAL VISTA HOTEL, pico Sands HOTEL, park inn by Radisson, Radisson BLU CEBU, SMX CONVENTION CENTER MANILA

BANKING

BDO, Chinabank, BDO Network Bank, cbs China Bank Savings

PORTFOLIO INVESTMENTS

PHILIPPINE GEOTHERMAL, NEO, PHILIPPINES URBAN LIVING SOLUTIONS, goldilocks, 2GO, AIRSPEED, ATLAS Mining, BELLE CORPORATION

SOCIAL GOOD

SM FOUNDATION, SM CARES, BDO Foundation

We Value Your Feedback

Thank you for reading SM Investments Corporation's 2025 Integrated Report.

We are committed to continuously improving the relevance, clarity, and usefulness of our disclosures. We invite you to share your feedback by scanning the QR code for a short survey online.

You may also send your comments directly to:
IR@sminvestments.com

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