

SEC Number 16342

SM INVESTMENTS CORPORATION

(Company's Full Name)

**10th Floor,
OneE-Com Center, Harbor Drive,
Mall of Asia Complex, CBP-1A
Pasay City, 1300**

(Company's Address)

8857-0100

(Telephone Number)

December 31

(Year Ending)
(month & day)

**SEC Form 17-A
Annual Report**

Form Type

Amendment Designation (If applicable)

December 31, 2025

Period Ended Date

(Secondary License Type and File
Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended **December 31, 2025**
2. SEC Identification Number **0000016342** 3. BIR Tax Identification No. **000-169-020-000**
4. Exact name of registrant as specified in its charter **SM INVESTMENTS CORPORATION**
5. **PHILIPPINES** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia**
Complex, CBP-1A, Pasay City **1300**
Address of principal office Postal Code
8. **(632) 8857-0100 / fax (632) 8857-0132**
Registrant's telephone number, including area code
9. _____
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class
COMMON SHARES,
P 10 PAR VALUE

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

1,222,127,130

11. Are any or all of these securities listed on a Stock Exchange.
Yes No
If yes, state the name of such stock exchange and the classes of securities listed therein:
The Philippine Stock Exchange, Inc., 1,222,127,130, P10 par value, common shares
12. Check whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);
Yes No
 - (b) has been subject to such filing requirements for the past 90 days.
Yes No
13. Aggregate market value of the voting stock held by non-affiliates:
P402,053,310,588.00 as of December 31, 2025

TABLE OF CONTENTS

	Page <u>No.</u>
PART I - BUSINESS AND GENERAL INFORMATION	
Item 1. Business	1
Item 2. Properties	6
Item 3. Legal Proceedings	6
Item 4. Submission of Matters to a Vote of Security Holders	6
PART II - OPERATIONAL AND FINANCIAL INFORMATION	
Item 5. Market for Registrant's Common Equity and Related Stockholder Matters	7
Item 6. Management's Discussion and Analysis or Plan of Operation	10
Item 7. Financial Statements	34
Item 8. Changes in and Disagreements with Accountants and Financial Disclosure	34
PART III - CONTROL AND COMPENSATION INFORMATION	
Item 9. Directors and Executive Officers of the Registrant	37
Item 10. Compensation of Directors and Executive Officers	49
Item 11. Security Ownership of Certain Beneficial Owners and Management	53
Item 12. Certain Relationships and Related Transactions	55
PART IV – CORPORATE GOVERNANCE	
Item 13. Corporate Governance	56
PART V - EXHIBITS AND SCHEDULES	
Item 14. a. Exhibits	58
b. Reports on SEC Form 17-C (Current Report)	58
c. Sustainability Report	61
INDEX TO EXHIBITS	62
INDEX TO THE SUPPLEMENTARY SCHEDULES	161
SIGNATURES	64

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

SM Investments Corporation (**SMIC**) is the holding company of the SM Group with interests in Retail, Property and Banking. Its Retail arm, SM Retail Inc., operates department stores under the SM Store brand, and several food retail formats including Supermarkets, Hypermarkets, Savemore and Alfamart Stores. It also operates specialty stores focused on DIY, furniture, appliances and toys among others. Its Property arm, SM Prime Holdings Inc., is engaged in building and operating shopping malls both in the Philippines and China. It is also engaged in Residential property development under its SM Development Corporation subsidiary, commercial property development, as well as various hotels and convention centers. The Banking Group is comprised of BDO Unibank, Inc., the country's largest bank by resources, and China Banking Corporation. SMIC also has Portfolio Investments in other sectors such as premium commercial buildings, leisure, logistics, geothermal steam production, food manufacturing and mining.

The Group takes an integrated approach to creating shared value for all its stakeholders through sustainable and responsible practices across its businesses. The SM Group aligns its sustainability programs to the 17 United Nations Sustainable Development Goals, and is a signatory of the UN Global Compact's 10 Principles and the Women's Empowerment Principles. It publishes its annual report aligned to the International Financial Reporting Standards S1 and S2 and is in accordance with the Global Reporting Initiative. Whenever possible, we have aligned with the Sustainability Accounting Standards Board Industry-specific disclosures and the European Sustainability Reporting Standards Board.

Business of Issuer

SM Retail currently has 4,832 stores that consists of 78 department stores, 2,746 food retailing stores, and 2,007 specialty retail stores, operating nationwide. It has 78 department stores located in Mero Manila and key provincial cities.

Non-Food Retail

In 2025, 2 new SM Stores were opened in Laoag and La Union. These new stores contributed an additional 16,524 sqm, bringing the gross selling area (GSA) of The SM Store to 909,426 sqm. We opened 192 specialty stores focused on retailing special categories such as DIY, furniture, appliances and toys, among others.

Food Retail

SM Supermarket is a large format anchor tenant in SM malls. It has been in operation since 1985 and currently has 68 stores nationwide totaling to 400,655 sqm of GSA with each store carrying an average of 31,000 SKUs. In 2025, it opened 2 new stores in Laoag and La Union.

SM Hypermarket is a large format food retailer store with both stand-alone and in-mall locations. It has been in operation since 2001 and provides a shopping experience that combines the features of a supermarket with those of a department store. There are currently 58 stores in operation totaling 342,285 sqm of GSA with each store carrying an average of 35,000 SKUs.

Savemore is a mid-sized format introduced in 1998. It is in community malls or as a stand-alone store. Savemore is a neighborhood format, providing food and grocery items in residential

locations with extended opening hours. Among SM Retail's Food formats, Savemore has the largest footprint with 578,147 sqm of GSA across 221 stores as of end-2025. Savemore stores carry an average of 18,000 SKUs. In 2025, they opened 10 stores nationwide.

Waltermart is a mid-sized format that provides food and non-food shopping as an anchor tenant in Waltermart community malls, located primarily in Luzon. SM Retail acquired a controlling stake in Waltermart in 2013. It has 89 Department Stores and Supermarkets as at end-2025, with an aggregate GSA of 233,369 sqm.

Alfamart is a small format minimart grocery store situated primarily in residential neighborhoods and offering a range of essential groceries with supermarket pricing. It is a joint venture with Indonesia-based minimart operator, PT Sumber Alfaria Trijaya Tbk, which started operations in the Philippines in 2014. Alfamart Philippines has a network of 2,309 stores as of end-2025, mostly located outside Metro Manila, each carrying up to 5,000 SKUs. In 2025, they opened 280 new stores within Luzon.

Property

SM Prime Holdings, Inc. (SM Prime) is one of the largest integrated property developers in Southeast Asia that develops innovative and sustainable lifestyle cities, comprising malls, residences, offices, hotels and convention centers. It was incorporated in the Philippines in 1994 and SMIC has a 49.8% effective ownership in the company.

Malls

SM Prime's mall business unit operates and maintains modern commercial shopping malls. Its main sources of revenue include rental income from leased shopping spaces, cinema ticket sales and other amusement income. SM Prime has 89 malls in the Philippines with a total gross floor area (GFA) of 9.7 million sqm and 9 shopping malls in China with a total GFA of 1.8 million sqm.

In 2025, SM Prime's mall business unit opened 2 new malls in the Philippines namely SM City Laoag and SM City La Union. These new malls, plus the expansion of the Company's existing malls, provided an addition of 0.3 million square meters of GFA.

Residential

SM Prime's residential development arm, SM Development Corporation (**SMDC**), derives development revenues largely from the sales of condominium units. As of December 31, 2025, the core residential business unit had 68 residential projects.

In leisure residential business, SM Prime also owns leisure and resort developments including properties in the vicinity of Tagaytay Highlands and Tagaytay Midlands golf clubs in Laguna, Tagaytay City and Batangas. It is also the developer of Pico de Loro Cove residential community within Hamilo Coast.

Commercial

SM Prime's commercial properties business unit is engaged in the development and leasing of office buildings in prime locations in Metro Manila. As of December 31, 2025, the Company has 22 office buildings with a combined GFA of approximately 1.6 million sqm.

Hotels and Convention Centers

SM Prime's hotel and convention centers business unit manages ten hotels located in Tagaytay City, Batangas, Pampanga, Cebu City, Davao City, Pasay City, Iloilo City, Quezon City and Bacolod City with more than 2,600 rooms. It also operates six convention centers located in the Mall of Asia Complex in Pasay City, SM Lanang Premier in Davao City, SM Aura in Taguig City, SM City Bacolod in Bacolod City, SM City Olongapo Central in Zambales, SM City Clark in Pampanga, and two trade halls located in SM Megamall and SM Seaside City Cebu.

Financial Services

BDO Unibank, Inc. (BDO) is a full-service universal bank in the Philippines. It provides a complete array of industry-leading products and services including lending, deposit-taking, foreign exchange, brokering, trust and investments, credit cards, corporate cash management and remittances. Through its local subsidiaries, it offers leasing and financing, investment banking, private banking, rural banking, life insurance, insurance brokerage and stock brokerage services. BDO has one of the largest distribution networks with 1,894 operating branches and 6,097 ATMs nationwide.

BDO is the country's largest bank in terms of consolidated resources, customer loans, deposits, assets under management and capital, as well as branch and ATM network.

As at end-2025, BDO had a strong balance sheet with total resources of PHP5.4 trillion.

SMIC has an effective ownership of 45.2% in BDO.

The China Banking Corporation (China Bank) was incorporated in 1920 as among the first privately owned banks in the Philippines. It has historical strength in catering to the Chinese-Filipino commercial sector, as well as local corporate and retail banking segments. China Bank offers a complete range of deposit, lending, international and investment products. Through its local subsidiaries, it offers investment banking, securities broking, insurance broking, and thrift bank services. China Bank services its customers through its 653 bank branches with 1,139 ATMs nationwide.

The Bank boasts a strong balance sheet, with total resources at PHP1.8 trillion as at end-2025.

SMIC has an effective stake of 22.5% in China Bank.

Portfolio Investments

SMIC invests in ventures that capture high growth opportunities in the emerging Philippine economy, looking for market leaders that offer synergies, attractive returns and cash flows.

Belle Corporation (Belle) is one of the leading developers of sustainable resort destinations and leisure properties in the Philippines.

Its principal asset is the integrated resorts, operated by Melco Resorts Leisure (PHP) Corporation (**Melco**) under their City of Dreams Manila brand (**CODM**), which is located at the PAGCOR Entertainment City by Manila Bay. The property is leased on a long-term basis. In addition to

lease income, Belle receives dividends from Premium Leisure Corp (**PLC**), its 99.55%-owned subsidiary. PLC is accorded a share in revenues or earnings from CODM's gaming operations through the operating agreement between its wholly owned subsidiary, Premium Leisure and Amusement, Inc (**PLAI**) and Melco.

South of Metro Manila, Belle owns significant real estate assets and develops premium residential resort projects around Tagaytay City. Among its exclusive destinations are the club and golf facilities and residential communities of Tagaytay Highlands and Tagaytay Midlands, as well as a further 800 hectares intended for future development.

SMIC's effective ownership in Belle is 26.6%.

Atlas Consolidated Mining & Development Corporation (Atlas Mining) is primarily engaged in metallic mineral exploration and mining.

It operates the Toledo copper mine in the province of Cebu through its wholly-owned subsidiary Carmen Copper Corporation (**Carmen Copper**). The Toledo copper mine is one of the Philippines' largest exporters of copper concentrate and also markets by-products from copper concentrate processing such as magnetite and pyrite.

Atlas Mining also has a stake in the nickel laterite mining project of Berong Nickel Corporation (**Berong Nickel**) in Palawan. Berong Nickel has been engaged in the direct shipping of nickel laterite ore since 2007.

SMIC effectively owns 34.1% of Atlas Mining.

NEO Group features a portfolio of seven commercial office buildings certified green under the BERDE green building rating system and certified net zero carbon under the EDGE Zero Carbon and Advancing Net Zero Philippines programs. With a total GFA of 256,707 sqm and a tenant base that includes top-tier local and multinational companies, all seven buildings are located within the largest and only Philippine Economic Zone Authority (PEZA) certified IT park in Bonifacio Global City. Occupancy as of December 31, 2025 is 97%.

SMIC effectively owns 95% of the first five buildings, and 34% in the remaining two buildings in the NEO portfolio.

2GO Group, Inc. (2GO) is a shipping and logistics provider that synergizes its various businesses in shipping, freight forwarding, warehousing and express delivery services to provide total solutions to its customers.

SMIC holds 67.2% effective ownership of 2GO.

Philippine Urban Living Solutions (PULS) is a dormitory developer and operator specializing in the development of rental housing communities under the MyTown brand. It provides affordable living spaces to young urban professionals within walking distance of the central business districts of Metro Manila. It currently has 14 buildings in operation with 2 more buildings under development.

SMIC effectively owns 71.3% in PULS.

Goldilocks is the largest bakeshop chain in the Philippines with 1,037 stores and selected operations overseas. Goldilocks serves customers with best-selling dishes as well as a wide array of baked goods and home cooked food.

SMIC effectively owns 64.1% in Goldilocks.

Airspeed is an end-to-end logistics solutions and express courier company that has been in the industry for over 40 years. They provide freight solutions management via air, sea, and land through their established network of international and domestic partners and carriers. Airspeed also offers customized logistics, warehousing and distribution, and customs clearance.

SMIC effectively owns 51.0% in Airspeed.

Philippine Geothermal Production Company (PGPC) is a company that operates steam fields to supply third-party owned geothermal power plants. PGPC also has rights exclusive rights to explore, develop and utilize other geothermal resources in the Philippines. PGPC is currently supplying steam with an equivalent of approximately 300MW powering the Luzon grid. SMIC merged with Allfirst Equity Holdings, Inc. in August 2022, with SMIC as the surviving entity.

SMIC effectively owns 100% of PGPC.

Competition

The Company's subsidiaries compete with other local companies in the industry segments in which they operate. The Company believes that each of its subsidiaries has strong competitive advantages over the other industry players. In addition, the strong synergy created by the complementing businesses of the individual subsidiaries has further reinforced each subsidiary's preparedness to face stiff competition in the coming years.

Suppliers

The Company and its subsidiaries have a broad range of suppliers, both local and foreign.

Customers / Clients

The Company and its subsidiaries are not dependent on a single or a few customer / client base. The group has a broad base of local and foreign, and corporate and individual customers / clients.

Transactions With and/or Dependence on Related Parties

See *Note 21* (Related Party Disclosures) of the Notes to the Consolidated Financial Statements.

Governmental regulations and environmental laws

The Company and its subsidiaries meet all governmental, environment, health and safety requirements. The Company has not experienced significant governmental, environment, health or safety problems.

Employees

As of December 31, 2025, the Parent Company had 395 regular employees. Its employees are not subject to any Collective Bargaining Agreements.

Risks

SMIC Enterprise Risk Management approach starts from the identification and prioritization of risks, to the assessment of risk interrelationship and analysis of the sources of risks, then to the development of risk management strategies and action plans, and ultimately, to the monitoring and continuous improvement of the risk management process.

The Executive Committee provides oversight on the assessment of the impact of risks on the strategic and long-term goals of the Company. The business unit heads are responsible for managing operational risks by implementing internal controls within their respective units. The Board Risk Oversight Committee is updated on status of risk management and improvement plans of the Company.

Action plans to mitigate risks include investment in technology, provision of continuous trainings to employees, performance of regular audits, establishment and implementation of policies for a strong IT governance, and constant partnerships with various stakeholders. The technology risk officer through continuous risk assessments, threats to assets are identified, vulnerability to and likelihood of occurrence are evaluated and potential impacts are estimated in the areas of network, operating system, application and database in production. Specifically, system vulnerability assessments, to proactively detect and address threats and vulnerabilities, are regularly implemented. In terms of cyber security management, the Company has adopted globally accepted standards to employ similar approach of cyber security strategies within the organization.

ITEM 2. Properties

The Company and its subsidiaries own and lease several tracts of land for shopping malls, commercial, residential and other development.

Leased properties intended for future development have lease terms ranging from 15 to 50 years. Some contracts provide for renewal options subject to mutual agreement of the parties. Rental rates are based on prevailing market rental rates for the said properties. Please refer to *Note 27* of the accompanying Notes to the Consolidated Financial Statements for further details on Lease Agreements. Other real properties that the Company intends to acquire are still under review depending on factors such as demographics and accessibility to public transport.

ITEM 3. Legal Proceedings

The Company and its subsidiaries are not involved in any discussion of legal material proceedings.

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

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's shares of stock are traded in The Philippine Stock Exchange, Inc.

	<u>2025</u>				<u>2024</u>			
Stock Prices		<u>High</u>		<u>Low</u>		<u>High</u>		<u>Low</u>
1 st Quarter	₱	908.0	₱	765.0	₱	955.0	₱	870.0
2 nd Quarter		900.0		746.0		991.0		809.0
3 rd Quarter		905.0		732.0		996.0		828.0
4 th Quarter		755.0		677.0		1000.0		875.0

As of December 31, 2025, the closing price of the Company's shares of stock is P699.50/share based on the last trading date, December 29, 2025.

Stockholder and Dividend Information

The number of stockholders of record as of December 31, 2025 was 1,253. As of December 31, 2025, there are no restrictions that would limit the ability of the Company to pay dividends to the common stockholders, except with respect to ₱513.8 billion, representing accumulated equity in net earnings of subsidiaries. These earnings are not available for dividend distribution until such time that the Parent Company receives the dividends from the subsidiaries.

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.

To illustrate the Company's efforts towards regularly issuing dividends to its shareholders, in 2025 and 2024, the Company declared and paid dividends of ₱15,972.1 million and ₱10,998.2 million, equivalent to 73% and 60% of the 2024 and 2023 earnings, respectively, of SMIC Parent Company.

The declaration of cash dividends out of the 2025 earnings will be discussed and determined at the Board Meeting scheduled on April 29, 2026.

On April 30, 2025, the BOD approved the declaration of regular cash dividends equivalent to 110.0% of the par value, or ₱11.00 per share, for a total amount of ₱13,514.9 million, in favor of stockholders on record as at May 16, 2025. The regular cash dividends were paid on May 29, 2025.

On the same date, the BOD also approved the declaration of special cash dividends amounting to ₱2.00 per share, for a total amount of ₱2,457.2 million, payable to stockholders on record as of May 16, 2025, and paid on May 29, 2025.

On April 24, 2024, the BOD approved the declaration of cash dividends of 90.0% of the par value or ₱9.00 per share for a total amount of ₱10,998.2 million in favor of stockholders on record as at May 9, 2024. This was paid on May 23, 2024.

On April 26, 2023, the BOD approved the declaration of cash dividends of 75.0% of the par value or ₱7.50 per share for a total amount of ₱9,165.2 million in favor of stockholders on record as at May 11, 2023. This was paid on May 25, 2023.

The top 20 stockholders as of December 31, 2025 are as follows:

	<u>Name</u>	<u>No. of Shares Held</u>	<u>% to Total</u>
1	PCD NOMINEE CORP. (NON-FILIPINO)	400,672,764	32.49
2	PCD NOMINEE CORP. (FILIPINO)	265,313,417	21.52
3	HARLEY T SY	87,604,771	7.10
4	HERBERT T. SY	86,753,008	7.04
5	HANS T. SY	75,839,675	6.15
6	SYNTRIX HOLDINGS, INC.	47,032,000	3.81
7	ELIZABETH TAN SY	36,073,463	2.93
8	TANSMART HOLDINGS, INC.	27,285,000	2.21
9	SYSMART CORPORATION	26,681,954	2.16
10	TERESITA T. SY	25,440,508	2.06
11	HENRY SY FOUNDATION INC.	22,500,000	1.83
12	GREEN DOE HOLDINGS, INC.	15,000,000	1.22
13	RAVEN GREY HOLDINGS, INC.	15,000,000	1.22
14	WATER FRY HOLDINGS, INC.	15,000,000	1.22
15	FELICIDAD T. SY FOUNDATION INC.	11,250,000	0.91
16	BERNESE MD CORPORATION	10,000,000	0.81
17	CANTIBLEU CORPORATION	10,000,000	0.81
18	COMAN HOLDINGS CORPORATION	10,000,000	0.81
19	NLC HOLDINGS, INC.	8,730,000	0.71
20	MLC HOLDINGS, INC.	8,480,000	0.69

The securities below were issued as exempt from the registration requirements of the Securities Regulation Code (**SRC**) and therefore have not been registered with the Securities and Exchange Commission:

Euro Medium Term Note Program

In July 2024, SMIC, through its wholly owned subsidiary SMIC SG Holdings Pte. Ltd., issued first tranche of US\$500 million out of its US\$3.0 billion Euro Medium Term Note (EMTN) program and listed the same in the Singapore Exchange Securities Trading Limited (SGX-ST). This issuance, which bears a coupon rate of 5.375% per annum on a 5-year term, is guaranteed by SMIC. The EMTN was established in May 2024. It is a joint issue of SMIC SG Holdings Pte. Ltd. and SMPHI SG Holdings Pte. Ltd., a wholly owned subsidiary of SM Prime. The debt notes, which was listed in the SGX-ST, are considered exempt security pursuant to 10.1 (l) of RA No. 8799. HSBC, J.P. Morgan, Standard Chartered Bank and UBS have been mandated by SM Investments as Joint Lead Managers and Joint Bookrunners, alongside BDO Capital and China Bank Capital as Joint Lead Managers.

Property-For-Share Swap

During the regular meeting of the Board of Directors of SMIC held on 7 August 2024, the Board approved the property-for-share swap of SMIC with Intercontinental Development Corporation (ICDC), a nearly wholly-owned subsidiary of SMIC, involving conveyance to SMIC by ICDC of land in Susana Heights, Muntinlupa City (the **Properties**) in exchange for common shares of SMIC (the **Transaction**). On 4 October 2024, the parties executed a Deed of Assignment pursuant to the Transaction, whereby ICDC subscribed to 7,039,562 common shares of SMIC with a par value of ₱70,395,620 in exchange for the Properties for a total consideration of ₱6.2 billion, subject to a confirmation of valuation by the Securities and Exchange Commission (**SEC**).

On 6 March 2025, SMIC received the Certificate of Approval of Valuation from the SEC dated 28 February 2025 which triggered the issuance of 7,039,562 common shares to ICDC out of SMIC's authorized capital stock. The issuance of shares to ICDC is considered an exempt transaction pursuant to 10.1 (k) of RA No. 8799 because the shares shall be held by less than twenty (20) persons, being limited only to ICDC.

Other than the transactions, there is no recent acquisition, business combination or other reorganization that has an effect on the amount and percentage of present holdings of the Company's common equity.

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

Calendar Years Ended December 31, 2025 and 2024

Results of Operation

(amounts in billion pesos)

	2025	2024	% Change
Revenues	₱ 681.7	₱ 654.8	4.1%
Costs and Expenses	521.4	503.0	3.7%
Operating Income	160.3	151.8	5.6%
Other Charges	17.5	18.9	-7.0%
Provision for Income Tax	19.0	18.3	4.0%
Net Income After Tax	123.8	114.6	8.0%
Non-controlling Interests	33.3	32.0	3.9%
Net Income Attributable to Owners of the Parent	₱ 90.5	₱ 82.6	9.5%

The Group reported ₱90.5 billion *Net Income Attributable to Owners of the Parent* on ₱681.7 billion *Revenues*.

Following is the contribution of each of the major business segments to the consolidated revenues and net income:

	Revenues		Net Income	
	2025	2024	2025	2024
Retail	67%	66%	18%	18%
Property	20%	20%	27%	26%
Banks	7%	7%	49%	49%
Portfolio	6%	7%	6%	7%

Retail

SM Retail reported ₱21.1 billion *Net income* on ₱458.1 billion *Revenues*.

The SM Stores reported *Sales* of ₱111.3 billion, 3% higher than 2024, supported by robust growth in the kids category. *Net income* is at ₱4.3 billion, up 4% from 2024.

The Food Stores reported *Sales* of ₱267.6 billion, 7% higher than 2024. SM Markets sales grew 6% to ₱186.4 billion, WalterMart 11% to ₱42.5 billion and Alfamart 11% to ₱38.0 billion. *Net income* is at ₱12.0 billion, up 7% from 2024.

The Specialty Stores reported *Sales* of ₱94.8 billion, 3% higher than 2024. This growth is attributed to health and beauty, fashion, kids and home categories. *Net income* is ₱6.2 billion, down 19% from 2024, mainly due to higher promotional discounting particularly in the Sports category.

Property

SM Prime reported ₱48.8 billion in *Net income* on ₱141.1 billion *Revenues*.

Malls reported ₱36.0 billion *Net income* on *Revenues* of ₱85.1 billion, 27% and 7% higher than 2024, respectively. These results are attributed to rental rate escalation, improved occupancy rates and operational efficiency. Malls comprise 60% of consolidated revenues and 72% of consolidated net income.

Residential reported ₱9.0 billion *Net income* on ₱42.5 billion *Revenues*, 32% and 11% lower than 2024. Revenue recognition has been affected by efforts to improve the quality of its customer base, including the increase in reservation deposits required upon booking. No new project was launched in 2025. Residential comprise 30% of consolidated revenues and 18% of consolidated net income.

Banking

BDO reported ₱87.2 billion *Net income*, 6% higher than 2024. This is supported by growth across its core businesses. *Net interest income* increased 9% to ₱203.1 billion.

Asset quality remained stable with non-performing loan (NPL) ratio at 1.7% and NPL coverage at 133%.

Chinabank reported ₱28.0 billion *Net income*, 13% higher than 2024. *Net interest income* increased 14% to ₱72.6 billion.

Asset quality was stable with non-performing loan (NPL) ratio at 1.6% and NPL coverage at 109%.

Portfolio Investments

The Portfolio Investments Group contributed ₱5.5 billion to the 2025 consolidated net income. PGPC and NEO contributed 56% of the total portfolio net income at ₱1.5 billion each. 2GO and Goldilocks on the other hand, contributed 10% each.

Profit & Loss Statement - Account Analysis

Merchandise Sales, which increased 5.4% to ₱444.6 billion, accounted for 65% of total revenues in 2025. This is attributable to the Food Group which generated sales of ₱268 billion at 7% growth rate. SM Markets grew 6%, WalterMart and Alfamart at 11%. 76 new stores were opened in 2025 – 14 SM Markets, 2 WalterMart stores and 280 Alfamart stores.

Real Estate Sales decreased to ₱40.6 billion. The 2025 real estate sales include units sold in *Gold Towers* (residential and offices) in Paranaque, *Calm Residences* in Laguna, *Joy Residences* in Bulacan and *Jade Residences* in Makati.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased 6.8% to ₱72.6 billion.

Equity in Net Earnings of Associate Companies and Joint Ventures increased 7.9% to ₱54.0 billion. The increase is mainly with the banks.

Costs and Expenses increased 3.7% to ₱521.4 billion. This increase includes the additional cost from newly opened malls and retail stores.

Operating Income increased 5.6% to ₱160.3 billion. *Operating Margin* and *Net Margin* in 2025 is at 23.5% and 18.2%, respectively.

Other Charges (net) decreased 7.0% to ₱17.5 billion. *Interest Expense* decreased 8.1% to ₱21.8 billion. *Loss from fair value changes on derivatives - net* decreased to ₱83.3 million. *Interest Income* decreased to ₱3.8 billion. *Foreign exchange gain (loss) – net and others* decreased to ₱795.7 million.

Provision for Income Tax increased 4.0% to ₱19.0 billion due to higher taxable income.

Non-controlling Interests increased 3.9% to ₱33.3 billion due to the improved net income of partly-owned subsidiaries.

Financial Position
(amounts in billion pesos)

	2025	2024	% Change
Current Assets	₱ 361.4	₱ 383.8	-5.8%
Noncurrent Assets	1,450.4	1,315.3	10.3%
Total Assets	₱ 1,811.8	₱ 1,699.1	6.6%
Current Liabilities	₱ 337.3	₱ 343.2	-1.7%
Noncurrent Liabilities	518.9	489.5	6.0%
Total Liabilities	856.2	832.7	2.8%
Total Equity	955.6	866.4	10.3%
Total Liabilities and Equity	₱ 1,811.8	₱ 1,699.1	6.6%

Total *Assets* and *Liabilities* increased 6.6% to ₱1,811.8 billion and 2.8% to ₱856.2 billion, respectively.

Assets

Cash and Cash Equivalents decreased 9.5% to ₱101.8 billion: ₱75.2 billion used for investments in property and equipment, investment properties and others, and ₱52.5 billion used for financing activities, partially offset by ₱117.0 billion cash generated from operations.

Receivables and Contract Assets increased 2.0% to ₱94.1 billion, representing trade receivables, net of collections from real estate buyers.

Inventories decreased 0.4% to ₱119.2 billion, mainly Real estate inventories which decreased by ₱2.4 billion to ₱74.5 billion.

Financial assets at FVOCI (current and noncurrent) decreased 10.2% to ₱24.4 billion, mainly due to the decline in the market value of listed equity securities, Ayala Corporation, held by the Group.

Investments in Associate Companies and Joint Ventures increased 9.4% to ₱437.2 billion, primarily the Group's ₱54.0 billion equity in net earnings of its associate companies, particularly the banks, and its share in their net comprehensive income, partly offset by ₱16.6 billion dividends received during the year.

Property and Equipment increased 4.0% to ₱59.6 billion attributable mainly to SM Retail and PGPC additions to machinery and equipment and leasehold improvements.

Time Deposits (current and noncurrent) increased 122% to ₱7.4 billion. These time deposits are mostly with SM Prime.

Investment Properties increased 10.8% to ₱657.2 billion due mainly to SM Prime's land banking and integrated property developments, new mall and commercial projects, and redevelopment and expansion of existing malls.

Other Noncurrent Assets increased 20% to ₱176.4 billion mainly representing ₱15.2 billion higher receivable from sales of real estate and ₱7.2 billion higher deferred input vat.

Liabilities

Interest-bearing Debt increased 2.2% to ₱511.5 billion due mainly to the ₱35.4 billion net debt availment by SM Prime, partly offset by the ₱14.4 billion net debt payment by the Parent Company.

Accounts Payable and Other Current Liabilities increased 1.3% to ₱213.1 billion due mainly to the ₱3.7 billion increase in nontrade liabilities and ₱1.5 billion tenants' and customers' deposits.

Deferred Tax Liabilities increased 8.7% to ₱21.1 billion. Deferred tax liabilities mainly come from SM Prime's unrealized gross profit on sales of real estate and SM Prime and SM Retail's ROU Assets.

Tenants' Deposits and Others increased 10.5% to ₱71.8 billion. This account includes the deferred output VAT related to sales of residential projects, deposits from residential buyers and tenants in new malls and office buildings, and derivative liabilities.

Equity

Total *Equity* increased 10.3% to ₱955.6 billion.

Equity Attributable to Owners of the Parent increased 10.8% to ₱695.3 billion due mainly to the ₱75.3 billion addition in Retained Earnings representing the ₱90.5 billion net income offset by the ₱15.9 billion dividend declaration in 2025.

Non-controlling Interests increased 8.9% to ₱260.4 billion representing the increase in net assets of subsidiaries that are not wholly owned.

The Group has no known direct or contingent financial obligation that is material to the Group operations, including any default or acceleration of an obligation. The Group has no off-balance sheet transactions, arrangements, and obligations during the reporting year and as of the balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Group's continuing operations.

Key Performance Indicators

The key financial ratios of the Group follow:

	2025	2024
Current Ratio	1.1	1.1
Acid Test Ratio	0.6	0.6
Solvency Ratio	17.7%	17.0%
Asset to Equity	1.9	2.0
Debt - Equity Ratios:		
On Gross Basis	35 : 65	37 : 63
On Net Basis	30 : 70	31 : 69
Return on Equity	13.5%	13.8%
Return on Assets	7.1%	7.0%
Revenue Growth	4.1%	6.3%
Net Margin	18.2%	17.5%
Net Income Growth	9.5%	7.3%
EBITDA (<i>In Billions of Pesos</i>)	188.0B	178.3B
Interest Cover	8.6x	7.5x

Solvency Ratio increased to 17.7% due to the 7.3% increase in *Net Income After Tax* and depreciation vs. 2.8% increase in *Total Liabilities*.

Asset to Equity slightly decreased to 1.9 due to the 10.3% increase in Total Equity vs 6.6% increase in Total Assets.

Gross Debt - Equity Ratio improved to 35:65 due to the 2.2% increase in gross debt with 10.3% increase in Total Equity. *Net Debt - Equity Ratio* likewise improved to 30:70 with only 4.5% increase in net debt.

Return on Equity slightly decreased to 13.5% due to the 11.4% increase in average equity vs. 9.5% increase in *Net Income attributable to Owners of the Parent Company*.

Return on Assets improved slightly to 7.1% due to the 8.0% increase in *Net Income After Tax* vs 7.0% increase in average assets.

The *Revenue Growth* of 4.1% was driven primarily by increases across key revenue streams, including a 5.4% increase in *Merchandise Sales*, 6.8% in *Rent Revenues*, and a 7.9% increase in *Equity in Net Earnings of Associate Companies and Joint Ventures*.

Net Margin and *Net Income Growth* increased to 18.2% and 9.5%, respectively, due to the 4.1% *Revenue Growth* vs. 3.7% increase in *Costs and Expenses*, further supported by the 7.0% reduction in *Other Charges*.

EBITDA increased 5.4% due to the 5.6% increase in operating income and 4.5% increase in depreciation.

CY 2025 Management's Discussion and Analysis or Plan of Operation

Interest Cover improved to 8.6x due to the 5.4% increase in EBITDA vs. 8.1% decrease in *Interest Expense*.

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

1. Current Ratio $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Acid Test Ratio $\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$
3. Solvency Ratio $\frac{\text{Net Income After Tax + Depreciation and Amortization}}{\text{Total Liabilities}}$
4. Asset to Equity Ratio $\frac{\text{Total Assets}}{\text{Total Equity}}$
5. Debt – Equity Ratio
 - a. Gross Basis $\frac{\text{Total Interest-Bearing Debt}}{\text{Total Equity + Total Interest-Bearing Debt}}$
 - b. Net Basis $\frac{\text{Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand) and Time Deposits}}{\text{Total Equity + Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand) and Time Deposits}}$
6. Revenue Growth $\frac{\text{Total Revenues (Current Period)} - 1}{\text{Total Revenues (Prior Period)}}$
7. Net Margin $\frac{\text{Net Income After Tax}}{\text{Total Revenues}}$
8. Net Income Growth $\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - 1}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
9. Return on Equity $\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to Owners of the Parent}}$
10. Return on Assets $\frac{\text{Net Income after Tax}}{\text{Total Assets}}$
11. EBITDA Operating Income + Depreciation & Amortization
12. Interest Cover $\frac{\text{EBITDA}}{\text{Interest Expense}}$

Expansion Plans / Prospects in 2026

In 2026, the Group will continue to pursue expansion initiatives across its core businesses, including retail, property, banking and portfolio investments.

The retail segment plans to open additional stores across various formats and strengthen its omni-channel capabilities. The property segment intends to proceed with the development and expansion of selected malls and commercial properties, alongside the launch of residential and mixed-use projects in key growth areas. Ongoing asset enhancement initiatives, repairs and maintenance of existing properties, and sustainability-related improvements also remain part of the Group's capital program.

The banking segment is expected to continue expanding its lending portfolio, digital platforms and branch network, while maintaining prudent risk management practices.

The Group evaluates investments in new business ventures and strategic opportunities as they arise, consistent with its long-term growth objectives and capital allocation framework.

Capital expenditures for 2026 are expected to be funded primarily through internally generated cash flows, supplemented, when appropriate, by borrowings and other capital market issuances.

The Group has no material capital commitments other than those disclosed in the notes to the consolidated financial statements.

Calendar Years Ended December 31, 2024 and 2023

Results of Operation
(amounts in billion pesos)

	2024	2023	% Change
Revenues	₱ 654.8	₱ 616.3	6.3%
Costs and Expenses	503.0	474.1	6.1%
Operating Income	151.8	142.2	6.8%
Other Charges	18.9	19.4	-2.3%
Provision for Income Tax	18.3	16.6	9.8%
Net Income After Tax	114.6	106.2	8.0%
Non-controlling Interests	32.0	29.2	9.8%
Net Income Attributable to Owners of the Parent	₱ 82.6	₱ 77.0	7.3%

SM Investments Corporation and Subsidiaries (the Group) reported ₱82.6 billion *Net Income Attributable to Owners of the Parent* on ₱654.8 billion *Revenues*.

Following is the contribution of each of the major business segments to the consolidated revenues and net income:

	Revenues		Net Income	
	2024	2023	2024	2023
Retail	66%	67%	18%	19%
Property	20%	19%	26%	25%
Banks	7%	7%	49%	47%
Portfolio	7%	7%	7%	9%

Retail

SM Retail reported P20.9 billion Net income on Revenues of P434.5 billion.

The SM Stores reported Sales of P108.0 billion, flat vs. 2023. This reflects the impact of high sales base in 2023 when mobility restrictions related to COVID pandemic was lifted. Strong recovery was noted in the 4th quarter with 5% sales growth.

The Food Stores reported Sales of P249.6 billion, 8% higher than 2023. This growth is driven by expanded store networks and improved customer engagement. The increase is attributable to SM Markets with Sales of P176.5 billion at 5% growth, and Alfamart with P34.1 billion at 20% growth.

The Specialty Stores reported Sales of P91.7 billion, 2% higher than 2023. This growth is attributable to appliances and fashion.

The 5% growth in net income is attributable to sustained sales growth and modest gains in gross margins.

Property

SM Prime reported P45.6 billion *Net income* on *Revenues* of P140.4 billion, 14% and 10% higher than 2023, respectively. Strong growth was recorded for rentals at 9%, real estate sales at 9% as well as its services and experiential offerings.

Malls accounted for 55% of revenues, followed by residences at 34%, hotels and convention centers at 6%, and offices and warehouses at 5%.

Banking

BDO reported P82.0 billion *Net income*, 12% higher than 2023. This is supported by growth across its core businesses. *Net interest income* increased 8% with the expansion in earning assets and growth in its service businesses. *Gross customer loans* grew by 13% to P3.2 trillion with growth across all market segments.

Total deposits increased 6% to P3.8 trillion, with CASA ratio at 71%. Asset quality remained stable with non-performing loan (NPL) ratio at 1.83% and NPL coverage at 145%.

China Bank reported P24.8 billion *Net income*, 13% higher than 2023. *Net interest income* increased 19% to P63.5 billion.

Asset quality was stable with non-performing loan (NPL) ratio at 1.6% and NPL coverage at 139%.

Portfolio Investments

The Portfolio Investments Group contributed ₱6.5 billion to the 2024 consolidated net income, 46% of which is from PGPC, 22% from NEO at and 10% from Belle.

Profit & Loss Statement - Account Analysis

Merchandise Sales, which increased 5.0% to ₱421.8 billion, accounted for 64% of total revenues in 2024. This is attributable to SM Markets with 5% growth to ₱176.5 billion from its 337 stores and Alfamart with 20% growth to ₱34.1 billion sales from its 2,092 stores.

Real Estate Sales increased 9.0% to ₱45.9 billion from its various projects including *Now Residences* in Pampanga, *Vail Residences* in Cagayan de Oro, *Gold Towers* (residential and offices) in Paranaque, *Glade Residences* in Iloilo, and *Calm Residences* in Laguna.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased 10.0% to ₱68.0 billion.

Equity in Net Earnings of Associate Companies and Joint Ventures increased 11.3% to ₱50.0 billion. The increase is mainly with the banks.

Other Revenues increased 5.3% to ₱69.1 billion. The increase is mainly on *Cinema Ticket Sales, Amusement and Others* at 13.2% growth and *Shipping, Logistics and Other Services* at 12.3% growth.

Costs and Expenses increased 6.1% to ₱503.0 billion. This increase includes the additional cost from newly opened malls and retail stores.

Operating Income increased 6.8% to ₱151.8 billion. *Operating Margin* and *Net Margin* in 2024 is at 23.5% and 17.8%, respectively.

Other Charges (net) decreased 2.3% to ₱18.9 billion. *Interest Income* increased 13.1% to ₱4.6 billion due mainly to increase in average cash balance of cash. *Foreign Exchange Gain (Loss) - Net and Others* increased, as well, ₱729.5 million with *Gain on Disposal of Investments and Properties - Net* of ₱445.3 million and *Foreign exchange gain - net* of ₱572 million. The PHP to USD foreign exchange rate amounted to PHP57.84 : USD1.00 in 2024 from PHP55.37 : USD1.00 in 2023. *Interest Expense* decreased by 1.6% to ₱23.7 billion. *Loss from fair value changes on derivatives - net* increased to ₱480.0 million. Additional impairment of certain investments was taken up in 2024 at ₱475.7 million compared to net reversal of ₱320.2 million in 2023.

Provision for Income Tax increased 9.8% to ₱18.3 billion due mainly to higher taxable income in 2024.

Non-controlling Interests increased 9.8% to ₱32.0 billion due mainly to the improved net income of partly-owned subsidiaries.

Financial Position
(amounts in billion pesos)

	2024	2023	% Change
Current Assets	₱ 383.8	₱ 359.5	6.8%
Noncurrent Assets	1,315.3	1,226.7	7.2%
Total Assets	₱ 1,699.1	₱ 1,586.2	7.1%
Current Liabilities	₱ 343.2	₱ 330.8	3.8%
Noncurrent Liabilities	489.5	483.2	1.3%
Total Liabilities	832.7	814.0	2.3%
Total Equity	866.4	772.2	12.2%
Total Liabilities and Equity	₱ 1,699.1	₱ 1,586.2	7.1%

Total *Assets* and *Liabilities* increased 7.1% to ₱1,699.1 billion and 2.3% to ₱832.7 billion, respectively.

Assets

Current Assets increased 6.8% to ₱383.8 billion.

Cash and Cash Equivalents increased 8.5% to ₱112.5 billion: ₱107.6 billion cash generated from operations, partially offset by ₱53.8 billion used for financing activities and ₱45.1 billion used for investments in property, plant and equipment, investment properties and others.

Receivables and Contract Assets increased 16.5% to ₱92.3 billion attributable mainly to receivables from real estate buyers and tenants.

Inventories increased 1.9% to ₱119.7 billion attributable mainly to Retail's merchandise inventory which increased by ₱3.1 billion to ₱42.0 billion.

Noncurrent Assets increased 7.2% to ₱1,315.3 billion.

Investments in Associate Companies and Joint Ventures increased 10.6% to ₱399.5 billion. The increase mainly represents the Group's equity in net earnings of its associate companies particularly the banks, partly offset by dividends received, disposal of shares, and share in comprehensive loss of its associate companies.

Property and Equipment increased 8.5% to ₱57.4 billion attributable mainly to additions to vessels in operation, machinery and equipment and leasehold improvements.

Time Deposits (current and noncurrent) decreased 86% to ₱3.3 billion as these were used to pay maturing obligations.

Investment Properties increased 10.4% to ₱592.9 billion due mainly to SM Prime's land banking and integrated property developments, new mall and commercial projects, and redevelopment and expansion of existing malls.

Other Noncurrent Assets increased 6.1% to ₱146.5 billion representing mainly the increase in receivable from real estate buyers and PGPC's deferred costs of exploring geothermal resources.

Liabilities

Interest-bearing Debt decreased 0.2% to ₱500.6 billion due mainly to net debt payments, particularly by the Parent Company offset by net debt availment by SM Prime.

Accounts Payable and Other Current Liabilities increased 5.1% to ₱210.4 billion due mainly to the increase in trade and accrued expenses of SM Prime and SM Retail.

Deferred Tax Liabilities increased 7.3% to ₱19.4 billion reflecting the net change in SM Prime's unrealized gross profit on sales of real estate.

Tenants' Deposits and Others increased 11.9% to ₱65.0 billion. This account includes the deferred output VAT related to sales of residential projects, deposits from residential buyers and tenants in new malls and office buildings, and derivative liabilities.

Equity

Total *Equity* increased 12.2% to ₱866.4 billion.

Equity Attributable to Owners of the Parent increased 12.7% to ₱627.3 billion due mainly to the ₱71.6 billion addition in Retained Earnings representing the ₱82.6 billion net income offset by the ₱11.0 billion dividend declaration in 2024.

Non-controlling Interests increased 10.9% to ₱239.1 billion representing the increase in net assets of subsidiaries that are not wholly owned.

The Group has no known direct or contingent financial obligation that is material to the Group operations, including any default or acceleration of an obligation. The Group has no off-balance sheet transactions, arrangements, and obligations during the reporting year and as of the balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Group's continuing operations.

Key Performance Indicators

The key financial ratios of the Group follow:

	2024	2023
Current Ratio	1.1	1.1
Acid Test Ratio	0.6	0.6
Solvency Ratio	17.0%	16.1%
Asset to Equity	2.0	2.1
Debt - Equity Ratios:		
On Gross Basis	37 : 63	39 : 61
On Net Basis	31 : 69	33 : 67
Return on Equity	13.8%	14.5%
Return on Assets	7.0%	7.0%
Revenue Growth	6.3%	11.4%
Net Margin	17.5%	17.2%
Net Income Growth	7.3%	25%
EBITDA (<i>In Billions of Pesos</i>)	178.3B	166.9B
Interest Cover	7.5x	6.9x

Solvency Ratio increased to 17.0% due to the 7.8% increase in *Net Income After Tax* and depreciation vs. 2.3% increase in *Total Liabilities*.

Gross Debt - Equity Ratio improved to 37:63 due to the 0.2% decrease in gross debt with 12.2% increase in equity. *Net Debt - Equity Ratio* likewise improved to 31:69 with only 2.6% increase in net debt.

Return on Equity improved to 13.8% due to the 7.3% increase in net income attributable to owners of the parent vs. 13.0% increase in average equity.

Return on Assets improved slightly to 7.0% due to the 8.0% increase in *Net Income After Tax* vs 7.5% increase in average assets.

The 2024 *Revenue Growth* of 6.3% is attributable mainly to the 5.0% increase in *Merchandise Sales*, 9.0% in *Real estate Sales*, 10.0% increase in *Rent Revenues*, 11.3% increase in *Equity in Net Earnings of Associate Companies and Joint Ventures* and 5.3% increase in *Other Revenues*.

EBITDA increased 6.9% due to the 6.8% increase in operating income and 7.3% increase in depreciation.

Interest Cover improved to 7.5x due to the 6.9% increase in EBITDA vs. 1.6% decrease in interest expense.

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

1. Current Ratio $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Acid Test Ratio $\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$
3. Solvency Ratio $\frac{\text{Net Income After Tax + Depreciation and Amortization}}{\text{Total Liabilities}}$
4. Asset to Equity Ratio $\frac{\text{Total Assets}}{\text{Total Equity}}$
5. Debt – Equity Ratio
 - a. Gross Basis $\frac{\text{Total Interest-Bearing Debt}}{\text{Total Equity + Total Interest-Bearing Debt}}$
 - b. Net Basis $\frac{\text{Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand) and Time Deposits}}{\text{Total Equity + Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand) and Time Deposits}}$
6. Revenue Growth $\frac{\text{Total Revenues (Current Period)} - 1}{\text{Total Revenues (Prior Period)}}$
7. Net Margin $\frac{\text{Net Income After Tax}}{\text{Total Revenues}}$
8. Net Income Growth $\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - 1}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
9. Return on Equity $\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to Owners of the Parent}}$
10. Return on Assets $\frac{\text{Net Income after Tax}}{\text{Total Assets}}$
11. EBITDA Operating Income + Depreciation & Amortization
12. Interest Cover $\frac{\text{EBITDA}}{\text{Interest Expense}}$

Expansion Plans / Prospects in 2025

In 2025, the Group would continue with the opening of new stores, construction and/or expansion of malls and commercial properties, as well as repairs and maintenance of existing property and equipment and investment properties. The Group has no material commitments for capital expenditures other than those disclosed in Note 15 for Investment Properties.

Investments in new business ventures would be pursued as opportunities arise.

The above expenditures will be funded with cash generated from operations and other capital raising initiatives such as bond issuance and debt availments.

Calendar Years Ended December 31, 2023 and 2022

Results of Operation

(amounts in billion pesos)

	2023	2022	% Change
Revenues	₱ 616.3	₱ 553.0	11.4%
Costs and Expenses	474.1	435.4	8.9%
Operating Income	142.2	117.6	21%
Other Charges	19.4	18.4	5.0%
Provision for Income Tax	16.6	14.8	12.4%
Net Income After Tax	106.2	84.4	26%
Non-controlling Interests	29.2	22.7	29%
Net Income Attributable to Owners of the Parent	₱ 77.0	₱ 61.7	25%

SM Investments Corporation and Subsidiaries (the Group) reported ₱77.0 billion Net Income Attributable to Owners of the Parent on ₱616.3 billion Revenues.

Following is the contribution of each of the major business segments to the consolidated revenues and net income:

	Revenues		Net Income	
	2023	2022	2023	2022
Retail	67%	68%	19%	21%
Property	19%	18%	25%	23%
Banks	7%	6%	47%	45%
Portfolio	7%	8%	9%	11%

Retail

SM Retail reported ₱19.9 billion *Net income* on *Revenues* of ₱415.0 billion, 11% and 10% higher than 2022, respectively.

The SM Stores reported Sales of ₱108.4 billion, 14% higher than 2022.

The Food Stores reported Sales of ₱231.5 billion, 7% higher than 2022. Bulk of the increase is from the SM Markets with Sales of ₱167.7 million, a 6% growth, and Alfamart with ₱28.4 billion sales, with 9% same store sales growth.

The Specialty Stores reported Sales of ₱89.6 billion, 10% higher than 2022. This growth is attributable to Toy Kingdom/Pet Express, Miniso, Crocs and Kultura.

The general improvement in profitability is attributable to the strong sales growth and modest improvement in gross margins.

Property

SM Prime reported ₱40.0 billion *Net income* on *Revenues* of ₱128.1 billion, 33% and 21% higher than 2022, respectively.

The mall business, which accounts for 56% of consolidated *Revenues* reported a 30% growth in *Revenues* to ₱71.9 billion in 2023. Mall rental income increased by 24% to ₱61.3 billion.

The residential business, led by SMDC, reported an 8% growth in *Revenues* of ₱43.1 billion in 2023, with 2023 reservation sales of ₱102.0 billion equivalent to more than 21,000 residential units.

Banking

BDO reported ₱73.4 billion *Net income*, 29% higher than 2022. This is supported by growth across its core businesses. *Net interest income* increased 25% to ₱186.4 billion as *Gross customer loans* grew by 9% to ₱2.8 trillion with growth across all market segments.

Total deposits increased 11% to ₱3.6 trillion, with CASA ratio at 72%. Asset quality continued to improve with non-performing loan (NPL) ratio at 1.85% and NPL coverage at 185%.

China Bank reported ₱22.0 billion *Net income*, 15% higher than 2022. *Net interest income* increased 17% to ₱53.5 billion as the strong growth in loans and investments offset the significantly higher interest expense. *Gross loans* increased 10% to ₱791 billion.

Total deposits increased 11% to ₱1.2 trillion with CASA ratio at 48%. Asset quality was stable with non-performing loan (NPL) ratio at 2.5% and NPL coverage at 104%.

Portfolio Investments

Portfolio Investments' contribution to consolidated net income grew 6% in 2023. The businesses with significant contribution to consolidated net income growth include 2GO whose reported net income grew 204%, Belle with 30% and Goldilocks with 60%.

Profit & Loss Statement - Account Analysis

Merchandise Sales, which increased by 9.4% to ₱401.7 billion, accounted for 65% of total revenues in 2023. This is attributable to The SM Store with 14% growth, Food with 7% and Specialty stores with 10%.

Real Estate Sales increased by 7.9% to ₱42.1 billion due mainly to higher sales take-up and construction accomplishments of various projects including *Gold, Mint, Sands, Shore, Cheerful* and *South Residences*.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased by 26% to ₱61.8 billion. This is attributable to increased mall traffic and general improvements in tenant sales.

Equity in Net Earnings of Associate Companies and Joint Ventures increased by 25% to ₱44.9 billion. The increase is coming mainly from the bank and retail associates.

Other Revenues increased by 6.5% to ₱65.7 billion due mainly to the 114% increase in *Cinema Ticket Sales, Amusement and Others*, 18.5% increase in *Shipping, Logistics and Other Services* and 41% increase in *Royalty and Service Fees*.

Costs and Expenses increased by 8.9% to ₱474.1 billion. This increase is relative to the increase in revenue due mainly to opening of new malls and retail stores and ongoing real estate projects.

Operating Income increased by 21% to ₱142.2 billion. *Operating Margin* and *Net Margin* in 2023 is at 23.1% and 17.2%, respectively.

Other Charges (net) increased by 5.0% to ₱19.4 billion. *Interest Expense* increased to ₱24.1 billion due mainly to new debt availments for working capital and capital expenditure requirements. *Interest Income* increased by 33% to ₱4.0 billion due mainly to increase in average balance of cash and time deposits. *Foreign Exchange Gain (Loss) - Net and Others in 2023* include *Gain on Disposal of Investments and Properties - Net* of ₱66 million and ₱329 million foreign exchange gain. The PHP to USD foreign exchange rate amounted to PHP55.37 : USD1.00 in 2023 from PHP55.76 : USD1.00 in 2022.

Provision for Income Tax increased by 12.4% to ₱16.6 billion due mainly to higher taxable income in 2023.

Non-controlling Interests increased by 29% to ₱29.2 billion due mainly to the improved net income of partly-owned subsidiaries.

Financial Position
(amounts in billion pesos)

	2023	2022	% Change
Current Assets	P 359.5	P 361.5	-0.6%
Noncurrent Assets	1,226.7	1,117.9	9.7%
Total Assets	P 1,586.2	P 1,479.4	7.2%
Current Liabilities	P 330.8	P 293.0	12.9%
Noncurrent Liabilities	483.2	494.2	-2.3%
Total Liabilities	814.0	787.2	3.4%
Total Equity	772.2	692.2	11.6%
Total Liabilities and Equity	P 1,586.2	P 1,479.4	7.2%

Total *Assets* and *Liabilities* increased by 7.2% to P1,586.2 billion and 3.4% to P814.0 billion, respectively.

Assets

Current Assets slightly decreased by 0.6% to P359.5 billion.

Cash and Cash Equivalents decreased by 2.6% to P103.7 billion: P52.3 billion used for financing activities, P41.4 billion used for investments in property, plant and equipment, investment properties and others, partially offset by P90.9 billion cash generated from operations.

Receivables and Contract Assets decreased by 6.1% to P79.2 billion due mainly to collections of receivables from real estate buyers, tenants, and shipping and logistics services.

Inventories increased by 10.4% to P117.5 billion. SM Prime's real estate inventory increased by P7.4 billion to P77.9 billion and Retail's merchandise inventory increased by P4.2 billion to P38.9 billion.

Other Current Assets increased by 4.9% to P57.7 billion due mainly to higher input tax and receivable from banks.

Noncurrent Assets increased by 9.7% to P1,226.7 billion.

Financial Assets at FVOCI (current and noncurrent) increased by 4.5% to P27.1 billion due mainly to new investments partially offset by the decline in market value of certain investments in shares of stock.

Investments in Associate Companies and Joint Ventures increased by 10.1% to P361.3 billion. The increase mainly represents the Group's equity in net earnings of its

CY 2023 Management's Discussion and Analysis or Plan of Operation

associate companies particularly the banks, partly offset by dividends received, disposal of shares, and share in comprehensive loss of its associate companies.

Property and Equipment increased by 10.4% to P52.9 billion attributable mainly to additions to machinery and equipment and leasehold improvements.

Time Deposits (current and noncurrent) decreased by 30% to P22.9 billion as these were used to pay maturing obligations.

Investment Properties increased by 10.5% to P537.1 billion due mainly to SM Prime's land banking and land reclamation project, ongoing new mall and commercial projects, and redevelopment and expansion of existing malls.

Other Noncurrent Assets increased by 13.3% to P138.0 billion attributable mainly to receivable from real estate buyers.

Liabilities

Interest-bearing Debt decreased by 0.8% to P501.7 billion due mainly to net payments, particularly by the Parent Company and SM Prime.

Accounts Payable and Other Current Liabilities increased by 10.0% to P200.2 billion due mainly to the increase in trade and nontrade payables.

Deferred Tax Liabilities increased by 7.9% to P18.1 billion reflecting the net change in SM Prime's unrealized gross profit on sales of real estate.

Tenants' Deposits and Others increased by 23% to P58.0 billion. This account includes the deferred output VAT related to sales of residential projects, deposits from residential buyers and tenants in new malls and office buildings, and derivative liabilities.

Equity

Total *Equity* increased by 11.6% to P772.2 billion.

Equity Attributable to Owners of the Parent increased by 12.0% to P556.6 billion due mainly to the P67.8 billion addition in Retained Earnings representing the P77.0 billion net income offset by the P9.2 billion dividend declaration in 2023, and the P4.0 billion reduction in *Additional paid-in capital* resulting mainly from the movements in the Group's investments in 2GO and GBI.

Non-controlling Interests increased by 10.4% to P215.6 billion due mainly to the increase in net assets of subsidiaries that are not wholly owned.

The Group has no known direct or contingent financial obligation that is material to the Group operations, including any default or acceleration of an obligation. The Group has no off-balance sheet transactions, arrangements, and obligations during the reporting year and as of the balance sheet date.

CY 2023 Management's Discussion and Analysis or Plan of Operation

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Group's continuing operations.

Key Performance Indicators

The key financial ratios of the Group follow:

	2023	2022
Current Ratio	1.1	1.2
Acid Test Ratio	0.6	0.7
Solvency Ratio	16.1%	13.7%
Asset to Equity	2.1	2.1
Debt - Equity Ratios:		
On Gross Basis	39 : 61	42 : 58
On Net Basis	33 : 67	35 : 65
Return on Equity	14.5%	13.1%
Return on Assets	7.0%	5.9%
Revenue Growth	11.4%	28.1%
Net Margin	17.2%	15.3%
Net Income Growth	25%	53%
EBITDA <i>(In Billions of Pesos)</i>	166.9B	141.2B
Interest Cover	6.9x	6.6x

Current ratio slightly decreased to 1.1 due to the 0.6% slight decrease in *Current assets* vs 12.9% increase in *Current liabilities*.

Acid Test Ratio slightly decreased to 0.6 due to the 7.9% decrease in quick assets, mainly *Cash and Cash Equivalents* and *Receivables and Contract Assets* vs. 12.9% increase in *Current Liabilities*.

Solvency Ratio increased to 16.1% due to the 21% increase in *Net Income After Tax* and depreciation vs. 3.4% increase in *Total Liabilities*.

Gross Debt - Equity Ratio improved to 39:61 due to the 0.8% decrease in gross debt with 11.6% increase in equity. *Net Debt - Equity Ratio* likewise improved to 33:67 with only 2.4% increase in net debt.

Return on Equity improved to 14.5% due to the 25% increase in net income attributable to owners of the parent vs. 12.5% increase in average equity.

Return on Assets improved to 7.0% due to the 26% increase in *Net Income After Tax* vs 6.4% increase in average assets.

Revenue Growth increased to 11.4% due mainly to the 9.4% increase in *Merchandise Sales*, 26% increase in *Rent Revenues*, 25% increase in *Equity in Net Earnings of Associate Companies and Joint Ventures* and 6.5% increase in *Other Revenues*.

CY 2023 Management's Discussion and Analysis or Plan of Operation

EBITDA increased by 18.2% due to the 21% increase in operating income and 4.5% increase in depreciation.

Interest Cover improved to 6.9x due to the 18.2% increase in EBITDA vs. 11.8% increase in interest expense.

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

1. Current Ratio $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Acid Test Ratio $\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$
3. Solvency Ratio $\frac{\text{Net Income After Tax + Depreciation and Amortization}}{\text{Total Liabilities}}$
4. Asset to Equity Ratio $\frac{\text{Total Assets}}{\text{Total Equity}}$
5. Debt – Equity Ratio
 - a. Gross Basis $\frac{\text{Total Interest-Bearing Debt}}{\text{Total Equity + Total Interest-Bearing Debt}}$
 - b. Net Basis $\frac{\text{Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand) and Time Deposits}}{\text{Total Equity + Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand) and Time Deposits}}$
6. Revenue Growth $\frac{\text{Total Revenues (Current Period)} - 1}{\text{Total Revenues (Prior Period)}}$
7. Net Margin $\frac{\text{Net Income After Tax}}{\text{Total Revenues}}$
8. Net Income Growth $\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - 1}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
9. Return on Equity $\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to Owners of the Parent}}$
10. Return on Assets $\frac{\text{Net Income after Tax}}{\text{Total Assets}}$
11. EBITDA Operating Income + Depreciation & Amortization
12. Interest Cover $\frac{\text{EBITDA}}{\text{Interest Expense}}$

Expansion Plans / Prospects in 2024

In 2024, the Group would continue with the opening of new stores, construction and/or expansion of malls and commercial properties, as well as repairs and maintenance of existing property and equipment and investment properties. The Group has no material commitments for capital expenditures other than those disclosed in Note 15 for Investment Properties.

Investments in new business ventures would be pursued as opportunities arise.

The above expenditures will be funded with cash generated from operations and other capital raising initiatives such as bond issuance and debt availments.

ITEM 7. Financial Statements

Please see the attached consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

ITEM 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with accountants on accounting and financial disclosure.

Independent Public Accountants, External Audit Fees and Services

Sycip, Gorres, Velayo & Company (**SGV & Co.**) is the external auditor for the calendar year (CY) 2025. The same external auditor will be recommended for re-appointment at the scheduled stockholders' meeting. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

SRC Rule 68, as Amended, Part 3 (b) (ix), *Rotation of External Auditors*, states that the key audit partners, which include the engagement partner or signing partner, shall comply with the provisions on long association of personnel (including partner rotation) with an audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines (the Code). The Code allows for the engagement partner or signing partner for any audit client, to act in such capacity for a maximum of seven years. Ms. Belinda Beng Hui of SGV & Co. handled the examination of the Company's financial statements starting 2023. Ms. Julie Christine O. Mateo of SGV & Co. was the engagement partner from 2016 to 2022.

The Company's Manual of Corporate Governance provides that an external auditor shall be selected and appointed by the shareholders upon recommendation of the Audit Committee. The Audit Committee pursuant to its Charter, and so authorized by the Board, recommends and evaluates the performance of the external auditor. Also, the Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices and internal control systems and adherence to over-all corporate governance best practice. The Committee also oversees the Corporation's process for monitoring compliance with laws, regulations, the Code of Ethics, and performs other duties as the Board may require. Prior to commencement of audit, the Committee is also mandated to discuss with the external auditor the proposed audit scope and approach of the audit.

The Company's Manual of Corporate Governance also provides that the Committee shall pre-approve all audit plans, scope and frequency before the conduct of external audit. The Committee is also responsible for evaluating and determining the non-audit services, if any, of the external auditor and review periodically the significance of the non-audit fees paid to them. The Committee further reviews the independence of the external auditor and meets with the latter separately to discuss any matters that either party believes should be discussed privately.

The aggregate fees of Sycip, Gorres, Velayo & Company to SMIC and its subsidiaries amounted to ₱34.5 million and ₱35.0 million for audit services, and ₱32.2 million and ₱13.9 million for non-audit services, in 2025 and 2024, respectively.

Non-audit fees include other assurance services for the review of financial statements and issuance of comfort letters in relation to debt issuances and updates of debt facilities as required by regulators and underwriters, limited assurance for integrated reports, and special audits totaling ₱19.8 million and ₱10.9 million in 2025 and 2024, respectively.

SGV & Co.'s non-audit fees also include tax services and financial due diligence totaling ₱12.0 million and ₱3.0 million in 2025 and 2024, respectively. Tax-related services primarily pertain to tax due diligence, tax advisory and tax compliance services.

There were no other fees billed by SGV & Co. other than those disclosed in the supplementary schedule of external auditor fee-related information attached to the consolidated financial statements for the year ended December 31, 2025, incorporated herein by reference.

The Audit Committee recommended to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors and stockholders approved the Committee's recommendation.

The members of the Audit Committee are:

- | | | |
|----------------------------|---|------------------------------------|
| 1. Lily K. Gruba | - | Chairperson (Independent Director) |
| 2. Ramon M. Lopez | - | Member (Independent Director) |
| 3. Amando M. Tetangco, Jr. | - | Member (Independent Director) |
| 4. Marife B. Zamora | - | Member (Independent Director) |

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. 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.

Below is the attendance of the current members for the Committee meetings held as of December 2025:

Members	Feb 26	Feb 28	May 5	Aug. 4	Nov. 10
Marife B. Zamora**			√	√	√
Lily K. Gruba*	√	√	√	√	√
Ramon M. Lopez	√	√	√	√	√
Amando M. Tetangco, Jr.	√	√	√	√	√

*Atty. Lily K. Gruba was appointed as Chairperson of Audit Committee on April 30, 2025

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

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

The members of the Risk Management Committee are:

- | | | |
|----------------------------|---|---------------------------------|
| 1. Robert G. Vergara | - | Chairman (Independent Director) |
| 2. Amando M. Tetangco, Jr. | - | Member (Independent Director) |
| 3. Lily K. Gruba | - | Member (Independent Director) |
| 4. Marife B. Zamora | - | Member (Independent Director) |

Below is the attendance of the members for the Committee meetings held as of December 2025:

	August 4, 2025	November 10, 2025
Robert G. Vergara	√	√
Amando M. Tetangco, Jr.	√	√
Lily K. Gruba	√	√
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.

PART III- CONTROL AND COMPENSATION INFORMATION

ITEM 9. Directors and Executive Officers of the Registrant

(a) The incumbent Directors and Executive Officers of the Company are as follows:

Officers	Name	Age	Citizenship
Chairman and Independent Director	Amando M. Tetangco, Jr.	73	Filipino
Vice Chairperson	Teresita T. Sy	75	Filipino
Vice Chairman	Henry T. Sy, Jr.	72	Filipino
President & Chief Executive Officer	Frederic C. DyBuncio	66	Filipino
Executive Director	Harley T. Sy	66	Filipino
Independent Director	Robert G. Vergara	65	Filipino
Independent Director	Ramon M. Lopez	65	Filipino
Independent Director	Lily K. Gruba	76	Filipino
Independent Director	Marife B. Zamora	73	Filipino
Treasurer/EVP-Treasury, Finance and Planning	Erwin G. Pato	53	Filipino
EVP – Finance	Franklin C. Gomez	56	Filipino
EVP – Corporate Services and Corporate Governance	Elizabeth Anne C. Uychaco	70	Filipino
Senior Vice President – Compliance, Risk Mngt. and Special Projects	Vicky L. Salas	54	Filipino
Senior Vice President – Legal and Assistant Corporate Secretary	Arthur A. Sy	56	Filipino
Senior Vice President – Information Technology Shared Services	Ulysses C. Naguit	55	Filipino
Chief Audit Executive	Shiela P. Alarcio	45	Filipino
Corporate Secretary	Elmer B. Serrano	58	Filipino

Board of Directors

The Directors of the Company are elected at the annual stockholders’ meeting to hold office until the next annual meeting and until their respective successors are appointed or elected and qualified.

The following are the business experience/s of the Company’s incumbent Directors during the last five years:

Amando M. Tetangco, Jr.* is the Chairman and Independent Director of the Board of SMIC (as of June 16, 2023). He is also the Vice Chairman and Independent Director of the Board of Directors of SM Prime Holdings, Inc. He is concurrently an independent Director of Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorships in Manila Hotel and Toyota Motor Philippines. He is also a trustee of St. Luke’s Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity.

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served for two consecutive 6-year terms from July 2005 to July 2017. He was a career central banker for over four decades, having joined the Central Bank of the Philippines on 25 March 1974. During his term as Governor, he held other government positions, such as the Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International

Convention Center. He was also Vice-Chair of the Agriculture Credit Policy Council; and a member of the Capital Markets Development Council and the Export Development Council. Prior to his first appointment as Governor in 2005, he was Deputy Governor in-charge of the Banking Services Sector, Economic Research and Treasury of the BSP. He also was the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. Before joining the Central Bank, he worked at the Management Services Division of SGV and Co. in 1973-1974. Overseas, he was the country's representative to the ASEAN Central Bank Forum; the 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. He was the Governor for the Philippines at the International Monetary Fund and the Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he was Chair of the Meeting of Small Open Economies. He also chaired various international committees – the BIS Asian Consultative Council; the Financial Stability Board Regional Consultative Group for Asia; and the Alliance for Financial Inclusion Steering Committee. He was conferred the Order of Lakandula with the Rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He also received multiple recognition by a number of international organizations as one of the best central bank governors and chosen as MAP Management Man of the Year in 2015. Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (cum laude), and obtained his Masters in Public Policy and Administration (Development Economics) at the University of Wisconsin at Madison, Wisconsin, USA, as a BSP scholar. He was conferred the Honorary Degree of Doctorate in Management by the Asian Institute of Management in 2023. He attended various training programs at different institutions, including the Harvard Business School and the New York Institute of Finance.

Teresita T. Sy is the Vice Chairperson of SMIC and Adviser to the Board of SM Prime Holdings, Inc. She sits as Chairperson of SM Retail Inc.. She is also the Chairperson of BDO Unibank, Inc. (BDO) and serves as the Chairperson and/or Director of various subsidiaries and affiliates of BDO such as BDO Private Bank, Inc. and BDO Foundation, Inc. . A graduate of Assumption College with a Bachelor of Arts and Bachelor of Science degree in Commerce, she brings to the board her diverse expertise in retail merchandising, mall and real estate development, and banking and finance.

Henry T. Sy, Jr. is the Vice Chairman of SMIC and Chairman of SM Prime Holdings, Inc. and Synergy Grid & Development Phils., Inc. He is also the Chairman and Chief Executive Officer of SM Development Corporation and Vice Chairman of National Grid Corporation of the Philippines. He is responsible for the real estate acquisitions and development activities of the SM Group, which include the identification, evaluation, and negotiation for potential sites as well as the input of design ideas. He graduated with a Management degree from De La Salle University.

Frederic C. DyBuncio is the President and Chief Executive Officer of SMIC. He is the Chairman of the Board of Atlas Consolidated Mining and Development Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong, and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business

Management and finished a Master's degree in Business Management program at the Asian Institute of Management.

Harley T. Sy is the Executive Director of SMIC. He is a Director of China Banking Corporation and other companies within the SM Group, and an Adviser to the Board of Directors of BDO Unibank, Inc. and BDO Private Bank. He is the Vice Chairman and Treasurer of SM Retail Inc. He holds a degree in Bachelor of Science in Commerce, Major in Finance from De La Salle University.

Robert G. Vergara* is an Independent Director of SMIC. He also sits as an Independent Director of Metro Pacific Health, Inc., STI Education Systems Holdings, Inc, Philplans First, Inc., and AIG Insurance Philippines, Inc. He is also a Director of Cabanatuan Electric Corporation, and Sea Crest Fund. He is currently the President of Vergara Advisory Management, Inc. founded in May 2018. From September 2010 to October 2016, he served as the President and General Manager and Vice-Chairman of the Board of Trustees of the Government Service Insurance System (GSIS). As President and General Manager of GSIS, Mr. Vergara also served as Vice Chairman and Director of National Reinsurance Corporation of the Philippines, Manila Hotel Corporation, and Member of the Board of Directors of Philippine Stock Exchange, Philippine Health Insurance Corporation, Philippine National Construction Corporation and Housing and Urban Development Coordinating Council. Before that, he was the Managing Director and Founding Partner of Cannizaro (Hong Kong) Limited from October 2006 to September 2010. From 2002 to 2006, he was a Director of Lionhart (Hong Kong) Ltd. He was a Principal in Morgan Stanley Asia Ltd. from 1997-2001 and served as the Managing Director of IFM Asia Ltd. from 1990 to 1997. He obtained his Master in Business Administration from Harvard Graduate School of Business Administration. He graduated *magna cum laude* from Ateneo De Manila University with Bachelor of Science degrees in Management Engineering and Mathematics.

Ramon M. Lopez* is currently an Independent Director of SMIC. He also currently serves as an Independent Director of the AIC Group of Companies Holding Corporation (a subsidiary of SMIC in the Logistics sector). He also serves as Independent Director of Monde Nissin Corporation. He is also a Board Trustee and Vice-Chairman of the Valenzuela City Technological College (ValTech) that provides education and training for industrial workforce advancement. Mr. Lopez also currently serves as the Chairman of the Governing Board of the Economic Research Institute for ASEAN and East Asia (ERIA). He also serves as Independent Director in the Boards of unlisted companies, namely New Marketlink Pharmaceuticals Corporation; Pilmico Foods and Agribusiness Corp.; Seedbox Securities Inc., which provides an online financial investment platform; and, Asian Consulting Group (ACG), a tax consulting services/advocacy for SMEs, top corporations in the Asia-Pacific. Mr. Lopez is also a Member of the Board of Advisors in Packworks Venture PTE. LTD., a start-up venture that provides a digital operations systems for micro-entrepreneurs. Mr. Lopez is also a Board Trustee in Bayan Family of Foundations, a non-profit organization providing entrepreneurship education and SMEs/social enterprise development. Mr. Lopez was the former Secretary of the Philippine Department of Trade and Industry (DTI) from 2016 to 2022. He has served for the full term of the administration of former President Rodrigo Roa Duterte. He chaired during his term the DTI institutions such as the Board of Investments, the Philippine Economic Zone Authority, the Export Development Council, Anti-Red Tape Authority Advisory Council, and Philippine International Trading Corp. He also supervised attached agencies such as the Intellectual Property Office of the Philippines, Technical Education and Skills Development Authority, and the Cooperative Development Authority,

among others. He has received several awards such as the 2016 Nation Builders Award for Government Service and the Philippine Innovation Man of the Year Award in 2017. In 2018, he received from former President Duterte the Presidential Award, Order of Sikatuna, with a rank of Datu, one of the senior honors one can receive in the Philippines. He was also named by People Asia as one of the 2020 People of the Year, for the re-opening of the economy during the pandemic. In June 2022, he was also awarded the Presidential Medal of Merit for his vital role in the Inter-Agency Task Force for the Management of Emerging Infectious Diseases. He also received The Asia CEO Awards 2022 "Lifetime Contributor of the Year Award". Mr. Lopez has a Master's Degree in Development Economics 1988 class at Williams College, Massachusetts USA and a Bachelor's Degree in Economics (1981) from the University of the Philippines School of Economics.

Lily K. Gruba* was first elected as Independent Director of SM Investments Corporation in April 2024 with effectivity of service in June 2024. She is also currently a Director of Asia United Bank and Cosco Capital, Inc. Atty. Gruba is the Founding Partner of Gruba Caganda Advincula Melo & De la Fuente (*formerly, Zambrano and Gruba*). She is also the Executive Director of Fr. Joaquin, SJ Institute for Continuing Legal Education, a Professor on Taxation Law, Mergers & Acquisitions and Local Government Finance, and a bar reviewer at the Ateneo de Manila University School of Law. She also held various positions in the government, such as Director of the Philippine Economic Zone Authority from 1999 to 2000, Director of Overseas Workers Welfare Administration from 1999 to 2000, and Undersecretary of the Department of Finance from 1998 to 2001. She was also a Philippine Bar examiner for Taxation Law in 2007 and 2019 and for Commercial law in 2012. From 2018 to 2024, she was named as one of the 100 Top Lawyers in the Philippines by the Asia Business Law Journal. In 2023, she was nominated as tax lawyer of the year for Southeast Asia by the Legal 500. Atty. Gruba graduated from the University of Santo Tomas in 1972 with a Bachelor of Arts in Psychology and a Bachelor of Laws degree from the Ateneo Law School in 1976 and was admitted to the Bar in 1977. She finished her Master of Laws in Georgetown University Law Center in Washington, D.C. in 1981.

Marife B. Zamora* was first elected as independent director of SM Investments Corporation in April 2025. She is also currently a Board Director of PLDT, Inc., MediaQuest Holdings, Inc., Smart Communications, Inc., and Digital Telecommunications Philippines Incorporated (DIGITEL). She is also currently an independent board member of Cemex Holdings Philippines, Inc., Pru Life Insurance Corporation of U.K. She is the Chairman of the Board of Willis Towers Watson Insurance & Reinsurance Brokers Philippines, Inc. She is also the President of Arzam Logistics Inc., the Member of the Board of Trustees of FTW (For The Women). She also co-founded the Filipina CEO Circle. She is also a lifetime member of the Management Association of the Philippines and a member of the UP Sigma Delta Phi Alumnae Association. She was formerly a board director of PLDT Inc., serving from 2016 to 2025, and an independent director of Cemex Holdings Philippines, Inc., serving from 2023 to 2025. She also served as Board Trustee for the ABS CBN Foundation from 2017-2023 and for the Asian Institute of Management from 2018-2024. She was Chairman of Convergys Philippines Services Corporation; Managing Director for Asia Pacific, Europe, Middle East and Africa for Convergys Corporation and served as the first country manager of Convergys Philippines setting up its first contact center in 2003 and leading its growth as the country's largest private employer. Prior to this, Zamora served as Managing Director of Headstrong Philippines Inc. She was with IBM Philippines where she held a number of sales, marketing and

management positions during her 18-year tenure with the company. Ms. Zamora graduated with a Bachelor of Arts major in Math & History at the College of the Holy Spirit; Bachelor of Science in Pre-Med at the University of the Philippines and Advance Management Program at the Wharton Aresty Institute of Executive Education, University of Pennsylvania. She is the 3rd woman President and the 68th President of the Management Association of the Philippines. She was President of the Philippine Software Association, Vice President of the American Chamber of Commerce of the Philippines and Board Member of the Contact Center Association of the Philippines. She was President of the UP Sigma Delta Phi Alumni Association. Honors conferred on Ms. Zamora include the Asia CEO Awards for 2011 Global Filipino Executive of the Year, the 'Go Negosyo' Woman STARpreneur Award 2012, the 100 Most Influential Filipino Women in the World 2013, UP Sigma Delta Phi Mariang Maya Award 2018 and Baba Trailblazer Award of the Women's Business Council Philippines 2025.

** Independent director – the Company has complied with the Guidelines set forth by the Securities Regulation Code (SRC) Rule 38 regarding the Nomination and Election of Independent Director. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule.*

Period of Directorship

<u>Name</u>	<u>Period Served</u>
Amando M. Tetangco, Jr.	June 2023 to present
Teresita T. Sy	1979 to present
Henry T. Sy, Jr.	1979 to present
Frederic C. DyBuncio	2017 to present
Harley T. Sy	1993 to present
Robert G. Vergara	2019 to present
Ramon M. Lopez	August 2022 to present
Lily K. Gruba	June 2024 to present
Marife B. Zamora	April 2025 to present

Directorships in Other Reporting Companies

The following are directorships held by Directors in other reporting companies during the last five years:

Amando M. Tetangco, Jr.	SM Prime Holdings, Inc.	Vice Chairman/ Independent Director
	Converge ICT Solutions, Inc.	Independent Director
	Shell Pilipinas Corporation	Independent Director
Teresita T. Sy	BDO Unibank, Inc.	Chairperson
Henry T. Sy, Jr.	SM Prime Holdings, Inc.	Chairman
	Synergy Grid & Development Phils. Inc.	Chairman
Frederic C. DyBuncio	2GO Group, Inc	President/CEO/Director

	Atlas Consolidated Mining and Development Corporation	
Harley T. Sy	China Banking Corporation	Director
Robert G. Vergara	STI Education Systems Holdings, Inc.	Independent Director
Ramon M. Lopez	Monde Nissin Corporation	Independent Director
Lily K. Gruba	Asia United Bank Corporation Cosco Capital, Inc.	Director Director
Marife B. Zamora	PLDT, Inc. Cemex Holdings Philippines, Inc. Smart Communications, Inc. Digital Telecommunications Philippines Incorporated	Director Independent Director Board Director Board Director

Attendance in Board Meetings

Below is the attendance of the Directors for the meetings held as of December 2025:

Director	Jan. 22	Feb. 7	Feb. 28	Apr. 30	Apr. 30	May 7	Aug. 6	Sept. 11	Nov. 12	%
	Special	Special	Regular	Regular	Organizational	Special	Regular	Special	Regular	
Amando M. Tetangco, Jr.	√	√	√	√	√	√	√	√	√	100
Teresita T. Sy	√	√	√	√	√	√	√	√	√	100
Henry T. Sy, Jr.	√	√	√	√	√	√	√	√	√	100
Harley T. Sy	√	√	√	√	√	√	√	√	√	100
Frederic C. DyBuncio	√	√	√	√	√	√	√	√	√	100
Robert G. Vergara	√	√	√	√	√	√	√	√	√	100
Ramon M. Lopez	√	√	√	√	√	√	√	√	√	100
Lily K. Gruba	√	√	√	√	√	√	√	√	√	100
Marife B. Zamora*	-	-	-	√	√	√	√	√	√	100

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

Nomination of Directors

The procedure for nomination of directors of the Corporation is as follows:

- Nomination of all directors shall be reviewed and qualified by the Corporate Governance and Sustainability Committee¹ prior to the stockholders' meeting
- The Corporate Governance and Sustainability Committee shall prepare a Final List of Candidates after the end of the nomination period on 12 March 2026 from those who have passed the Guidelines, Screening Policies and Parameters for nomination of directors and which list shall contain all the information about these nominees.
- Only nominees qualified by the Corporate Governance and Sustainability Committee and whose names appear on the Final List of Candidates shall be eligible for election. No other nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
- For independent directors, in case of resignation, disqualification or cessation of Independent Directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Corporate Governance and Sustainability Committee otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

The Company has complied with the Guidelines set forth by Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and regulations and other SEC issuances regarding the Nomination and Election of Independent Directors. The same provision is also in the Amended By-Laws of the Company.

The Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next annual meeting and until their respective successors are appointed or elected and qualified. The nominated persons will be presented to the Company's shareholders for election at the annual stockholders' meeting. The nominated individuals possess all the qualifications and none of the disqualifications provided in the SRC and its Implementing Rules and Regulations. Further, no director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Shareholders' Meeting because of a disagreement with the Company on any matter relating to its operations, policies or practices.

The Corporate Governance and Sustainability Committee is composed of the following members, all of whom are Independent Directors:

- | | | |
|----------------------------|---|---------------------------------|
| 1. Amando M. Tetangco, Jr. | - | Chairman (Independent Director) |
| 2. Ramon M. Lopez | - | Member (Independent Director) |
| 3. Robert G. Vergara | - | Member (Independent Director) |
| 4. Lily K. Gruba* | - | Member (Independent Director) |

¹ Upon approval by the Board of Directors of SMIC on August 7, 2024, the Corporate Governance Committee was renamed to the Corporate Governance and Sustainability Committee.

Below is the attendance of the members for the Committee meetings held as of December 2025:

Members	February 26, 2025	March 14 , 2025	August 04, 2025
Amando M. Tetangco, Jr.	√	√	√
Ramon M. Lopez	√	√	√
Robert G. Vergara	√	√	√
Lily K. Gruba	-	√	√

All new directors undergo an orientation program soon after date of election. This is intended to familiarize the new directors on their statutory/fiduciary roles and responsibilities in the Board and its Committees, SMIC's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics, Personal Trading Policy, and Corporate Governance Manual.

All directors are also encouraged to participate in continuing education programs at SMIC's expense to promote relevance and effectivity and to keep them abreast of the latest developments in corporate directorship and good governance.

Officers

The following are the business experience/s of the Company's current Executive Officers during the last five years:

Erwin G. Pato is the Treasurer and Executive Vice President for Treasury, Finance and Planning of SMIC. He is the Chairman of Family Cooperation Health Services Foundation, Inc. (FAMCOHSEF) and currently also a Board Director of SMIC SG Holdings Pte. Ltd. Prior to joining SMIC in January 2020, he was formerly the Head of Treasury of Temasek Holdings Pte. Ltd. based in Singapore. He spent over 30 years of Treasury and Finance leadership experience in various industries spanning investment banking, local and regional banks, global consumer finance companies, global industrial companies, and government owned global investment companies. Mr. Pato holds a Bachelor of Arts Degree major in Economics from Ateneo de Manila University.

Franklin C. Gomez is the Executive Vice President for Finance of SMIC. Prior to joining SMIC in 2013, he spent over 20 years at Unilever where he held several senior positions, his last being Finance Director and Chief Financial Officer of Unilever Indonesia since May 2009. His previous senior posts in the same company include Chief Financial Officer at Unilever Philippines; Innovation and Learning Director at the Finance Excellence Centre in London; and Finance Director of Selecta Wall's Ice Cream, Philippines. Mr. Gomez holds a Bachelor of Arts Degree in Economics and Bachelor of Science Degree in Commerce Major in Accountancy from the De La Salle University, Manila.

Elizabeth Anne C. Uychaco is the Executive Vice President for Corporate Services and Corporate Governance of SMIC, Diversity Officer of SM Group. She is currently a Board Director of Citicore Energy REIT Corp. She is also the Chairperson of the Board of The Neo Group. She is a Board Director of Republic Glass Holdings Corp., Goldilocks Bakeshop, Inc., Brownies Unlimited, Inc., and Philippines Urban Living Solutions. She is also a Trustee of Asia Pacific College and President and Trustee of Senior Member Social Club. She was

formerly the Senior Vice President and Chief Marketing Officer of Philippine American Life and General Insurance Company and a Board Director of Philam Call Center. Prior to that, she was the Vice President of Globe Telecom, Inc., Kuok Philippine Properties, Inc. and Transnational Diversified Corp. Ms. Uychaco has 18 DBA units in Corporate Finance from Walden University. She obtained a Master's Degree in Business Economics from the University of Asia and the Pacific and a Master's Degree in Business Administration from the Ateneo School of Business.

Vicky L. Salas is the Senior Vice President for Compliance, Risk Management, and Special Projects. Prior to joining SMIC in 2025, she was a Former Audit Partner and the Financial Services Leader of SyCip, Gorres, Velayo & Co. (SGV) and Asia Pacific (APAC) Risk Management Leader of EY APAC Financial Services Organization. She spent over 30 years of experience in auditing and advising companies in various industries with particular focus on Banking Industry and Conglomerates. Vicky is a BSBA Graduate Major in Accounting and with Master's degree major in Finance. Vicky has served senior management roles in SGV and EY. Vicky is a Certified Public Accountant and a Certified Anti-Money Laundering Specialist.

Arthur A. Sy is the Assistant Corporate Secretary and Senior Vice President for Legal Department of SMIC. He is likewise the Assistant Corporate Secretary of SM Prime Holdings, Inc., Belle Corporation, Premium Leisure Corp., and 2GO Group, Inc. Further, he is currently the Corporate Secretary of various major companies within the SM Group of Companies and is also the Corporate Secretary of National University. Admitted to practice in the Philippines and the State of New York, Atty. Sy holds a Juris Doctor degree from Ateneo de Manila University, School of Law.

Mr. Ulysses C. Naguit is the Senior Vice President for Information Technology Shared Services (ITSS) of SM Investments Corporation (SMIC). He oversees enterprise-wide technology strategy, innovation, and operational excellence covering corporate network services, hybrid cloud infrastructure, data center operations, and cybersecurity - across the SM Group. Prior to joining SMIC in April 2024, Mr. Naguit was the Executive Vice President and Chief Information Officer of Converge ICT Solutions, Inc., where he co-led the company's digital transformation through the adoption of emerging technologies to enhance customer experience and operational efficiency. Before this, he held leadership roles at Voyager Innovations, where he provided technology direction that supported the expansion and performance of the PayMaya digital payments ecosystem—one of the Philippines' largest fintech platforms. With over two decades of IT leadership experience, Mr. Naguit has driven digital transformation, operational automation, cost-efficient technology initiatives, and strategic program delivery across multiple industries, including investment management, telecommunications, cable television, fintech, courier and remittance services, FMCG, and real estate. He contributed to major technology and investment programs, including the US\$250 million investment into the Voyager Group from global investors such as KKR, Tencent, and the International Finance Corporation. He also played a leadership role in Converge's nationwide fiber network expansion, bolstered by the company's US\$250 million Series C funding from Warburg Pincus. Mr. Naguit holds a Bachelor of Science degree in Electronics and Communications Engineering from the Mapúa Institute of Technology (now Mapúa University) and is a licensed engineer. His professional development includes Executive Training from the Asian Institute of Management, Six Sigma training from Motorola University, IT Infrastructure Library (ITIL) Foundation Certification, and other Advanced Programs from leading Global Technology Partners. Today, he leads SMIC's IT Shared Services organization in driving enterprise-wide transformation, innovation, and technology synergy across one of the Philippines' largest and most dynamic conglomerates.

Shiela P. Alarcio is the Chief Audit Officer of SM Investments Corporation. She is a member of Board of Trustees of The Institute of Internal Auditors-Philippines, having held various Trustee roles since 2020. She has more than 25 years of vast experience in financial audit, internal audit, financial and control risks assessment, risk management, review of operations and financial controls, regulatory compliance and fraud investigations. Prior to joining SM Investments Corporation in 2023, Ms. Alarcio gained her Internal Audit experience by serving as the Chief Audit Executive of Monde Nissin Corporation, AIA Philippines (previously Philam Life) and Splash Corporation. Ms. Alarcio also had a ten (10) year stint with PricewaterhouseCoopers (PwC) Manila and London where she acquired her deep external audit experience from a vast array of clients of various industries. Ms. Alarcio is a Certified Public Accountant, Certified Internal Auditor, a Certified Fraud Examiner and a Certified External Quality Assessor of Internal Audit Activity. Ms. Alarcio has also successfully completed the Certification for Trust Operations and Investment, a Fellow of Life Management Institute Management and a Fellow of Institute of Corporate Directors.

Elmer B. Serrano is the Corporate Secretary of SMIC since November 2014. Atty. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner and founder of the law firm SERRANO LAW. He has been awarded “Asia Best Lawyer” by the International Financial Law Review (IFLR) after being consistently recognized as a “Highly Regarded-Leading Lawyer” by IFLR and named “Leading Individual” by the Legal 500 Asia Pacific.

Atty. Serrano is a director of EEI Corporation and DFNN, Inc. and an Independent Director of Philippine Telegraph and Telephone Corporation and Benguet Corporation. He is also a director of 2GO Group, Inc. He is also the Corporate Information Officer of BDO Unibank, Inc. and serves as the corporate secretary of the bank’s subsidiaries and affiliates. Atty. Serrano is also Corporate Secretary of SM Prime Holdings, Inc., Premium Leisure Corp., Atlas Consolidated Mining and Development Corporation. He is also Corporate Secretary of, or counsel to, prominent financial industry organizations, such as the Bankers Association of the Philippines, the Philippine Payments Management, Inc. and the PDS Group of Companies.

Atty. Serrano is a Certified Associate Treasury Professional and was among the top graduates of the Trust Institute of the Philippines in 2001. Atty. Serrano holds a Juris Doctor degree from the Ateneo de Manila University and a BS Legal Management degree from the same university.

Period of Officership

<u>Name</u>	<u>Office</u>	<u>Period Served</u>
Frederic C. DyBuncio	President and Chief Executive Officer	2017 to present
Erwin G. Pato	Treasurer and EVP-Treasury, Finance and Planning	2021 to present
Franklin C. Gomez	Executive Vice President - Finance	August 2024 to present

<u>Name</u>	<u>Office</u>	<u>Period Served</u>
Elizabeth Ann C. Uychaco	Executive Vice President – Corporate Services and Corporate Governance	August 2024 to present
Vicky L. Salas	Senior Vice President – Compliance, Risk Management, and Special Projects	April 2025 to present
Arthur A. Sy	Assistant Corporate Secretary and Senior Vice President - Legal	2017 to present
Ulysses C. Naguit	SVP – Information Technology Shared Services	April 2024 to present
Shiela P. Alarcio	Chief Audit Officer	November 2023 to present
Elmer B. Serrano	Corporate Secretary	2014 to present

Directorships in Other Reporting Companies

Other than Atty. Elmer B. Serrano who is also a director of EEI Corporation, DFNN, Inc., 2GO Group, Inc. and an independent director of Philippine Telegraph and Telephone Corporation and Benguet Corporation, and Ms. Elizabeth Anne C. Uychaco who is a director of Republic Glass Holdings Corp. and a director of Citicore Energy REIT Corp., the Officers do not hold any directorships in other reporting companies during the last five years. Atty. Serrano also served as director of Dominion Holdings, Inc. as of December 31, 2025.

Nomination of Officers

Incoming officers will be appointed at the organizational meeting to be held immediately after the Annual Stockholders' Meeting.

(b) Significant Employees

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

(c) Family Relationships

Teresita T. Sy, Elizabeth T. Sy, Henry T. Sy, Jr., Hans T. Sy, Herbert T. Sy, and Harley T. Sy are siblings. All other directors and officers are not related either by consanguinity or affinity. There are no other family relationships known to the registrant other than the ones disclosed herein.

(d) Certain Relationships and Related Transactions

There are no known related party transactions other than those described in Note 21 (Related Party Transactions) of the Notes to the Consolidated Financial Statements incorporated herein by reference. There are no other elements of related party transactions that are considered necessary for an understanding of the transactions' business purpose and economic substance, their effect on the financial statements, and the special risks or contingencies arising from these transactions, other than those disclosed in Note 21 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

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.

The members of the Related Party Transaction Committee are:

- | | | |
|----------------------|---|---------------------------------|
| 1. Ramon M. Lopez | - | Chairman (Independent Director) |
| 2. Robert G. Vergara | - | Member (Independent Director) |
| 3. Marife B. Zamora | - | Member (Independent Director) |

Below is the attendance of the members for the Committee meeting held as of December 2025:

Members	February 26, 2025	October 15, 2025
Ramon M. Lopez	√	√
Robert G. Vergara	√	√
Marife B. Zamora*		√

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

(e) Involvement in Legal Proceedings

Except as disclosed², the Company is not aware of any of the following events having occurred during the past five years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as Director, executive officer, underwriter or controlling person of the Company:

- (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

² A criminal and administrative case (OMB-C-C-13-0092) filed against Mr. Amando M. Tetangco, Jr. et al. with the Ombudsman was dismissed on May 13, 2015. The dismissal was elevated to the Court of Appeals (CA) (CA-G.R. SP No. 144038), which sustained the dismissal on May 15, 2017. The CA's resolution was assailed with the Supreme Court (SC) (G.R. 234696) upon the filing of a Petition for Review dated November 29, 2017. In its Resolution dated October 3, 2022, the Supreme Court denied the Petition for Review of the petitioners and affirmed the May 15, 2017 Decision and October 4, 2017 Resolution of the Court of Appeals. To date, Mr. Tetangco has not yet received a Motion for Reconsideration on the said Resolution nor an Entry of Judgment.

A complaint for damages was also filed against Mr. Amando M. Tetangco, Jr., et. al in connection with the Report of the Anti-Money Laundering Council (AMLC), which served as the basis of AMLCs ex-parte petition for the issuance of Freeze Order issued by the Court of Appeals in CA G.R. AMLA No. 00134 dated 11 May 2015. Mr. Tetangco, Jr., et. al., were impleaded in their official capacity as members and/or officers of the AMLC. In an order dated 27 March 2020, the Regional Trial Court of Quezon City dismissed the Complaint for Damages (Civil Case No. R-QZN-15-04513-CV) against Mr. Tetangco Jr., et. al; and ordered plaintiff to amend his complaint. Plaintiffs filed a Motion for Reconsideration, to which the Office of the Solicitor General (in representation of defendants Tetangco, et al) filed its Comment. In an Order dated 9 February 2021, the trial court denied the Motion for Reconsideration filed by the plaintiff and upheld its earlier 27 March 2020 Order dismissing the case. Aggrieved, plaintiff filed a Petition for Certiorari with the Court of Appeals (CA-G.R. SP No. 169478), assailing the 27 March 2020 and 09 February 2021 Orders. The CA, in its Decision dated 13 November 2023, dismissed the Petition for Certiorari and upheld the 27 March 2020 and 09 February 2021 Orders. On 21 December 2023, a Motion for Reconsideration was filed in relation to the said Decision. To date, Mr. Tetangco has not received a Resolution/Order from the CA.

A Subpoena dated November 8, 2022 was reportedly issued by the Office of the City Prosecutor – Manila in connection with the Joint Complaint-Affidavit filed against Mr. Amando M. Tetangco, Jr. and several other respondents including former members of the Monetary Board, for alleged violation of the Central Bank Act, as amended (R.A. 7653 as amended by R.A. 11211). As of this date, no official service of subpoena or complaint has been made on Mr. Tetangco. The other respondents who have officially received the subpoena and/or voluntarily submitted to the jurisdiction of the OCP- Manila filed their respective counter-affidavits and their joint rejoinder-affidavit. In a Resolution dated 10 February 2023, the OCP-Manila dismissed the complaint against all respondents, including Mr. Tetangco, for lack of probable cause. Consequently, complainants requested a reconsideration of the said resolution which was eventually denied by the OCP-Manila in a Resolution dated 03 May 2023. Accordingly, complainants filed a Petition for Review dated 02 June 2023 with the Department of Justice (DOJ). On 23 June 2023, the other respondents filed a Verified Comment [To Petition for Review dated 02 June 2023] of even date. To date, Mr. Tetangco has not received any resolution/order from the DOJ.

- (2) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (4) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Further, the Company is not involved in or aware of any material legal proceedings that may significantly affect the Company, or any of its subsidiaries or affiliates.

ITEM 10. Compensation of Directors and Executive Officers

(a) Executive compensation

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and executive officers of the Company are as follows:

Name and Position

1. Harley T. Sy
Executive Director*
2. Frederic C. DyBuncio
President and Chief Executive Officer*
3. Elizabeth Anne C. Uychaco
Executive Vice President - Corporate Services and Corporate Governance*
4. Franklin C. Gomez
Executive Vice President - Finance*
5. Erwin G. Pato
Treasurer and EVP*

Summary Compensation Table (in million pesos)

	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Other Annual Compensation</u>
* President and four Most Highly Compensated Executive Officers	2026 (estimate)	200	48	-
	2025	192	46	-
	2024	184	46	-
All other Officers and Directors as a group	2026 (estimate)	576	143	-
	2025	546	130	-
	2024	464	163	-

b) Compensation of Directors

Board Remuneration

Each member of the Board of Directors received the following remuneration as Directors for the year 2025:

<u>Name</u>	<u>Total (PHP)</u>
1. Teresita T. Sy	5,400,000.00
2. Henry T. Sy, Jr.	5,400,000.00
3. Harley T. Sy	5,400,000.00
4. Frederic C. DyBuncio	5,400,000.00
5. Amando M. Tetangco, Jr.	5,400,000.00
6. Roberto G. Vergara	5,400,000.00
7. Ramon M. Lopez	5,400,000.00
8. Lily K. Gruba	5,400,000.00
9. Marife B. Zamora*	3,620,690.00
10. Tomasa H. Lipana**	1,800,000.00

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

**Ms. Tomasa H. Lipana served as Independent Director until April 30, 2025.

Above-mentioned amounts include total fees and *per diems* received by the directors for their attendance in the meetings of the Board. 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.

Except for reasonable *per diems*, directors, as such, shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. In no case shall the total yearly compensation of directors, as such, exceed 10% of the net income before income tax of the Company during the preceding year.

The Board, through the Compensation Committee, designates the amount of remuneration and provides oversight over remuneration of Management and other key personnel, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully and will ensure that compensation is consistent with the Company's culture, strategy and control environment. The Committee decides, determines and approves, by a majority vote of all its members, matters relating to the compensation, remuneration and benefits of the Company's officers and directors. The Committee meets at least twice a year or as often as it considers necessary.

Employment Contract

There are no special contracts of employment between the Company and the named directors and executive officers, as well as special compensatory plans or arrangements, including payment to be received from the Company with respect to any named director or executive.

Terms and Conditions of Appointment

The above-named executive officers have their respective letters of appointment indicating their job descriptions, functions, and obligations, among others.

Board Evaluation and Assessment

To ensure optimum Board performance, the Company, through its Corporate Governance and Sustainability Committee, conducts annual performance evaluations of the Board of Directors, its individual members and Board Committees. The Committee also ensures that every three (3) years, the assessment is supported by an external facilitator. The Company engaged the services of an accredited third party service provider, the Institute of Corporate Directors (ICD), to facilitate and support the Board Evaluation for the years 2021 and 2024.

Elements of the Board evaluation include the following:

1. Board Structure and Composition – The diversity and balance of competencies of directors, board committees and officers who support the Board.
2. Board Roles and Accountabilities – How the Board effectively fulfills its roles and accountabilities particularly in strategy, policy, oversight and accountability.
3. Board Dynamics – How the Board works as a team, the expectations of individual directors and the leadership of the chairperson.
4. Board Processes – The internal processes of the Board from nomination, election and onboarding of the directors, among others.

The Corporate Governance and Sustainability Committee spearheaded the annual Board evaluation self-assessment by the members of the Board of Directors in 2025 with support from the external facilitator engaged for the purpose. The results of the evaluation, which found the Board to be functioning well to its mandate, were discussed and presented to the Board through the Corporate Governance and Sustainability Committee.

Through the annual evaluation process, directors identify areas for improvement, such as:

1. The quality and timeliness of information provided to them;
2. The frequency and conduct of regular, special or committee meetings;
3. Directors' access to Management, the Corporate Secretary and Board Advisors;
4. Other forms of assistance that they may need in the performance of their duties; and,
5. Areas of continuing education on corporate governance topics they require.

Directors are asked to rate the performance of the collective Board, the Board Committees, themselves as directors, the Company's Chairman of the Board, the President, and key officers. The detailed Board Evaluation Form can be found in the Company's website.

Criteria for Board and Management Ratings are as follows:

1. Collective Board Rating – relates to:
 - Board Overall Composition – whether the Board is balance and have diversity, knowledge and competencies, qualification, background and experience
 - Board Efficiency and Importance – their overall performance, decision making, discussion on short and long term goals, business strategy and

plans, risk handling, follow ups of business plans, strategy, plans and budgets, promotion of good governance principles, policies and mechanisms

- Board Meetings and Participation
2. Board Committees Rating – relates to how the Committee members and Management rate the performance of the following Committees for the past year:
 - Audit Committee
 - Compensation Committee
 - Corporate Governance and Sustainability Committee
 - Related Party Transaction Committee
 - Risk Management Committee
 3. Individual Directors' Self-rating – relates to how the Directors assess their independence, participation and expertise
 4. Officers Rating – relates to how well the following officer demonstrates leadership, integrity, diligence and adherence to corporate governance principles and practices:
 - Chairman of the Board,
 - President/CEO,
 - Chief Audit Executive,
 - Chief Compliance Officer,
 - Chief Risk Officer.
 5. Overall Comments and Suggestions

The Company also ensures that the Board and key officers are kept abreast of governance related developments through regular education programs. SMIC also facilitates annual training programs for the directors and officers of its subsidiaries and affiliates within the SM Group of Companies. These Group-wide training programs are conducted by providers accredited by the Securities and Exchange Commission. On 25 July 2025 and 03 October 2025, directors and key officers attended a corporate governance training seminar conducted by BDO Unibank, Inc. and the Institute of Corporate Directors (ICD), respectively.

Retirement Plan

In compliance with Republic Act 7641, amending Article 301 of the Labor Code, the Company has established a private retirement benefit plan for all its regular employees with benefits such as early retirement pay upon reaching the age of 50 years with at least 10 years of service, regular retirement pay upon reaching the age of 60 years or more with 5 years of service, and such other benefits as contained in the Retirement Plan of the Company.

Except as provided in the plan described above, there are no other agreements or arrangements pursuant to which officers and directors of the Company may be entitled to receive any cash or non-cash compensation, or any benefits or payments in case of termination of employment or a change in control of the Company.

Benefits

The SM Group has a benefit pension plan covering all regular and permanent employees. The assets of the Pension Plan are held by a trustee bank, BDO. The investing decisions of the Pension Plan are made by the Board of Trustees of said Plan. The Group expects to contribute about ₱ 8.6 billion to its Pension Plan in 2026.

Options, Warrants or Rights to Purchase Securities

There are no outstanding warrants or options held by directors and officers. There are no actions to be taken with regard to election, any compensatory plan, contract, or arrangement, bonus or profit-sharing, change in pension/retirement plan, granting of or extension of any options, warrants or rights to purchase any securities.

The members of the Compensation Committee are:

- | | | |
|----------------------------|---|-------------------------------|
| 1. Teresita T. Sy | - | Chairperson |
| 2. Amando M. Tetangco, Jr. | - | Member (Independent Director) |
| 3. Lily K. Gruba | - | Member (Independent Director) |

Below is the attendance of the members for the Committee meetings held as of December 2025:

Members	April 30, 2025	November 10, 2025
Teresita T. Sy	√	√
Amando M. Tetangco, Jr.	√	√
Lily K. Gruba	√	√

ITEM 11. Security Ownership of Certain Record and Beneficial Owners as of December 31, 2025

(a) As of December 31, 2025, the following are the owners of the Company's common stock in excess of 5% of total outstanding shares:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Direct	Indirect	Total No. of Shares Held	Percent (%)
Common	Teresita T. Sy (Director and Vice Chairperson) Forbes Park, Makati City	Same as the Record Owner	Filipino	25,440,594	63,278,868 ¹	88,719,462	7.26%
-do-	Henry T. Sy, Jr. (Director and Vice Chairman) Forbes Park, Makati City	Same as the Record Owner	Filipino	1,861,182	77,788,965 ²	79,650,147	6.52%

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Direct	Indirect	Total No. of Shares Held	Percent (%)
-do-	Harley T. Sy (Executive Director) Forbes Park, Makati City	Same as the Record Owner	Filipino	87,604,857	3,112,679 ³	90,717,536	7.42%
-do-	Hans T. Sy (Stockholder of Issuer) Forbes Park, Makati City	Same as the Record Owner	Filipino	75,839,761	26,072,139 ⁴	101,911,900	8.34%
-do-	Herbert T. Sy (Stockholder of Issuer) Forbes Park, Makati City	Same as the Record Owner	Filipino	87,093,995	14,771,777 ⁵	101,865,772	8.34%
-do-	Elizabeth T. Sy (Stockholder of Issuer) Forbes Park, Makati City	Same as the Record Owner	Filipino	36,449,589	37,685,992 ⁶	74,135,581	6.06%
-do-	PCD Nominee Corp. (Filipino)	Various PCD Participants ¹	Filipino		See Note ⁷	265,313,417	21.52%
-do-	PCD Nominee Corp. (Non-Filipino)	Various PCD Participants ¹	Foreign		See Note ⁷	400,672,764	32.49%

(1) Indirect thru Brokers/PCD

(2) Indirect thru PCD/Corporations/Family Member

(3) Indirect thru Brokers/PCD

(4) Indirect thru PCD/Family Member

(5) Indirect thru Brokers/PCD

(6) Indirect thru Brokers/PCD

(7) PCD Nominee Corp. (PCD) is a nominee company which holds legal title to shares lodged in the Philippine Depository & Trust Corp. The Company has no information as to the beneficial owners of the shares of stocks held by PCD. Beneficial owners have the power to decide how their shares are to be voted.

Security Ownership of Management as of December 31, 2025

Title of Securities	Name of Beneficial Owner of Common Stock	Amount and Nature of Beneficial Ownership (D) direct / (I) indirect	Citizenship	Percent of Class
Common	Teresita T. Sy	P887,194,620.00 D/I	Filipino	7.26%
Common	Henry T. Sy, Jr.	796,501,470.00 D/I	Filipino	6.52%
Common	Harley T. Sy	907,175,360.00 D/I	Filipino	7.42%
Common	Amando M. Tetangco, Jr.	1,000.00 D	Filipino	0.00%
Common	Frederic C. DyBuncio	100.00 D	Filipino	0.00%
Common	Tomasa H. Lipana	1,500.00 D	Filipino	0.00%
Common	Marife B. Zamora	6,100.00 D	Filipino	0.00%
Common	Ramon M. Lopez	11,800.00 D	Filipino	0.00%
Common	Lily K. Gruba	100.00 D	Filipino	0.00%
Common	Franklin C. Gomez	138,800.00 D	Filipino	0.00%
Common	Erwin G. Pato	0.00	Filipino	0.00%
Common	Elizabeth Anne C. Uychaco	0.00	Filipino	0.00%
Common	Ulysses C. Naguit	750.00 D	Filipino	0.00%

Title of Securities	Name of Beneficial Owner of Common Stock	Amount and Nature of Beneficial Ownership (D) direct / (I) indirect	Citizenship	Percent of Class
Common	Shiela P. Alarcio	0.00	Filipino	0.00%
Common	Arthur A. Sy	0.00	Filipino	0.00%
Common	Elmer B. Serrano	0.00	Filipino	0.00%
TOTAL		P2,591,031,100.00		21.20%

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of balance sheet date.

(b) Change in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

There are no existing or planned stock warrant offerings. There are no arrangements which may result in a change in control of the Company.

ITEM 12. Certain Relationships and Related Transactions

Please refer to Item 1, Transactions With and/or Dependence on Related Parties, page 5.

PART IV- CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

The continued success and growth of SM Investments Corporation (“SMIC” or the “Company”) are anchored on the foundation of good corporate governance under which all directors, officers and employees are committed fostering a culture of fairness, accountability, integrity, transparency and stakeholder engagement in all engagements with stakeholders across the organization and in the communities where we operate.

The Company’s Manual on Corporate Governance (the “Manual”) institutionalizes these commitments and provides the foundation for governance initiatives aligned with applicable laws, rules, regulations, and leading practices.

The Manual formalizes the principles of good corporate governance, defines the Company’s compliance system and sets forth the roles and responsibilities of the Board of Directors and Management. It also establishes the Company’s policies on disclosure and transparency, and provides for communication and training programs to promote awareness and compliance. The Manual further recognizes and safeguards the rights of shareholders, including the protection of the interests of non-controlling shareholders, in accordance with applicable laws and regulations.

To operationalize the Manual, the Company requires its directors, officers and employees to complete an annual declaration regarding Conflict of Interest through an online platform consistent with the Company’s commitment to transparency, integrity and accountability. With the support of the Company’s Human Resource Department, the Company conducts classroom trainings, e-learning modules and periodic electronic communications to reinforce awareness of corporate governance policies, including the Insider Trading Policy.

The Insider Trading Policy prohibits directors, officers and employees from trading the Company’s shares during designated blackout periods, including five (5) trading days before and two (2) trading days after the public disclosure of material, non-public, price-sensitive information (MNPI). Furthermore, covered persons are prohibited from trading the Company’s shares for as long as they possess MNPI until such information has been publicly disclosed.

Other governance-related policies adopted by the Company include, among others, the Guidelines on Acceptance of Gifts, Guidelines on Placement of Advertisements, Related Party Transactions Policy, Policy on Vendor Selection and Purchase of Goods and Services and the Policy on Accountability, Integrity and Vigilance, which serves as the Company’s whistleblowing mechanisms. For new hires, the Company, through its OneSM orientation program, provides an overview of its Corporate Governance Framework as part of its onboarding process.

The Company monitors compliance with the Manual and reports any material deviations in accordance with applicable disclosure requirements. SMIC affirms that, to the best of its knowledge, the Company, its directors, officers and employees have adopted and complied with the principles and leading practices of good corporate governance embodied in the Manual. The Manual is reviewed periodically and updated, as necessary, to ensure continued alignment with regulatory requirements and evolving best practices, and is available on the Company’s website.

The Company's Code of Ethics underscores the importance of integrity in its dealings with investors, creditors, customers, contractors, suppliers, regulators, employees and other stakeholders. It outlines the Company's responsibilities to its employees, shareholders, the communities in which it operates and other stakeholders.

The Company's website features a dedicated Corporate Governance section containing, among others, relevant policies, programs and corporate governance-related disclosures and reports. SMIC ensures that shareholders and stakeholders are provided with timely and adequate disclosures, including information on its directors and officers, their shareholdings, and related transactions in accordance with applicable laws, rules, and regulations.

SMIC supports initiatives of regulators and relevant stakeholder groups, including those relating to sustainability and climate-related risks, and integrates the identification and monitoring of such risks into its governance framework to further enhance and strengthen its corporate governance practices.

PART V- EXHIBITS AND SCHEDULES

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

(a) Exhibits - See accompanying Index to Exhibits (page 56).

(b) Reports on SEC Form 17-C

Reports on SEC Form 17-C (Current Report) have been filed from January 1, 2025 to December 31, 2025 on the following items:

No.	Date	Description
1	22-Jan-25	Notice of Annual Stockholders' Meeting
2	31-Jan-25	Notice of Investors' and Analysts' Briefing on February 28, 2025
3	28-Feb-25	Press Release – SM posts 7% growth in net earnings to PHP82.6B in 2024
4	28-Feb-25	Material Information/Transactions - Result of Board of Directors' Meeting on February 28, 2025
5	28-Feb-25	Press Release – SM Investments Approves PHP60 billion Share Buyback Program
6	02-Mar-25	Material Information/Transactions - Amendments to the Manual on Corporate Governance
7	03-Mar-25	Clarification of News Reports - Clarification of News Article entitled "SM bankrolls P7 billion to expand retail business"
8	06-Mar-25	Receipt of the Certificate of Approval of Valuation dated 28 February 2025 from the Securities and Exchange Commission, in relation to the Property-for-Share Swap of SMIC with Intercontinental Development Corporation
9	06-Mar-25	Change in Number of Issued and Outstanding Shares - Original issuance of 7,039,562 common shares to Intercontinental Development Corporation (ICDC) pursuant to the property-for-share swap of SMIC with ICDC
10	17-Mar-25	Material Information/Transactions - SMIC and SM Prime update their US \$ 3.0 Billion Multi-Issuer EMTN Programme
11	21-Mar-25	Share Buy-Back Transactions
12	21-Mar-25	Share Buy-Back Transactions
13	24-Mar-25	Share Buy-Back Transactions
14	25-Mar-25	Share Buy-Back Transactions
15	26-Mar-25	Share Buy-Back Transactions
16	03-Apr-25	Share Buy-Back Transactions
17	04-Apr-25	Notice of Annual Stockholders' Meeting - Amended to reflect Agenda
18	04-Apr-25	Share Buy-Back Transactions
19	07-Apr-25	Share Buy-Back Transactions
20	08-Apr-25	Share Buy-Back Transactions

No.	Date	Description
21	14-Apr-25	Notice of Investors' and Analysts' Briefing on May 7, 2025
22	14-Apr-25	Notice of Media and Analysts' Briefing on April 30, 2025
23	30-Apr-25	Press Release – SM Investments declares special dividend for the first time
24	30-Apr-25	Declaration of Regular Cash Dividends
25	30-Apr-25	Declaration of Special Cash Dividends
26	30-Apr-25	Press Release – SM names new female independent director to the Board
27	30-Apr-25	Results of Annual Stockholders' Meeting on April 30, 2025
28	30-Apr-25	Results of the Organizational Meeting of the Board of Directors on April 30, 2025
29	07-May-25	Press Release - SM Investments Q1 net income rises 9% to PHP20 billion
30	07-Jul-25	Notice of Investors' and Analysts' Briefing on August 6, 2025
31	18-Jul-25	Share Buy-Back Transactions
32	06-Aug-25	Press Release - SM Investments H1 net income rises 6% to PHP42.6 billion
33	07-Aug-25	Share Buy-Back Transactions
34	08-Aug-25	Share Buy-Back Transactions
35	11-Aug-25	Share Buy-Back Transactions
36	15-Aug-25	Share Buy-Back Transactions
37	18-Aug-25	Share Buy-Back Transactions
38	19-Aug-25	Change in Shareholdings of Directors and Principal Officers - Disposition of Shares - Harley T. Sy
39	19-Aug-25	Change in Shareholdings of Directors and Principal Officers - Acquisition of Shares - Teresita T. Sy
40	19-Aug-25	Change in Shareholdings of Directors and Principal Officers - Acquisition of Shares - Henry T. Sy, Jr.
41	19-Aug-25	Share Buy-Back Transactions
42	20-Aug-25	Share Buy-Back Transactions
43	22-Aug-25	Share Buy-Back Transactions
44	26-Aug-25	Share Buy-Back Transactions
45	27-Aug-25	Share Buy-Back Transactions
46	28-Aug-25	Share Buy-Back Transactions
47	29-Aug-25	Share Buy-Back Transactions
48	01-Sep-25	Share Buy-Back Transactions
49	02-Sep-25	Share Buy-Back Transactions
50	03-Sep-25	Share Buy-Back Transactions
51	08-Sep-25	Share Buy-Back Transactions
52	09-Sep-25	Share Buy-Back Transactions
53	10-Sep-25	Share Buy-Back Transactions
54	11-Sep-25	Share Buy-Back Transactions

No.	Date	Description
55	11-Sep-25	Material Information/Transactions - Result of Board of Directors' Meeting on September 11, 2025
56	15-Sep-25	Share Buy-Back Transactions
57	16-Sep-25	Share Buy-Back Transactions
58	18-Sep-25	Share Buy-Back Transactions
59	22-Sep-25	Share Buy-Back Transactions
60	23-Sep-25	Share Buy-Back Transactions
61	24-Sep-25	Share Buy-Back Transactions
62	25-Sep-25	Share Buy-Back Transactions
63	26-Sep-25	Share Buy-Back Transactions
64	29-Sep-25	Share Buy-Back Transactions
65	30-Sep-25	Share Buy-Back Transactions
66	03-Oct-25	Share Buy-Back Transactions
67	06-Oct-25	Share Buy-Back Transactions
68	07-Oct-25	Share Buy-Back Transactions
69	08-Oct-25	Share Buy-Back Transactions
70	09-Oct-25	Share Buy-Back Transactions
71	10-Oct-25	Share Buy-Back Transactions
72	13-Oct-25	Share Buy-Back Transactions
73	15-Oct-25	Notice of Investors' and Analysts' Briefing on November 12, 2025
74	15-Oct-25	Share Buy-Back Transactions
75	17-Oct-25	Share Buy-Back Transactions
76	21-Oct-25	Share Buy-Back Transactions
77	22-Oct-25	Share Buy-Back Transactions
78	23-Oct-25	Share Buy-Back Transactions
79	24-Oct-25	Share Buy-Back Transactions
80	27-Oct-25	Share Buy-Back Transactions
81	28-Oct-25	Share Buy-Back Transactions
82	30-Oct-25	Share Buy-Back Transactions
83	03-Nov-25	Share Buy-Back Transactions
84	04-Nov-25	Share Buy-Back Transactions
85	05-Nov-25	Share Buy-Back Transactions
86	06-Nov-25	Share Buy-Back Transactions
87	07-Nov-25	Share Buy-Back Transactions
88	10-Nov-25	Share Buy-Back Transactions
89	11-Nov-25	Share Buy-Back Transactions
90	12-Nov-25	Press Release - SM Investments 9M 2025 net income up 6% to PHP64 billion
91	13-Nov-25	Share Buy-Back Transactions
92	14-Nov-25	Share Buy-Back Transactions
93	17-Nov-25	Share Buy-Back Transactions

No.	Date	Description
94	01-Dec-25	Share Buy-Back Transactions
95	02-Dec-25	Share Buy-Back Transactions
96	03-Dec-25	Share Buy-Back Transactions
97	04-Dec-25	Share Buy-Back Transactions
98	05-Dec-25	Share Buy-Back Transactions
99	09-Dec-25	Share Buy-Back Transactions
100	10-Dec-25	Share Buy-Back Transactions
101	11-Dec-25	Share Buy-Back Transactions
102	12-Dec-25	Share Buy-Back Transactions
103	16-Dec-25	Share Buy-Back Transactions
104	18-Dec-25	Share Buy-Back Transactions
105	19-Dec-25	Share Buy-Back Transactions
106	22-Dec-25	Share Buy-Back Transactions
107	23-Dec-25	Share Buy-Back Transactions
108	26-Dec-25	Share Buy-Back Transactions
109	29-Dec-25	Share Buy-Back Transactions

(c) Sustainability Report – Web link to accompanying Report:
<https://www.sminvestments.com/2025smicintegratedreport/>

INDEX TO EXHIBITS

Form 17-A

No.		Page No.
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13)	Letter re Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	63
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

* These Exhibits are either not applicable to the Company or require no answer.

EXHIBIT 18 SUBSIDIARIES OF THE REGISTRANT

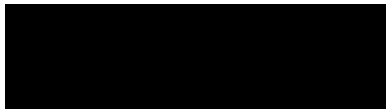
Please refer to *Note 2* of the accompanying Notes to the Consolidated Financial Statements for details.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in TAGUIG CITY on MAR 27 2026.

By:

SM INVESTMENTS CORPORATION



FREDERIC C. DYBUNCIO
President and CEO

FRANKLIN C. GOMEZ
Executive Vice President - Finance

ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 27 2026, affiants exhibiting to me their evidence of identity as follows:

Name	Passport No.	Date of Issue	Place of Issue
Frederic C. DyBuncio	[REDACTED]		

Doc. No.: 212
Page No.: 44
Book No.: I
Series of 2026.

MARK STEPHEN C. SY
Appointment No. 234 (2025-2026)
Notary Public for Taguig City
Until December 31, 2026
Attorney's Roll No. 80585
1105 Tower 2, Hight Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR No. A-6769410; 01/05/2025; Taguig City
IBP Receipt No. INV 575194; 12/29/2025; RSM Chapter
MCLE Compliance No. VIII-0040621; valid until April 14, 2028

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in TAGUIG CITY on MAR 30 2026.

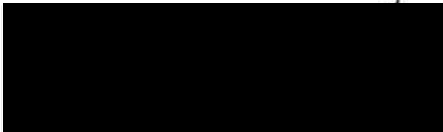
By:

SM INVESTMENTS CORPORATION



FREDERIC C. DYBUNCIO
President and CEO

FRANKLIN C. GOMEZ
Executive Vice President - Finance



ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 30 2026, affiants exhibiting to me their evidence of identity as follows:

Name	Passport No.	Date of Issue	Place of Issue
Franklin C. Gomez	[REDACTED]	[REDACTED]	[REDACTED]
Elmer B. Serrano	[REDACTED]	[REDACTED]	[REDACTED]



MARK STEPHEN C. SY
Appointment No. 234 (2025-2026)
Notary Public for Taguig City
Until December 31, 2026
Attorney's Roll No. 80595
1105 Tower 2, Hight Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR No. A-6769410; 01/05/2026; Taguig City
IBP Receipt No. INV 575194; 12/29/2025; RSM Chapter
MCLE Compliance No. VIII-0040621; valid until April 14, 2028

Doc. No.: 292
Page No.: 48
Book No.: I
Series of 2026.

Control No.: _____
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City
TEL. NO.: 8857-0100 FAX NO.: _____
COMPANY TYPE : HOLDING COMPANY PSIC: 68110

Table 1. Balance Sheet

FINANCIAL DATA	Dec-25 (in P'000,000)	Dec-24 (in P'000,000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8)	1,811,801	1,699,052
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	361,402	383,800
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	101,847	112,528
A.1.1.1 On hand	2,058	2,212
A.1.1.2 In domestic banks/entities	98,413	103,991
A.1.1.3 In foreign banks/entities	1,376	6,325
A.1.2 Financial Assets other than Cash/Trade Receivables/investments accounted for using the Equity Method (A.1.2.1 + A.1.2.2 + A.1.2.3 + A.1.2.4)	3,934	1,015
A.1.2.1 Short-term placements or investments in securities issued by domestic entities:	717	794
A.1.2.1.1 National Government	-	-
A.1.2.1.2 Public Financial Institutions	-	-
A.1.2.1.3 Public Non-Financial Institutions	-	-
A.1.2.1.4 Private Financial Institutions	717	794
A.1.2.1.5 Private Non-Financial Institutions	-	-
A.1.2.2 Short-term placements or investments in securities issued by foreign entities	-	-
A.1.2.3 Others, specify		
A.1.2.3.1 Time deposits	3,217	221
A.1.2.4 Allowance for decline in market value (negative entry)	-	-
A.1.3 Trade and Other Receivables (A.1.3.1 + A.1.3.2)	94,099	92,269
A.1.3.1 Due from domestic entities (A.1.3.1.1 + A.1.3.1.2 + A.1.3.1.3 + A.1.3.1.4)	94,099	92,269
A.1.3.1.1 Due from customers (trade)	95,174	92,149
A.1.3.1.2 Due from related parties	-	-
A.1.3.1.3 Others, specify		
A.1.3.1.3.1 Management fees / Dividends	2,241	3,475
A.1.3.1.4 Allowance for doubtful accounts/bad debts/probable losses (negative entry)	-3,316	-3,355
A.1.3.2 Due from foreign entities, specify	-	-
A.1.3.2.1 Allowance for doubtful accounts/bad debts/probable losses (negative entry)	-	-
A.1.4 Inventories (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4)	119,167	119,676
A.1.4.1 Raw materials and supplies	-	-
A.1.4.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)	-	-
A.1.4.3 Finished goods/factory supplies	-	-
A.1.4.4 Merchandise/Condominium units for sale/Land and development - current	119,167	119,676
A.1.5 Other Current Assets	42,355	58,312

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS1, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION AND SUBSIDIARIES
 CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City
 TEL. NO.: 8857-0100 FAX NO.: _____
 COMPANY TYPE : HOLDING COMPANY PSIC: 68110

Table 1. Balance Sheet

FINANCIAL DATA	Dec-25 (in P'000,000)	Dec-24 (in P'000,000)
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8+ A.2.9+ A.2.10)	59,646	57,357
A.2.1 Land (incl. land for future plant expansion, unused land and improvements)	2,151	1,719
A.2.2 Building and improvements including leasehold improvement	60,699	57,385
A.2.3 Machinery and equipment (on hand and in transit)	29,893	27,518
A.2.4 Store equipment and improvements	3,577	3,258
A.2.5 Data processing equipment	13,633	13,074
A.2.6 Furniture, fixtures and office equipment	14,382	13,622
A.2.7 Transportation equipment, Vessels in operation, Containers and Reefer Vans	19,412	19,066
A.2.8 Others, specify		
A.2.8.1 Construction in progress	5,561	5,055
A.2.9 Appraisal increase, specify	-	-
A.2.10 Accumulated Depreciation (negative entry)	-89,662	-83,340
A.3 Investments accounted for using equity method (A.3.1 + A.3.2 + A.3.3)	437,230	399,484
A.3.1 Investments in associate companies and joint ventures	437,230	399,484
A.3.2 Equity in foreign branches/subsidiaries/affiliates	-	-
A.3.3 Others, specify	-	-
A.4 Investment properties	657,173	592,950
Investments excluding that which is recorded in current assets (net of allowance for decline in value)		
A.5 (A.5.1 +A.5.2)	79,556	78,660
A.5.1 Others, specify		
A.5.1.1 Financial assets at FVOCI	23,676	26,362
A.5.1.2 Right-of-use assets	51,702	49,185
A.5.1.3 Time deposits	4,178	3,113
A.5.2 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.6 Intangibles	40,386	40,386
A.7 Long-term receivables	-	-
A.7.1 Long-term receivables (net of current portion)	-	-
A.7.1.1 From domestic entities, specify	-	-
A.8 Other Assets (A.8.1 + A.8.2 + A.8.3)	176,408	146,415
A.8.1 Long-term notes	-	-
A.8.2 Bonds and deposits	47,105	46,127
A.8.3 Others, specify		
A.8.3.1 Receivables from sales of real estate	94,302	79,064
A.8.3.2 Creditable withholding tax	9,910	2,809
A.8.3.3 Input VAT	8,576	1,228
A.8.3.4 Deferred exploration costs	7,242	5,569
A.8.3.5 Deferred tax assets	5,413	5,459
A.8.3.6 Derivative assets	1,338	4,219
A.8.3.7 Escrow fund	1,035	822
A.8.3.8 Defined benefit asset	357	251
A.8.3.9 Others	1,130	867
B. LIABILITIES (B.1 + B.2 + B.3 + B.4)	856,166	832,627
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3)	337,254	343,168
B.1.1 Trade and Other Payables to Domestic Entities	232,831	232,119
B.1.1.1 Loans/Notes payables	20,223	24,074
B.1.1.2 Trade payables	125,481	125,209
B.1.1.3 Payables to related parties	-	-
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders	-	-
B.1.1.5 Accruals	30,032	31,009
B.1.1.6 Others, specify		
B.1.1.6.1 Nontrade	22,381	18,687
B.1.1.6.2 Tenants and customers' deposits	14,427	12,907
B.1.1.6.3 Payables to government agencies	7,218	6,398

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: **SM INVESTMENTS CORPORATION AND SUBSIDIARIES**
 CURRENT ADDRESS: **10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City**
 TEL. NO.: **8857-0100** FAX NO.: _____
 COMPANY TYPE : **HOLDING COMPANY** PSIC: **68110**

Table 1. Balance Sheet

FINANCIAL DATA	Dec-25 (in P'000,000)	Dec-24 (in P'000,000)
B.1.1.6.4 Lease liabilities	3,377	3,196
B.1.1.6.5 Payables arising from acquisition of land	2,591	3,004
B.1.1.6.6 Subscription payable	1,967	1,966
B.1.1.6.7 Gift checks redeemable and others	5,134	5,669
B.1.2 Trade and Other Payables to Foreign Entities, specify	-	-
B.1.3 Provisions	-	-
B.1.4 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)		
B.1.4.1 Dividends declared and not paid at balance sheet date	476	2,328
B.1.4.2 Portion of Long-term debt due within one year	100,397	104,628
B.1.4.2.1 Domestic Public Financial Institutions	3,934	7,432
B.1.4.2.2 Domestic Public Non-Financial Institutions	-	-
B.1.4.2.3 Domestic Private Financial Institutions	48,384	76,243
B.1.4.2.4 Domestic Private Non-Financial Institutions	-	7,497
B.1.4.2.5 Foreign Financial Institutions	48,079	13,456
B.1.4.3 Any other current liability in excess of 5% of Total Current Liabilities, specify:	-	-
B.1.4.4 Income tax payable	3,550	4,093
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.4.1 + B.4.2 + B.4.3 + B.4.4 + B.4.5)	390,839	371,872
B.2.1 Domestic Public Financial Institutions	44,260	46,434
B.2.2 Domestic Public Non-Financial Institutions	-	-
B.2.3 Domestic Private Financial Institutions	261,296	216,225
B.2.4 Domestic Private Non-Financial Institutions	7,478	7,459
B.2.5 Foreign Financial Institutions	77,805	101,754
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)	-	-
B.4 Other Liabilities (B.6.1 + B.6.2)	128,073	117,587
B.4.1 Deferred tax liabilities	21,138	19,445
B.4.2 Others, specify		
B.4.2.1 Tenant's deposits and others	66,711	59,507
B.4.2.2 Lease liabilities	35,172	33,192
B.4.2.3 Defined benefit liability	5,052	5,443
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9 + C.10)	955,635	866,425
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (D.1.1+D.1.2+D.1.3)	28,000	28,000
C.1.1 Common shares (2,790,000,000 shares @ P10 par value)	27,900	27,900
C.1.2 Preferred Shares (10,000,000 shares @ P10 par value)	100	100
C.1.3 Others	-	-
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (D.2.1 + D.2.2 + D.2.3)	12,331	12,261
C.2.1 Common shares (2025: 1,233,154,140 shares and 2024: 1,226,114,578 shares; @P10 par value)	12,331	12,261
C.2.2 Preferred Shares	-	-
C.2.3 Others	-	-
C.3 Paid-up Capital Stock (D.3.1 + D.3.2)	12,331	12,261
C.3.1 Common shares	12,331	12,261
C.3.2 Preferred Shares	-	-
C.4 Additional Paid-in capital	76,667	71,752
C.5 Minority Interest	260,377	239,121
C.6 Others, specify		
C.6.1 Equity adjustments from common control transactions	-6,949	-6,949
C.6.2 Cost of Parent Company common shares held by subsidiaries	-6,225	-25
C.6.3 Cumulative translation adjustment	2,962	1,821
C.6.4 Net fair value changes on cash flow hedges	183	557
C.6.5 Net unrealized gain on financial assets at FVOCI	7,130	9,899
C.6.6 Remeasurement loss on defined benefit asset/obligation	-1,789	-2,100
C.6.7 Share in other comprehensive loss of associates – net	-11,107	-11,772
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus	-	-
C.8 Retained Earnings (D.7.1 + D.7.2)	627,230	551,901
C.8.1 Appropriated	30,000	30,000
C.8.2 Unappropriated	597,230	521,901
C.9 Head / Home Office Account (for Foreign Branches only)	-	-
C.10 Treasury Stock (negative entry)	-5,175	-41
TOTAL LIABILITIES AND EQUITY (B + C)	1,811,801	1,699,052

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City

TEL. NO.: 8857-0100

FAX NO.: _____

COMPANY TYPE : HOLDING COMPANY

PSIC: 68110

Table 2. Income Statement

FINANCIAL DATA	Dec-25 (in P'000,000)	Dec-24 (in P'000,000)	Dec-23 (in P'000,000)
A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)	685,921	659,572	620,986
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	605,406	583,696	551,352
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	53,973	50,002	44,945
A.3 Other Revenue (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5)	21,472	20,208	19,043
A.3.1 Rental Income from Land and Buildings	-	-	-
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)	-	-	-
A.3.3 Sale of Real Estate	-	-	-
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)	-	-	-
A.3.5 Others, specify	21,472	20,208	19,043
A.3.5.1 Royalty and service fees	6,072	7,183	7,756
A.3.5.2 Food and beverage	3,134	2,661	2,339
A.3.5.3 Others	12,266	10,364	8,948
A.4 Other Income (non-operating) (A.3.1 + A.3.2 + A.3.3 + A.3.4)	5,070	5,666	5,646
A.4.1 Interest Income	3,840	4,577	4,048
A.4.2 Dividend Income	882	871	912
A.4.3 Gain / (Loss) from selling of Assets, specify	-54	445	66
A.4.3.1 Gain / (Loss) on disposal of investments and properties - net	-54	445	66
A.4.4 Others, specify	402	-227	620
A.4.4.1 Foreign exchange gain (loss) - net and others	850	729	331
A.4.4.2 Gain (Loss) from fair value changes on derivatives - net	-83	-480	-31
A.4.4.3 Impairment reversal (provision)	-365	-476	320
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	-	-	-
B.1.1 Direct Material Used	-	-	-
B.1.2 Direct Labor	-	-	-
B.1.3 Other Manufacturing Cost / Overhead	-	-	-
B.1.4 Goods in Process, Beginning	-	-	-
B.1.5 Goods in Process, End (negative entry)	-	-	-
B.2 Finished Goods, Beginning	-	-	-
B.3 Finished Goods, End (negative entry)	-	-	-
C. COST OF SALES (C.1 + C.2 + C.3 + C.4)	367,609	352,608	336,311
C.1 Purchases (Merchandise)	323,912	309,314	298,619
C.2 Merchandise Inventory, Beginning	41,998	38,870	34,653
C.3 Merchandise Inventory, End (negative entry)	-43,737	-41,998	-38,870
C.4 Cost of Real Estate Sold and Services	45,436	46,422	41,909
D. GROSS PROFIT (A - B - C)	318,312	306,964	284,675

Control No.:
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City

TEL. NO.: 8857-0100

FAX NO.:

COMPANY TYPE : HOLDING COMPANY

PSIC: 68110

Table 2. Income Statement

FINANCIAL DATA	Dec-25 (in P'000,000)	Dec-24 (in P'000,000)	Dec-23 (in P'000,000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3)	153,771	150,343	137,773
E.1 Selling or Marketing Expenses	9,501	9,400	9,518
E.2 Administrative Expenses	144,270	140,943	128,255
E.3 Other Expenses, specify	-	-	-
F. FINANCE COSTS (F.1 + F.2 + F.3)	21,778	23,710	24,085
F.1 Interest	21,778	23,710	24,085
F.2 Amortization	-	-	-
F.3 Other interests, specify	-	-	-
G. Net Income (Loss) Before Tax (D - E - F)	142,763	132,911	122,817
H. Income Tax Expense (negative entry)	-18,991	-18,258	-16,632
I. Income After Tax	123,772	114,653	106,185
J. Non-controlling Interest (negative entry)	-33,290	-32,044	-29,196
K. Net Income (Loss - negative entry) from Ordinary Activities (J - K)	90,482	82,609	76,989
L. Extraordinary Items	-	-	-
M. Net Income (Loss - negative entry) for the Year (L + M)	90,482	82,609	76,989
N. Earnings (Loss) Per Share			
N.1 Basic	74.16	67.60	63.00
N.2 Diluted	74.16	67.60	63.00

Control No.:

Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF SM INVESTMENTS CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, CBP-1 Pasay City

TEL. NO.: 8857-0100

FAX NO.:

COMPANY TYPE: HOLDING COMPANY

PSIC: 68110

Table 3. Cash Flow Statements

FINANCIAL DATA	Dec-25 (in P'000,000)	Dec-24 (in P'000,000)	Dec-23 (in P'000,000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	142,763	132,911	122,817
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
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 (gain) from fair value changes on derivatives - net	83	480	31
Loss (gain) on disposal of investments and properties - net	54	-445	-66
Decrease (Increase) in:			
Receivables	-11,584	-21,279	-16,883
Inventories	862	-2,185	-24,275
Other current assets	452	-2,514	-1,437
Increase (Decrease) in:			
Accounts payable and other current liabilities	2,767	9,732	14,195
Income tax paid	-18,237	-16,488	-15,748
Others, specify:			
Tenant's deposits and others	6,752	8,113	9,234
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	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
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	-75,203	-45,109	-41,354
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
Others, specify (negative entry):			
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	-
Effect of exchange rate changes on cash and cash equivalents	19	8	-17
Proceeds from partial sale of shares in a subsidiary	-	-	1,295
Acquisition of non-controlling interest in a subsidiary	-	-	-5,169
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	-52,441	-53,758	-52,340
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	-10,681	8,782	-2,815
Cash and Cash Equivalents			
Beginning of year	112,528	103,746	106,561
End of year	101,847	112,528	103,746

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: SIM INVESTMENTS CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 10th Floor, One5.com Center, Harbor Drive, Mill of Asia Complex, CBP-1, Pasay City
TEL. NO.: 881-0100
FAX NO.:
COMPANY TYPE: HOLDING COMPANY
PGIC: 88110
Control No.: PHF52
Form Type: PHF52

Table 4. Consolidated Statement of Changes in Equity

	(Amounts in P'000,000)											
	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	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	Retained Earnings	TOTAL
A. Balance, End Dec-23	12,261	71,837	-	-	-	1,587	809	11,075	-3,151	-11,376	480,289	556,605
A.1 Effect of merger	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-
B. Restated Balance	12,261	71,837	-	-	-	1,587	809	11,075	-3,151	-11,376	480,289	556,605
C. Surplus	-	-	-	-	-	-	-	-	-	-	-	-
C.1 Surplus (Detail) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-	-
C.2 Surplus (Detail) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-	-
C.3 Currency Translation Differences	-	-	-	-	-	234	-	-	-	-	-	234
C.4 Other Surplus (Specify)	-	-	-	-	-	-	-	-	-	-	-	-
D. Net Income (Loss) for the Period	-	-	-	-	-	-	-252	-1,176	1,051	-386	82,609	82,609
E. Dividends (negative entry)	-	-	-	-	-	-	-	-	-	-	-10,997	-10,997
F. Appropriations for (Specify)	-	-	-	-	-	-	-	-	-	-	-	-
G. Issuance of Capital Stock	-	-	-	-	-	-	-	-	-	-	-	-
G.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-	-
G.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-
G.3 Others - Effect of business combination	-	-	-	-	-	-	-	-	-	-	-	-
G.4 Others - Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
H. Balance, End Dec-24	12,261	71,732	-	-	-	1,821	557	9,899	-2,100	-11,772	571,901	627,204
H.1 Effect of merger	-	-	-	-	-	-	-	-	-	-	-	-
H.2 Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-
I. Restated Balance	12,261	71,732	-	-	-	1,821	557	9,899	-2,100	-11,772	571,901	627,204
J. Surplus	-	-	-	-	-	-	-	-	-	-	-	-
J.1 Surplus (Detail) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-	-
J.2 Surplus (Detail) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-	-
J.3 Currency Translation Differences	-	-	-	-	-	1,141	-	-	-	-	-	1,141
J.4 Other Surplus (Specify)	-	-	-	-	-	-	-	-	-	-	-	-
J.4.1 Other comprehensive income (loss)	-	-	-	-	-	-	-374	-2,043	311	665	-	-1,441
J.4.2 Realized gain on disposal of financial assets at FVOCI	-	-	-	-	-	-	-	-726	-	-	726	-
K. Net Income (Loss) for the Period	-	-	-	-	-	-	-	-	-	-	90,482	90,482
L. Dividends (negative entry)	-	-	-	-	-	-	-	-	-	-	-15,879	-15,879
M. Appropriations for (Specify)	-	-	-	-	-	-	-	-	-	-	-	-
N. Issuance of Capital Stock	-	-	-	-	-	-	-	-	-	-	-	-
N.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-	-
N.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-
N.3 Others - Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
N.4 Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-1,215	-1,215
O. Balance, End Dec-25	12,331	76,567	-	-	-	2,962	183	7,130	-1,789	-11,707	627,230	695,238



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

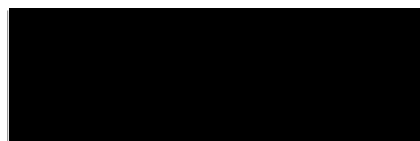
The management of SM Investments Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at December 31, 2025 and 2024, and for each of the three years in the period ended 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.

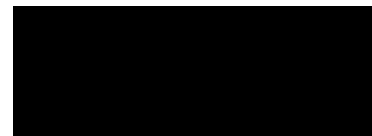
SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion 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

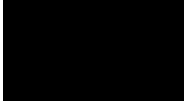
Signed this 27th day of February 2026

SMINVESTMENTS


10/F OneE-com Center, Harbor Drive, Mall of Asia Complex, Pasay City 1300, Philippines
Telephone: +63 2 8857 0100

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY)

SUBSCRIBED AND SWORN to before this FEB 27 2026 at TAGUIG CITY,
affiants exhibiting to me their Taxpayer Identification Number ID, as follows:

NAMES	TIN
AMANDO M. TETANGCO, JR. FREDERIC C. DYBUNCIO ERWIN G. PATO	

DOC No. 147
PAGE No. 31
BOOK No. I
SERIES of 2026


MARK STEPHEN C. SY
Appointment No. 234 (2025-2026)
Notary Public for Taguig City
Until December 31, 2026
Attorney's Roll No. 80585
1105 Tower 2, Hight Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR No. A-6769410; 01/05/2026; Taguig City
IBP Receipt No. INV 675194; 12/29/2025; RSM Chapter
MCLE Compliance No. VIII-0040621; valid until April 14, 2028

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						1	6	3	4	2
--	--	--	--	--	--	---	---	---	---	---

COMPANY NAME

S	M		I	N	V	E	S	T	M	E	N	T	S		C	O	R	P	O	R	A	T	I	O	N		A	N	D
	S		U	B		S		I		D		I		A		R		I		E		S							

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

1	0	t	h		F	l	o	o	r	,		O	n	e	E	-	C	o	m		C	e	n	t	e	r	,		
H	a	r	b	o	r		D	r	i	v	e	,		M	a	l	l	o	f		A	s	i	a		C	o	m	
p	l	e	x	,		C	B	P	-	1	A	,		P	a	s	a	y		C	i	t	y		1	3	0	0	

Form Type

A	A	C	F	S
---	---	---	---	---

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

--	--	--	--

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
—	8857-0100	—
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,253	Last Wednesday of April	12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Franklin C. Gomez	—	8857-0100	—

CONTACT PERSON'S ADDRESS

10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300
--

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
SM Investments Corporation
10th Floor, OneE-com Center
Harbor Drive, Mall of Asia Complex
CBP-1A, Pasay City 1300

Opinion

We have audited the consolidated financial statements of SM Investments Corporation and Subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Investments in Associate Companies

The Group's investments in associate companies are accounted for under the equity method and considered for impairment if there are indicators that such investments may be impaired. As at December 31, 2025, the Group's investment in a banking associate amounted to ₱317.9 billion, representing 21.9% of the Group's total noncurrent assets, and the Group's share in its net income amounted to ₱40.7 billion and representing 32.9% of the Group's consolidated net income. Given the magnitude of the banking associate's carrying amount and contribution to the Group's consolidated net income, the significant management judgments and estimates made by the banking associate in determining expected credit loss that affect its net income, as well as the significant management judgments and estimates applied in determining the recoverable amount of the Group's investments in mining and real estate associate companies with impairment indicators, we consider this matter significant to our audit.

The details of these investments are disclosed in Note 13 to the consolidated financial statements.

Audit Response

For the banking associate audited by other auditor, we evaluated the competence, capabilities and independence of other auditor by considering their qualifications and relevant experience and obtaining independence confirmation. We sent audit instructions to the other auditor to perform an audit on the relevant financial information of the associate company for the purpose of the Group's consolidated financial statements. Our audit instructions cover the other auditor's scope of work, risk assessment procedures, audit strategy and reporting responsibilities. We discussed with the other auditor their key audit areas, planning and execution of audit procedures, significant areas of estimation and judgment, and results of their work for the year ended December 31, 2025. We reviewed the working papers of the other auditor, focusing on the procedures performed on the review of the testing of the expected credit loss model. We also obtained relevant financial information of the banking associate and recomputed the Group's share in net income for the year ended December 31, 2025.

For investments with indicators of possible impairment, we involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used, such as long-term growth rate against relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of investment in associate companies.



Revenue and Cost Recognition from Sale of Real Estate

The Group's real estate revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the output method as the measure of progress in determining revenue from sale of real estate; (3) determination of the actual costs incurred as cost of real estate sold; and (4) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of the outstanding receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress of work based on physical proportion of work done, including the impact of customized uninstalled materials, on the real estate project which requires technical determination by the Group's project engineers. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers.

In determining the costs incurred to be recognized as cost of real estate sold, the Group accumulates materials, labor and overhead costs, including costs that were incurred but not yet billed by the contractor.

The Group identifies sales commissions after contract inception as cost of obtaining a contract. For contracts which qualified for revenue recognition, the related sales commissions are amortized consistent with the revenue recognition.

The disclosures related to the Group's revenue recognition are included in Note 3 to the consolidated financial statements.

Audit Response

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as notice of sales cancellation.

For the application of the output method as the measure of progress in determining revenue from sale of real estate, we obtained an understanding of the Group's processes for determining the percentage of completion (POC) and performed tests of the relevant controls. We inspected the certified POC reports prepared by the third-party project managers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

For the determination of the costs incurred as cost of real estate sold, we selected projects and traced the costs accumulated during the year, including those incurred but not yet billed costs, to supporting documents such as contractors billing invoices, certificates of progress acceptance, POC reports, official receipts and accomplishment reports, among others.



For the recognition of cost to obtain a contract, we selected sample contracts and agreed the basis for calculating the sales commissions, particularly (a) the percentage of commissions due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from sale of real estate.

Existence and Completeness of Merchandise Inventories

As at December 31, 2025, the merchandise inventories of the Group amounted to ₱43.7 billion, representing 12.1% of the Group's total current assets. The Group has several warehouses and operates multiple stores across the country. Since the merchandise inventories are material to the consolidated financial statements, and various warehouses and stores are geographically dispersed across the country, we consider this a key audit matter.

The disclosures about inventories are included in Note 11 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's inventory process and observed the conduct of physical inventory count at selected warehouses and stores. We performed test counts and compared the results to the Group's inventory compilation reports to determine if the compilation reports reflect the results of the actual inventory count. We traced the last documents used for shipping, receiving, and transfers which were obtained during the inventory count observation to the accounting records of sales and purchases. We inspected the reconciliations of the inventory compilation reports with the general ledger account balances and tested the reconciling items. We performed testing, on a sampling basis, of the Group's rollforward or rollback procedures on inventory quantities from the date of physical inventory count to the financial reporting date.

For the material components audited by other auditor, we discussed with the other auditor the strategy, execution of audit procedures and results of their work over the merchandise inventories. We also reviewed their working papers on merchandise inventories, specifically on the observation and testing of physical inventory counts, testing of compilation procedures and the inspection of the reconciliations of the physical inventory count to the general ledger and financial reports and testing of the reconciling items.

Other Information

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

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



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





The engagement partner on the audit resulting in this independent auditor's report is Belinda T. Beng Hui.

SYCIP GORRES VELAYO & CO.


Belinda T. Beng Hui 

Partner

CPA Certificate No. 

Tax Identification No. 

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 88823-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

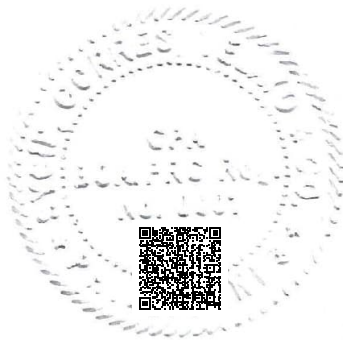
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-078-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765016, January 2, 2026, Makati City

February 27, 2026



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Millions)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 21 and 28)	₱101,847	₱112,528
Time deposits (Notes 8, 21 and 28)	3,217	221
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 9, 28 and 29)	717	794
Receivables and contract assets (Notes 10, 21 and 28)	94,099	92,269
Inventories (Note 11)	119,167	119,676
Other current assets (Notes 12, 21 and 28)	42,355	58,312
Total Current Assets	361,402	383,800
Noncurrent Assets		
Financial assets at FVOCI - net of current portion (Notes 9 and 28)	23,676	26,362
Investments in associate companies and joint ventures (Note 13)	437,230	399,484
Time deposits - net of current portion (Notes 8, 21, 28 and 29)	4,178	3,113
Property and equipment (Note 14)	59,646	57,357
Investment properties (Note 15)	657,173	592,950
Right-of-use assets (Note 27)	51,702	49,185
Intangibles (Note 16)	40,386	40,386
Other noncurrent assets (Notes 16, 21 and 28)	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 (Notes 17, 21, 28 and 31)	₱20,223	₱24,074
Accounts payable and other current liabilities (Notes 18, 21, 27 and 28)	213,084	210,373
Income tax payable	3,550	4,093
Current portion of long-term debt (Notes 19, 21, 28 and 31)	100,397	104,628
Total Current Liabilities	337,254	343,168
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 19, 21, 28, 29 and 31)	390,839	371,872
Lease liabilities - net of current portion (Notes 27 and 31)	35,172	33,192
Deferred tax liabilities (Note 26)	21,138	19,445
Tenants' deposits and others (Notes 11, 15, 25, 27, 28 and 29)	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 (Note 20)	₱12,331	₱12,261
Additional paid-in capital	76,667	71,752
Treasury stock	(5,175)	(41)
Equity adjustments from common control transactions (Note 20)	(6,949)	(6,949)
Cost of Parent Company common shares held by subsidiaries (Note 20)	(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 (Note 9)	7,130	9,899
Remeasurement loss on defined benefit asset/obligation (Note 25)	(1,789)	(2,100)
Share in other comprehensive loss of associate companies and joint ventures - net	(11,107)	(11,772)
Retained earnings (Note 20):		
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 (Note 2)	260,377	239,121
Total Equity	955,635	866,425
Total Liabilities and Equity	₱1,811,801	₱1,699,052

See accompanying Notes to Consolidated Financial Statements.



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 (Notes 15, 21 and 27)	72,580	67,966	61,785
Equity in net earnings of associate companies and joint ventures (Note 13)	53,973	50,002	44,945
Others (Note 22)	69,901	69,142	65,672
	681,733	654,777	616,252
COSTS AND EXPENSES (Notes 11 and 23)	521,380	502,951	474,084
OPERATING INCOME	160,353	151,826	142,168
OTHER INCOME (CHARGES)			
Interest expense (Notes 21 and 24)	(21,778)	(23,710)	(24,085)
Interest income (Notes 21 and 24)	3,840	4,577	4,048
Loss from fair value changes on derivatives - net	(83)	(480)	(31)
Impairment reversal (provision) (Notes 13 and 15)	(365)	(476)	320
Foreign exchange gain - net and others (Note 28)	796	1,174	397
	(17,590)	(18,915)	(19,351)
INCOME BEFORE INCOME TAX	142,763	132,911	122,817
PROVISION FOR INCOME TAX (Note 26)			
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 (Note 30)	₱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 (Notes 30)	₱74.16	₱67.60	₱63.00

See accompanying Notes to Consolidated Financial Statements.



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 (Note 25)	459	1,677	(2,503)
Net unrealized loss on financial assets at FVOCI (Note 9)	(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 (Note 13)	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

See accompanying Notes to Consolidated Financial Statements.



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)

	Capital Stock			Equity			Equity Attributable to Owners of the Parent Company										Share in Other Comprehensive Income (Loss) of Associates - Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
	Additional Paid-in Capital	Treasury Stock	Transactions	Adjustments from Parent Company Common Stock Control	Cost of Company Shares Held by Subsidiaries	Cumulative Translation Adjustment	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	Comprehensive Income (Loss) of Associates - Net	Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity							
As at January 1, 2025	\$12,261	\$71,752	(\$41)	(\$6,949)	(\$25)	\$1,821	\$557	\$9,899	(\$2,100)	(\$11,722)	\$30,000	\$521,901	\$627,304	\$229,121	\$866,425							
Net income	-	-	-	-	-	1,441	(374)	(2,043)	311	665	90,482	90,482	(300)	33,290	123,772							
Other comprehensive income (loss)	-	-	-	-	-	1,441	(374)	(2,043)	311	665	90,482	90,482	(300)	33,290	123,772							
Total comprehensive income	-	-	-	-	-	1,441	(374)	(2,043)	311	665	90,482	90,482	(300)	33,290	123,772							
Realized gain on disposal of financial assets at FVOCI (Note 9)	-	-	-	-	-	-	-	(726)	-	-	-	726	-	-	(5,134)							
Issuance of common shares (Note 20)	70	6,130	-	-	(6,200)	-	-	-	-	-	-	-	-	-	(5,134)							
Purchase of treasury shares (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,215)							
Transactions with non-controlling interests (Note 20)	-	(1,215)	-	-	-	-	-	-	-	-	(15,879)	(15,879)	-	(153)	(1,568)							
Cash dividends - \$13.00 per share (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,879)							
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,023)							
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131							
As at December 31, 2025	\$12,331	\$76,667	(\$41)	(\$6,949)	(\$25)	\$2,962	\$183	\$7,130	(\$1,789)	(\$11,107)	\$30,000	\$597,230	\$695,258	\$260,577	\$955,635							
As at January 1, 2024	\$12,261	\$71,837	(\$41)	(\$6,660)	(\$25)	\$1,587	\$809	\$11,075	(\$3,151)	(\$11,376)	\$37,000	\$443,289	\$556,605	\$215,596	\$772,201							
Net income	-	-	-	-	-	234	(252)	(1,176)	1,051	(396)	82,609	82,609	(539)	32,044	114,653							
Other comprehensive income (loss)	-	-	-	-	-	234	(252)	(1,176)	1,051	(396)	82,609	82,609	(539)	32,044	114,653							
Total comprehensive income	-	-	-	-	-	234	(252)	(1,176)	1,051	(396)	82,609	82,609	(539)	32,044	114,653							
Effect of business combination (Note 5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(289)							
Transactions with non-controlling interests	-	(85)	-	-	-	-	-	-	-	-	-	-	-	-	(85)							
Cash dividends - \$9.00 per share (Note 20)	-	-	-	-	-	-	-	-	-	-	-	(10,997)	(10,997)	9	(76)							
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,997)							
Reversal of appropriations - net	-	-	-	-	-	-	-	-	-	-	(7,000)	7,000	-	(9,279)	(9,279)							
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	786	-							
As at December 31, 2024	\$12,261	\$71,752	(\$41)	(\$6,949)	(\$25)	\$1,821	\$557	\$9,899	(\$2,100)	(\$11,722)	\$30,000	\$521,901	\$627,304	\$229,121	\$866,425							



		Equity Attributable to Owners of the Parent Company																										
		Capital Stock		Paid-in Capital		Treasury Stock		Equity Adjustments From Parent Company		Fair Value Changes on Cash Flow Hedges and Others		Unrealized Gain (Loss) on Financial Assets at FVOCI		Share in Other Comprehensive Income of Associates - Net		Appropriated Retained Earnings		Unappropriated Retained Earnings		Total		Non-controlling Interests		Total Equity				
As at January 1, 2023																												
Net income																												
Other comprehensive loss																												
Total comprehensive income																												
Transactions with non-controlling interests																												
Cash dividends - P7.50 per share (Note 20)																												
Cash dividends paid to non-controlling interests																												
Net change in non-controlling interests																												
As at December 31, 2023																												
		P1,261	P75,839	(P41)	(P6,660)	(P25)	P2,103	P1,610	P11,823	(P1,722)	(P10,763)	P37,000	P375,464	P496,889	P1,953,301	P692,190												
Net income							(516)	(801)	(748)	(1,429)	(613)		76,989	76,989	29,196	106,185												
Other comprehensive loss							(516)	(801)	(748)	(1,429)	(613)			(4,107)	(2,088)	(6,195)												
Total comprehensive income							(516)	(801)	(748)	(1,429)	(613)		76,989	72,882	27,108	99,990												
Transactions with non-controlling interests																												
Cash dividends - P7.50 per share (Note 20)																												
Cash dividends paid to non-controlling interests																												
Net change in non-controlling interests																												
As at December 31, 2023		P1,261	P71,837	(P41)	(P6,660)	(P25)	P1,587	P809	P11,1075	(P3,151)	(P11,376)	P37,000	P443,289	P556,605	P215,596	P772,201												

See accompanying Notes to Consolidated Financial Statements



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 (Note 13)	(53,973)	(50,002)	(44,945)
Depreciation and amortization (Notes 14, 15, 16, 23 and 27)	27,696	26,508	24,707
Interest expense (Note 24)	21,778	23,710	24,085
Interest income (Note 24)	(3,840)	(4,577)	(4,048)
Provisions - net (Notes 10 and 23)	2,092	4,176	4,400
Dividend income (Note 22)	(882)	(871)	(912)
Impairment provision (reversal) (Notes 13 and 15)	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 (Notes 13, 14 and 15)	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 (Note 15)	(76,873)	(67,569)	(68,206)
Property and equipment (Note 14)	(10,619)	(12,749)	(12,362)
Financial assets at FVOCI	(774)	(1,508)	(692)
Investments in associate companies and joint ventures (Note 13)	-	(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 (Note 20)	(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 (Note 7)	112,528	103,746	106,561
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	₱101,847	₱112,528	₱103,746

See accompanying Notes to Consolidated Financial Statements.



SM INVESTMENTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

SM Investments Corporation (SMIC or Parent Company) was incorporated in the Philippines on January 15, 1960. On December 27, 2019, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Parent Company's articles of incorporation to change its corporate life to perpetual. Its registered office address is 10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300.

SMIC is a Philippine listed holding company with interests in retail, banking, property, integrated supply chains, renewable energy development and mining.

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD) on February 27, 2026, upon the recommendation of the Audit Committee.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements of the Parent Company and its subsidiaries (the Group) are prepared on the historical cost basis, except for financial instruments measured at fair value (including all derivatives and financial assets classified as FVOCI or fair value through profit or loss (FVTPL)). The consolidated financial statements are presented in Philippine Pesos, which is the Parent Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRS) Accounting Standards. Amounts are rounded to the nearest million pesos (₱ million), unless otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with PFRS Accounting Standards.

Basis of Consolidation

The Group is considered to have control of an investee when it has:

- power over the investee (i.e., existing rights that give it the ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and,
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- contractual arrangements with other vote holders of the investee;
- rights arising from other contractual arrangements; and,
- the Group's voting rights and potential voting rights.



The Group reassesses whether it controls an investee if facts and circumstances indicate that one or more of the elements of control have changed. Consolidation of a subsidiary begins when the Group obtains control of a subsidiary and ceases when it loses control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in, or deconsolidated from, the consolidated financial statements from the date the Group obtains control until the date the Group loses control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Parent Company and to non-controlling interests, even if this results in a deficit balance for non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. When the Group loses control of a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- reclassifies the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any resulting gain or loss in the consolidated statements of income; and
- reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

The consolidated financial statements include the accounts of the Parent Company and the subsidiaries listed below:

Company	Principal Activities	Percentage of Ownership			
		2025		2024	
		Direct	Indirect	Direct	Indirect
Property					
SM Prime Holdings, Inc. (SM Prime) and Subsidiaries	Real estate development	50	–	50	–
SM Development Corporation and Subsidiaries	Real estate development	–	100	–	100
Highlands Prime Inc. and Subsidiary	Real estate development	–	100	–	100
Costa del Hamilo, Inc. and Subsidiary	Real estate development	–	100	–	100
Magenta Legacy, Inc.	Real estate development	–	100	–	100
Associated Development Corporation	Real estate development	–	100	–	100
Prime Metro Estate, Inc. and Subsidiary	Real estate development	–	100	–	100
Tagaytay Resort Development Corporation	Real estate development	–	100	–	100
SM Arena Complex Corporation	Conventions	–	100	–	100
MOA Esplanade Port, Inc.	Port terminal operations	–	100	–	100
Premier Clark Complex, Inc.	Real estate development	–	100	–	100
SM Hotels and Conventions Corp. and Subsidiaries	Hotel and conventions	–	100	–	100
First Asia Realty Development Corporation	Real estate development	–	74	–	74
Premier Central, Inc. and Subsidiary	Real estate development	–	100	–	100
Consolidated Prime Dev. Corp.	Real estate development	–	100	–	100
Premier Southern Corp.	Real estate development	–	100	–	100
San Lazaro Holdings Corporation	Real estate development	–	100	–	100
Southernpoint Properties Corp.	Real estate development	–	100	–	100
First Leisure Ventures Group Inc.	Real estate development	–	50	–	50
CHAS Realty and Development Corporation and Subsidiaries	Real estate development	–	100	–	100
Springfield Global Enterprises Limited*[BVI]	Real estate development	–	100	–	100
Simply Prestige Limited and Subsidiaries*[BVI]	Real estate development	–	100	–	100
SM Land (China) Limited and Subsidiaries* [Hong Kong]	Real estate development	–	100	–	100

(Forward)



Company	Principal Activities	Percentage of Ownership			
		2025		2024	
		Direct	Indirect	Direct	Indirect
Rushmore Holdings, Inc.	Real estate development	–	100	–	100
Prime Commercial Property Management Corp. and Subsidiaries	Real estate development	–	100	–	100
Mindpro, Incorporated	Real estate development	–	70	–	70
A. Canicosa Holdings, Inc.	Real estate development	–	100	–	100
AD Canicosa Properties, Inc.	Real estate development	–	100	–	100
Cherry Realty Development Corporation	Real estate development	–	100	–	100
Supermalls Transport Services, Inc.	Real estate development	–	100	–	100
SM Smart City Infrastructure and Development Corporation	Real estate development	–	100	–	100
Britannia Trading Corp. and Subsidiaries	Trading, importing and exporting of goods	–	100	–	100
SMPHI SG Holdings Pte. Ltd.*[Singapore]	Investment	–	100	–	100
SM GUUN ENVIRONMENTAL COMPANY, INC.	Recycling and repurposing of waste	–	70	–	70
Nagtahan Property Holdings, Inc.	Real estate development	–	100	100	–
Mountain Bliss Resort & Development Corp. and Subsidiary	Real estate development	100	–	100	–
Intercontinental Development Corporation (ICDC)	Real estate development	97	3	97	3
Prime Central Limited and Subsidiaries*[BVI]	Investment	100	–	100	–
Bellevue Properties, Inc.	Real estate development	62	–	62	–
Neo Subsidiaries ^(a)	Real estate development	95	–	95	–
Philippines Urban Living Solutions, Inc. (PULSI)	Real estate development	71	–	71	–
Retail					
SM Retail Inc. (SM Retail) and Subsidiaries	Retail	77	–	77	–
Others					
Primebridge Holdings, Inc. and Subsidiary	Investment	100	–	100	–
Multi-Realty Development Corporation	Investment	91	–	91	–
Henfels Investments Corporation and Subsidiary	Investment	100	–	100	–
Belleshares Holdings, Inc.	Investment	99	–	99	–
2GO Group, Inc. (2GO) and Subsidiaries	Integrated Supply Chain	67	–	67	–
Goldilocks Bakeshop, Inc. (GBI) and Subsidiaries	Bakery products and other food items	64	–	64	–
Globalfund Holdings, Inc.	Investment	100	–	100	–
SMIC SG Holdings Pte. Ltd.*[Singapore]	Investment	100	–	100	–
Katimak Holdings, Inc.	Investment	100	–	100	–
Allfirst Renewables Holdings, Inc.	Investment	89	11	89	11
Philippine Geothermal Production Company, Inc. (PGPC) and Subsidiaries	Development and utilization of minerals, geothermal and other products	60	40	60	40
AIC Group of Companies Holding Corp. and Subsidiaries	Integrated Supply Chain	51	–	51	–

The principal place of business and country of incorporation of the subsidiaries listed above is in the Philippines except for those marked * and as indicated after the company name.

(a) Neo Subsidiaries include N-Plaza BGC Land, Inc., N-Plaza BGC Properties, Inc., N-Quad BGC Land, Inc., N-Quad BGC Properties, Inc., N-Square BGC Land, Inc., N-Square BGC Properties, Inc., N-Cube BGC Land, Inc., N-Cube BGC Properties, Inc., N-One BGC Land, Inc. and N-One BGC Properties, Inc.

Material Partly-owned Subsidiary

The non-controlling interests in SM Prime is material to the Group. As at December 31, 2025 and 2024, the non-controlling interest is 50% of SM Prime's equity.



The summarized financial information of SM Prime follows:

Financial Position

	December 31	
	2025	2024
	<i>(In Millions)</i>	
Current assets	₱211,202	₱230,682
Noncurrent assets	882,677	788,749
Total assets	₱1,093,879	₱1,019,431
Current liabilities	₱205,055	₱211,995
Noncurrent liabilities	419,745	371,195
Total liabilities	₱624,800	₱583,190
Total equity	₱469,079	₱436,241
Attributable to:		
Owners of the Parent Company	₱465,558	₱433,093
Non-controlling interests	3,521	3,148
	₱469,079	₱436,241

Statements of Comprehensive Income

	Years Ended December 31		
	2025	2024	2023
	<i>(In Millions)</i>		
Revenues	₱141,107	₱140,390	₱128,097
Costs and expenses	69,376	72,353	66,818
Other charges	(10,733)	(11,194)	(11,439)
Income before income tax	60,998	56,843	49,840
Provision for income tax	11,271	10,303	8,976
Net income	49,727	46,540	40,864
Other comprehensive income (loss)	(1,198)	1,247	(213)
Total comprehensive income	₱48,529	₱47,787	₱40,651
Attributable to:			
Owners of the Parent Company	₱48,848	₱45,632	₱40,011
Non-controlling interests	879	908	853
Net income	₱49,727	₱46,540	₱40,864
Attributable to:			
Owners of the Parent Company	₱47,652	₱46,877	₱39,799
Non-controlling interests	877	910	852
Total comprehensive income	₱48,529	₱47,787	₱40,651
Dividends paid to non-controlling interests	₱530	₱454	₱324



<i>Cash Flows</i>	Years Ended December 31		
	2025	2024	2023
	<i>(In Millions)</i>		
Net cash provided by operating activities	₱74,911	₱67,289	₱62,655
Net cash used in investing activities	(79,944)	(64,554)	(66,714)
Net cash provided by (used in) financing activities	1,415	(3,297)	(6,227)
Effect of exchange rate changes on cash and cash equivalents	17	(9)	43
Net decrease in cash and cash equivalents	(₱3,601)	(₱571)	(₱10,243)

3. Summary of Material Accounting Policies, Changes and Improvements

The material accounting policies adopted in the preparation of the consolidated financial statements are summarized below.

Determination of Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or,
- in the most advantageous market for the asset or liability, in the absence of a principal market.

The principal or the most advantageous market must be accessible to the Group.

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

The fair value measurement of a nonfinancial asset considers the market participant's ability to generate economic benefits by using and/or selling the asset to another market participant in its highest and best use.

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



Assets and liabilities for which fair value is measured based on the lowest-level significant input are classified and disclosed in the consolidated financial statements based on the fair value hierarchy described below:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and,
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Group determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Group has assessed the class of assets and liabilities on the basis of the nature, characteristics and risks of the subject asset or liability and the fair value hierarchy.

Financial Instruments

Financial Assets

Initial Recognition and Measurement

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVTPL. The classification at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Group's business model for managing them. The initial measurement of financial assets, except for those classified as FVTPL, includes the transaction cost. The exception is for trade receivables that do not contain a significant financing component. These are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

For a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

Subsequent to initial recognition, the Group classifies its financial assets in the following categories:

- Amortized cost
- FVTPL
- FVOCI
 - with recycling of cumulative gains and losses (debt instruments)
 - with no recycling of cumulative gains and losses upon derecognition (equity instruments)



Financial Assets at Amortized Cost (Debt Instruments)

The Group measures financial assets at amortized cost when:

- The financial asset is held within a business model with the objective to hold these and collect contractual cash flows; and,
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are SPPI.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, time deposits, receivables (including noncurrent portion of receivables from real estate buyers), advances and other receivables included under "Other current assets" in the consolidated balance sheets.

Financial Assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

Financial assets at FVTPL are measured at fair value. Changes in fair values are recognized in profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative when:

- The economic characteristics and risks are not closely related to the host;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and,
- The hybrid contract is not measured at FVTPL.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required, or a reclassification of a financial asset out of the FVTPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.



Financial Assets Designated at FVOCI (Equity Instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at FVOCI when these meet the definition of equity under Philippine Accounting Standard (PAS) 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined at instrument level.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as income in the consolidated statements of income when the right of payment is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group's equity instruments at FVOCI include investments in shares of stock and club shares presented under "Financial assets at FVOCI" in the consolidated balance sheets.

Derecognition

A financial asset, part of a financial asset or part of a group of similar financial assets, is primarily derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates the extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of Financial Assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between the carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in the consolidated statements of income, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether the modification of financial asset is substantial or not. The Group considers the following factors in its assessment:

- Change in currency;
- Introduction of an equity feature;
- Change in counterparty; and
- Asset no longer qualified as SPPI.



The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid, net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statements of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a new financial asset. Accordingly, the date of the modification is considered as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for expected credit loss (ECL) measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Impairment

The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

To calculate ECLs, the Group uses the provision matrix for rent and other receivables, vintage approach for receivables from sales of real estate (billed and unbilled) and general approach (low credit risk simplification) for treasury assets.

Under the provision matrix, ECLs are calculated based on lifetime ECLs. Changes in credit risk are not tracked, instead, a loss allowance based on lifetime ECLs adjusted for forward-looking factors specific to the debtors and the economic environment is recognized.

Under the vintage approach, ECLs are calculated based on the cumulative loss rates of homogenous real estate receivable pools grouped by origination period. The probability of default is derived from the historical default data of portfolios with similar risk characteristics and origination dates. Default patterns over fixed time intervals are used to develop a probability model that evaluates loan performance from origination to contractual maturity. Macroeconomic indicators, including forecast inflation rates, gross domestic product and unemployment rates are incorporated into the model. Expected credit losses represent the present value of expected cash shortfalls, incorporating the probability of default and expected recoveries, including repossession costs and other related expenses. Expected cash shortfalls are discounted to the reporting date using the effective interest rate.

Expected recoveries consider collections and proceeds from the resale of foreclosed real estate properties, net of direct costs to obtain and sell the properties, such as commissions, refurbishment costs, payments required under Republic Act No. 6552 or the *Realty Installment Buyer Protection Act* (Maceda Law) and costs to complete unfinished units.



A financial asset is considered in default when contractual amounts due remain unpaid for more than 120 days, or when the related sale is cancelled, as evidenced by a notarized cancellation letter. A financial asset is also considered in default when internal or external information indicates that the outstanding contractual amounts are unlikely to be collected in full.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified at initial recognition as either measured at FVTPL or at amortized cost, or as derivatives designated as hedging instruments in an effective hedge relationship.

Financial liabilities are initially recognized at fair value and, for those measured at amortized cost, net of directly attributable transaction costs.

The Group's financial liabilities include bank loans, accounts payable and other current liabilities (excluding payables to government agencies), dividends payable (presented under "Other current liabilities" in the consolidated balance sheets), long-term debt, lease liabilities, and tenants' deposits.

Tenants' deposits represent security deposits received at the inception of lease contracts for the Group's investment properties. These deposits are refundable upon lease termination, net of any unpaid rentals, penalties, or costs to repair damages to the leased properties.

Subsequent Measurement

Financial Liabilities at Amortized Cost

Interest-bearing loans and borrowings and other financial liabilities measured at amortized cost are subsequently measured using the effective interest rate (EIR) method. Gains and losses are recognized in the consolidated statements of income upon derecognition and through the amortization process.

Amortized cost is calculated by considering any discount or premium on initial recognition and fees or costs that are integral to the EIR. EIR amortization is recognized as interest expense.

Financial Liabilities at FVTPL

Financial liabilities at FVTPL include those held for trading and derivative financial instruments not designated in an effective hedging relationship. Separated embedded derivatives are also classified as held for trading unless designated as hedging instruments. Gains and losses are recognized in the consolidated statements of comprehensive income.

Derecognition

A financial liability is derecognized when the obligation is discharged or cancelled. An exchange with the same lender on substantially different terms, or a substantial modification of an existing liability, is accounted for as derecognition of the original liability and recognition of a new liability. Any difference between the carrying amounts is recognized in the consolidated statements of income.

Exchange or Modification of Financial Liabilities

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value



of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in the consolidated statements of income.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the financial instrument and amortized over the remaining term of the modified financial instrument.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, i.e., to realize the assets and settle the liabilities simultaneously.

Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement

The Group uses derivative financial instruments such as cross-currency swaps, foreign currency call options, interest rate swaps, options and non-deliverable forwards to hedge the risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or,
- Cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of the hedged item.



Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in the consolidated statements of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged instrument.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under “Fair value changes on cash flow hedges and others” in the consolidated balance sheets.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which hedged cash flows affect profit or loss.

If hedge accounting is discontinued, the amount accumulated in OCI remains in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount is reclassified to profit or loss as a reclassification adjustment. When the hedged cash flow occurs, any amount remaining in accumulated OCI is accounted for depending on the nature of the underlying transaction.

Other Derivative Instruments Not Accounted for as Hedges

Certain freestanding derivative instruments that provide economic hedges under the Group’s policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair value of derivative instruments not designated as hedges are recognized under “Gain (loss) from fair value changes on derivatives - net” in the consolidated statements of income (see Note 29). Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

Merchandise Inventories

The cost of merchandise inventories is primarily determined using the weighted average method.

Real Estate Inventories

Real estate inventories are stated at the lower of cost and net realizable value. Cost includes those costs incurred for development and improvement of the properties. Net realizable value is the selling price in the ordinary course of business less costs to complete and the estimated cost to make the sale. Real estate inventories include properties that are constructed for sale in the ordinary course of business, rather than for rental or capital appreciation.



Cost incurred for the development and improvement of the properties includes the following:

- land cost;
- amounts paid to contractors for construction and development; and,
- planning and design, and site preparation, as well as professional fees, property transfer taxes, construction overhead and others.

Real estate sales cancellations are accounted for as contract modifications that change the contract from non-cancellable to cancellable. Revenue and related costs previously recognized are reversed in the period of cancellation, and the related inventory is reinstated at cost. Any gain or loss on repossession arising from the cancellation is presented under "Revenues - others" in the consolidated statements of income.

Property and Equipment

Property and equipment, except land, is stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any impairment in value.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets, namely:

Buildings and improvements	5-25 years	
Store equipment and improvements	5-10 years	
Data processing equipment	4-8 years	
Furniture, fixtures and office equipment	3-10 years	
Machinery and equipment	2-10 years	
Leasehold improvements	5-20 years	or term of the lease, whichever is shorter
Transportation equipment	5-15 years	
Vessels in operation, excluding drydocking cost, and vessel equipment and improvements	30-35 years	
Containers and reefer vans	5-10 years	

The residual values, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period. The carrying amount of the assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Investment Properties

Investment properties, except land, are measured at cost, less accumulated depreciation and amortization and accumulated impairment in value. Land is stated at cost less any impairment in value.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets, namely:

Land improvements	3-10 years	
Buildings and leasehold improvements	5-40 years	or term of the lease, whichever is shorter
Building equipment, furniture and others	3-15 years	

The residual values, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.



Transfers from investment properties to inventories are made when there is a change in use, evidenced by the launch of a real estate project after securing the required permits (e.g. license to sell), completing technical due diligence (e.g. topography studies), and obtaining approval of the plan to construct and develop condominium and residential units for sale. Transfers from inventories to investment properties are made when there is a change in use, evidenced by the commencement of an operating lease to a third party or a change in the originally approved development plan. The property is subsequently accounted for at its carrying amount at the date of change in use.

For transfers from investment property to property and equipment and vice versa, the transfer shall be accounted based on the carrying amount at the time of change in use.

Construction in Progress

Construction in progress under property and equipment and investment property represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Cost also includes interest on borrowed funds incurred during the construction period. Construction in progress is not depreciated.

Property Acquisitions, Business Combinations and Acquisitions of Non-controlling Interests

Property Acquisitions and Business Combinations. When property is acquired through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in "Costs and expenses" in the consolidated statements of income.

For accounting similar to pooling of interest method, the assets, liabilities and equity of the acquired companies for the reporting period in which the common control business combinations occur, and for any comparative periods presented, are included in the consolidated financial statements of the Group at their carrying amounts as if the combinations occurred from the date when the acquired companies first became under the control of the Group. The excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies is recognized under "Equity adjustments from common control transactions" in the equity section of the consolidated balance sheets.

Acquisitions/Disposal of Non-controlling Interests. Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in



their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received shall be recognized as equity reserve, presented as “Additional Paid-in Capital”.

Goodwill

Initial Measurement of Goodwill or Gain on a Bargain Purchase. Goodwill is initially measured by the Group at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on a bargain purchase.

Subsequent Measurement of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment Testing of Goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and,
- is not larger than an operating segment as defined in PFRS 8, *Operating Segments*, before aggregation.

Frequency of Impairment Testing. Irrespective of whether there is any indication of impairment, the Group tests goodwill acquired in a business combination for impairment at least annually.

Impairment of Nonfinancial Assets

The carrying amount of nonfinancial assets (property and equipment, investment properties, investments in associate companies and joint ventures, right-of-use (ROU) assets, and intangibles with definite useful life and other noncurrent assets) is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or CGUs are written down to their recoverable amounts. The recoverable amount of the asset is the higher of fair value less costs of disposal and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm’s-length transaction between knowledgeable and willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. In such a case, the recoverable amount is estimated. Any previously recognized impairment loss is reversed only when there is a change in estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. Accordingly, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal,



the depreciation or amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Revenue and Cost Recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in the majority of its revenue arrangements. Revenue is recognized when the following criteria are met:

Sale of Merchandise Inventories. Revenue from sales of goods is recognized when the transfer of control is turned over to the buyer and the performance obligation is satisfied. The performance obligation is generally satisfied when customers purchase the goods. Net sales, as presented in the consolidated statements of income, is net of sales returns. Payment of the transaction price is due immediately at the point of sale.

Revenue and Cost from Sales of Real Estate. The Group derives real estate revenue from the sale of lots, house and lot units and condominium units. Revenue from the sale of completed real estate projects is recognized at a point in time upon meeting the threshold of buyer's equity. Revenue from real estate projects in the pre-completion stage is recognized over time during the construction period using the output method (percentage of completion) because the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenues based on direct measurements of the value of goods or services transferred to customers relative to the remaining value promised under the contract.

Progress is measured using surveys of performance completed, milestones reached and time elapsed. This method measures the progress of work based on the physical proportion of work done, as well as the impact of customized uninstalled materials on the real estate project, based on the monthly project accomplishment report prepared by third party engineers, as approved by the construction managers.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as receivables from sales of real estate, under trade receivables, is accounted for as unbilled revenue from sales of real estate and presented under "Receivables and contract assets" in the consolidated balance sheets.

Any excess of collections over the total of recognized installment real estate receivables is included in contract liabilities.

Information about the Group's performance obligation. The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Payment commences upon signing of the contract to sell. The consideration is payable either in cash or financing, or a combination of both.



The financing scheme may include the payment of a certain percentage of the contract price spread over a specified period at a fixed monthly amount with the remaining balance payable in full at the end of the period either through cash or external financing.

The amortization payment schedule does not necessarily coincide with construction progress.

The Group has a quality assurance warranty which is not treated as a separate performance obligation.

Cost of Real Estate Sold. In determining the costs recognized as cost of real estate sold, the Group accumulates costs of materials, labor and overhead, including estimated costs incurred but not yet billed by contractors. Costs are recognized consistent with the pattern of revenue recognition, taking into consideration contract fulfillment assets and costs to obtain a contract. Cost of real estate sold includes development and construction costs, contract fulfillment assets and costs to obtain a contract.

These costs are allocated to the saleable area, with the portion attributable to the sold area recognized as cost of real estate sold and the portion attributable to the unsold area recognized as part of real estate inventories. Contract fulfillment assets and costs to obtain a contract include costs that generate resources to be used in satisfying performance obligations and that are expected to be recovered.

Contract Balances

Receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Assets. Contract assets pertain to unbilled revenue from sales of real estate and represent the Group's conditional right to consideration for goods or services transferred to the customer. The capitalized amount is reclassified to trade receivable from real estate buyers when the customer's periodic amortization becomes due.

Contract Liabilities. Contract liabilities pertain to unearned revenue from sales of real estate and represent the obligation to transfer goods or services to a customer for which the Group has received consideration. Contract liabilities include customers' deposits related to sales of real estate and are recognized as revenues when the Group satisfies the related performance obligations.

Costs to Obtain a Contract. The costs of obtaining a contract with a customer are recognized as an asset if the Group expects recovery of these costs. The accrual of commissions paid to brokers and marketing agents on the sale of pre-completed real estate units is likewise capitalized when recovery is reasonably expected and is charged to expense in the period in which the related revenue is recognized. Commission expense is included in the "Costs and expenses" account in the consolidated statements of income. Costs incurred prior to obtaining a contract with a customer are expensed as incurred.

Contract Fulfillment Assets. Contract fulfillment costs are divided into (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group considers the applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which if met, result in capitalization (i) costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) costs are expected to be recovered. The assessment of these criteria requires the application of judgment



particularly in determining whether costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets mainly pertain to land acquisition costs, included in Real estate inventories - Land and development (current portion) and Condominium, residential units and subdivision lots for sale.

Amortization, Derecognition and Impairment of Contract Fulfillment Assets and Capitalized Costs to Obtain a Contract. The Group amortizes contract fulfillment assets and costs capitalized to obtain a contract to cost of sales over the expected construction period using an output method consistent with real estate revenue recognition. The amortization is included in cost of real estate sold account in the consolidated statements of income.

A contract fulfillment asset or costs capitalized to obtain a contract is derecognized when it is disposed of, or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that a contract fulfillment asset may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less those costs that relate to providing services under the contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price are removed when testing for impairment.

When indicators of impairment exist, judgment is required to assess whether the expected future economic benefits from the contracts are sufficient to recover the related assets.

Sales - Processed Food and Others. Revenues from sales of processed food and steam are recognized when control of the goods transfers to the customer and the performance obligation is satisfied. The performance obligation is generally satisfied when customers purchase the goods and/or delivery is made to customers. Payment of the transaction price is due immediately at the point of sale and/or within 15 to 30 days.

Room Rentals, Sale of Food and Beverage, and Other Hotel Revenues. The Group's hotel revenues include room rentals, food and beverage sales, and fees for other services. Revenue from room rentals is recognized based on actual occupancy. Revenue from food and beverage sales is recognized when orders are served. Revenue from other services, including business centers and laundry, is recognized when the related services are rendered. Room rental revenue is presented as part of "Rent" revenue. Food and beverage sales and other hotel revenues are presented under "Revenue - Others" in the consolidated statements of income.

Shipping and Logistics Revenues. Revenues from shipping and logistics services are recognized when rendered and/or when export/import cargoes are received by the shipper or consignee. Shipping revenues include fees for ancillary services such as wharfage, arrastre, stevedoring and other related services.

Rent. Revenues are recognized on a straight-line basis over the lease term or based on the terms of the lease as applicable. Contingent rent is recognized as revenue in the period in which it is earned.

Sale of Cinema and Event Tickets. Revenue from cinema and event tickets is recognized when the performance obligation is satisfied, typically when the screening or event takes place.



Gain on Sale of Investments in Associate Companies and Joint Ventures and Financial Assets. Revenues are recognized when the sale is confirmed by the broker and the securities are delivered.

Dividends. Revenues are recognized when the Group's right as a shareholder to receive payment is established.

Royalty and Service Fees. Revenues are recognized when earned and expenses are recognized when incurred, in accordance with the terms of the agreements.

Interest. Revenues are recognized when interest accrues, considering the effective yield.

Costs and expenses. Costs and expenses are recognized as incurred.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, provisions are measured by discounting expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, as appropriate. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Any subsequent reversal of the provision is recognized in the same line item in the consolidated statements of income where the expense was initially recognized.

Taxes

Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the tax amounts are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred Income Tax. Deferred income tax is set up based on the liability method and considering the temporary differences between the tax base of assets and liabilities and the corresponding carrying amounts at each reporting period.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess

MCIT over RCIT and NOLCO can be utilized, except:

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



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

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

Income tax relating to items recognized directly in the consolidated statement of comprehensive income is recognized in the consolidated statement of comprehensive income and not in the consolidated statements of income.

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

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

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of “Other current assets” or “Accounts payable and other current liabilities” in the consolidated balance sheets.

Basic/Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income attributable to owners of the Parent Company for the period by the weighted average number of issued and outstanding common shares for the period, with retroactive adjustment for any stock dividends declared.

For the purpose of computing diluted EPS, the net income for the period attributable to owners of the Parent Company and the weighted-average number of issued and outstanding common shares are adjusted for the effects of all potential dilutive ordinary shares.

Events after the Reporting Period

Post yearend events that provide additional information about the Group’s financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post yearend events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.



- Amendments to PAS 21, *Lack of exchangeability*

The amendments clarify how an entity assesses whether a currency is exchangeable and how it determines the spot exchange rate when exchangeability is lacking. The amendments also introduce related disclosure requirements. The amendments are effective for annual periods beginning on or after January 1, 2025, with early adoption permitted. Comparative information is not restated upon adoption. The adoption of this new standard did not have a significant impact on the consolidated financial statements.

Future Changes in Accounting Policies and Disclosures

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgments, significant judgments and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgment that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before the settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

The amendments are effective on or after January 1, 2026 to be applied retrospectively, with early adoption permitted.



- Annual Improvements to PFRS Accounting Standards -Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross reference to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13, *Fair Value Measurement*.

- Amendments to PFRS 9

- a. Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in the consolidated statements of income.

- b. Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price’ as defined by PFRS 15 with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.



The amendments clarify the application of the ‘own-use’ requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

Effective for annual periods beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

PFRS 18 replaces PAS 1 and introduces new requirements on the presentation and disclosure in the financial statements, including new categories and subtotals in the consolidated statements of income and enhanced disclosure of management-defined performance measures. The standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

- PFRS 17, *Insurance Contracts*

PFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard is effective for annual periods beginning on or after January 1, 2027. The Group does not issue insurance contracts. Accordingly, the adoption of PFRS 17 is not expected to have an impact on the consolidated financial statements.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

The amendments introduce translation requirements when an entity translates its financial statements, or the results and financial position of a foreign operation, from a functional currency of a non-hyperinflationary economy to a presentation currency of a hyperinflationary economy. The amendments are effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

- PFRS 19, *Subsidiaries without Public Accountability*

PFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of other PFRS Accounting Standards. The standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combination*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors’ interests in the associates or joint ventures.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at the reporting date.

Judgments

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

Existence of a Contract. The Group's primary evidence of a contract with a customer is a signed contract to sell or a combination of signed documents such as reservation agreement, official receipts, quotation sheets and other supporting documents, which contain the criteria to qualify as a contract with the customer under PFRS 15 (i.e., the parties have approved the arrangement and are committed to perform; each party's rights and the payment terms are identifiable; the contract has commercial substance; and collection of the consideration is probable).

In addition, the Group assesses the probability of collecting the consideration to which it is entitled in exchange for the real estate property. In making this assessment, Management considers the significance of the customer's initial payments relative to the contract price, the buyer's payment history, the age of outstanding receivables, and the pricing of the property. Historical sales cancellations and back-outs are regularly evaluated to determine whether the established threshold of buyer's equity continues to support the commencement of revenue recognition.

Revenue Recognition Method and Measure of Progress. Management has determined that revenue from the sale of completed real estate projects is recognized at a point in time upon meeting the threshold of buyer's equity, while revenue from real estate projects in the pre-completion stage is recognized over time because the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. The promised property is specifically identified in the contract, and contractual restrictions on the Group's ability to redirect the property are substantive. The promised property is not interchangeable with other properties without breaching the contract or incurring significant additional costs. Under applicable law, the customer is obligated to make payments to the Group for performance completed to date.

Sales commissions incurred after contract inception are identified as costs of obtaining a contract. For contracts that qualify for revenue recognition, these costs are amortized on a basis consistent with the recognition of the related revenue.

The Group has determined that the output method used for measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate units to the customers. The Group has determined that, for customized materials, the Group does not merely provide a procurement service to the customer; it is significantly involved in the design and specification of their manufacture.

Property Acquisitions and Business Combinations. At the acquisition date, the Group assesses whether the acquired set constitutes a business (inputs and substantive processes that significantly contribute to the ability to create outputs) and may apply the optional concentration test under PFRS 3. When the acquisition constitutes a business, the Group accounts for it as a business combination: measures identifiable assets acquired and liabilities assumed at acquisition date fair values; recognizes goodwill or a gain on bargain purchase, as applicable; expenses acquisition-related costs in the consolidated statements of income; recognizes contingent consideration at fair value and



subsequently measures it in accordance with PFRS 3; and adjusts provisional amounts during the measurement period when new information becomes available (not exceeding one year). When the acquisition does not constitute a business, the Group accounts for it as an asset acquisition: allocates the consideration to identifiable assets and liabilities based on their relative fair values; capitalizes directly attributable costs as part of the asset cost; does not recognize goodwill; and generally does not recognize deferred tax on initial recognition due to the initial recognition exemption under PAS 12, *Income Taxes*, unless the transaction falls outside that exemption.

Consignment Arrangements on Retail Segment. The retail segment enters into consignment arrangements with suppliers. Management assesses whether the entity acts as principal or agent by evaluating control. Revenue is recognized on a gross basis only when the entity controls the specified goods before transfer to customers; otherwise, revenue is presented on a net basis for any commission or fee earned as an agent. When suppliers retain control of inventory until sale, no inventory is recognized and amounts become payable to suppliers only upon sale to customers.

Operating Lease Commitments - Group as Lessor. Leases under PFRS 16, *Leases* are classified by assessing whether the arrangement transfers substantially all risks and rewards incidental to ownership to the lessee. Contracts remain operating leases when (i) ownership does not transfer by the end of the term, (ii) the lease term is not for the major part of the asset's economic life, (iii) the present value of lease payments does not equal substantially all of the asset's fair value, and (iv) the asset is not so specialized that only the lessee can use it without major modifications. Lease income is recognized on a straight-line basis. Where leased properties meet the definition of investment property, measurement and related disclosures follow PAS 40, *Investment Property*.

Determination of Lease Term of Contracts with Renewal and Termination Options - Group as Lessee. The Group enters into lease contracts that include extension and termination options. It applies judgment in evaluating whether it is reasonably certain to exercise a renewal option or not to exercise a termination option. The assessment considers all relevant factors that create economic incentives or disincentives to exercise the options. After the commencement date, the lease term is reassessed only when a significant event or change in circumstances within its control occurs and affects the previous assessment (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

Assessing Significant Influence over Associates. Management assessed that the Group has significant influence over all its associates by virtue of the Group's more than 20% voting power in the investee, representation in the board of directors, and participation in policy-making processes of the associates.

Assessing Joint Control of an Arrangement and the Type of Arrangement. The Group has 25% ownership in Waltermart Mall. Management assessed that the Group has joint control of Waltermart Mall by virtue of a contractual agreement with other shareholders. Waltermart Mall is a joint venture arrangement as it is a separate legal entity and its stockholders have rights to its net assets.

Assessment of Control or Significant Influence over Investees

SM Prime. The Group has 50% ownership interest in SM Prime. Management assessed that the Group has control of SM Prime as it holds significantly more voting rights than any other vote holder or organized group of vote holders, and the other shareholdings are widely dispersed giving the Group the power to direct relevant activities of SM Prime.



BDO Unibank, Inc. (BDO). The Group holds a 45% equity interest in BDO. Management determined that the Group does not control BDO, as its aggregate voting rights are insufficient to provide power over BDO's relevant activities (see Note 13).

Determining Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates. Under Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*, Management assesses whether the Group has any uncertain tax positions. Management applies significant judgment in identifying uncertainty in the Group's tax treatments. Based on its assessment and in consultation with its tax counsel, Management has determined acceptance of the Group's income tax treatments by the tax authorities is probable.

Contingencies. Management monitors legal and administrative proceedings with external counsel. Based on facts and legal advice at the reporting date, Management has determined that either no present obligation exists requiring a provision or an outflow of resources is not probable; accordingly, no provision is recognized. Contingent liabilities are disclosed when an outflow is possible but not probable, and estimates are reassessed when new information arises.

Estimates and Assumptions

Key assumptions and other sources of estimation uncertainty at the reporting date that present a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Investments in Associate Companies and Joint Ventures. Management performs an impairment review of equity-accounted investments when events or changes in circumstances indicate that the recoverable amount may be less than the carrying amount, in accordance with PAS 28, *Investments in Associates and Joint Ventures*, and PAS 36, *Impairment of Assets*. Recoverable amount equals the higher of fair value less costs of disposal and value in use. Value in use reflects discounted future cash flows based on key assumptions such as revenue growth, gross margins/EBIT, effective tax rates, non-cash charges, working capital movements, capital expenditures, and the discount rate. See Note 13 for related balances.

Impairment of Goodwill and Trademarks and Brand Names with Indefinite Useful Lives. Impairment exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value, less costs of disposal and its value in use. Fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculations is based on a discounted cash flow model. The cash flows are derived from the forecast for the relevant period and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets. The recoverable amount is most sensitive to the pre-tax discount rates used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. See Note 16 for related balances.

Impairment of Other Nonfinancial Assets. Management assesses at each reporting date whether indicators of impairment exist for property and equipment, investment properties, and right-of-use assets. When an indicator exists, management estimates the recoverable amount (the higher of fair value less costs of disposal and value in use) in accordance with PAS 36, *Impairment of Assets*. Cash-flow estimates reflect continuing use and ultimate disposition of the assets. For 2025, 2024, and 2023, no impairment is recognized for these assets. See Notes 14, 15, and 27 for related balances.

Realizability of Deferred Tax Assets. Management reviews the carrying amount of deferred tax assets at each reporting date and reduces it when recovery is not probable. Recognition of deferred tax assets on deductible temporary differences and carryforward benefits of excess MCIT and NOLCO



relies on forecasts of taxable profit. Based on forecasts at the reporting date, not all deductible temporary differences and carryforward benefits will be realized; accordingly, only a portion of deferred tax assets is recognized. See Note 26 for related balances.

Present Value of Defined Benefit Obligation. The present value of pension obligations depends on actuarial assumptions, including the discount rate and salary increase rate. Management determines the discount rate at each reporting date by considering government bond yields denominated in the currency of the benefits with maturities that approximate the term of the obligation. Other key assumptions reflect market conditions at the reporting date. Sensitivity analyses for reasonably possible changes in significant assumptions and the maturity profile of benefit payments appear in Note 25.

Fair Value of Financial Assets and Liabilities. Management determines fair value by selecting appropriate valuation techniques and identifying the principal (or most advantageous) market, then calibrating key inputs using verifiable objective evidence such as quoted prices, foreign exchange rates, interest rates and volatility rates. These judgments affect measured fair values and whether changes are recognized in the consolidated statements of income or in the consolidated statements of other comprehensive income. See Note 29 for related balances.

Valuation of Unquoted Equity Investments. Management determines fair value of unquoted equity investments (classified at FVOCI under PFRS 9) by selecting the valuation technique that best fits the facts and available evidence:

- recent arm's-length transactions for the same investee;
- fair values of comparable instruments that are substantially the same;
- expected cash flows discounted at a rate reflecting the investment's terms and risks; or,
- other valuation techniques

These determinations require judgment over cash flow forecasts, growth and margin assumptions, discount rates, and any adjustments to market comparables. See Note 29 for related balances.

Leases – Estimating the Incremental Borrowing Rate. Management cannot readily determine the interest rate implicit in the lease and therefore uses the incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate the Group would pay to borrow, over a similar term and with similar security, the funds needed to obtain an asset of similar value in a similar economic environment. Management estimates the IBR using observable market data, when available, (e.g., yield curves, swap rates, credit spreads) and adjusts for lease-specific terms and security. When observable rates are unavailable or require adjustment - for example, for subsidiaries without external borrowings or for leases denominated in a non-functional currency, Management applies entity-specific assumptions, including stand-alone credit ratings. See Note 27 for related balances.

5. Business Combination

SM Retail Common Control Business Acquisition. In December 2024, SM Retail acquired 80% of the outstanding common stock of SM Guam, Inc. (SM Guam). The acquisition of SM Guam was considered as a business reorganization of companies under common control. Thus, the pooling of interests method was applied in the preparation of the consolidated financial statements. Prior period financial statements were not restated due to immateriality.



6. Segment Information

The Group has identified four reportable operating segments: property, retail, banking, and portfolio investments.

The property segment includes the operation of malls, hotels, and convention centers; leasing of commercial spaces; and the development of integrated communities comprising residential, lifestyle, retail, commercial, and leisure properties.

The retail segment is engaged in the retail and wholesale trading of merchandise, including dry goods, wearing apparel, food, and other consumer products.

The banking segment represents the Group's equity interest in BDO and China Banking Corporation (China Bank).

The portfolio investments segment comprises investments in 2GO, PGPC and Neo subsidiaries and associates; Atlas Consolidated Mining and Development Corporation (Atlas); Belle Corporation (Belle); GBI; and other subsidiaries and associates.

The BOD monitors the operating results of each segment for purposes of resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, measured consistently with the consolidated financial statements.

Operating Results by Segment

	2025						
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
	<i>(In Millions)</i>						
Revenues:							
External customers	₱131,802	₱456,961	₱46,982	₱43,139	₱2,849	₱-	₱681,733
Revenues from contracts with customers	40,633	444,646	-	-	-	-	485,279
Merchandise sales	-	444,646	-	-	-	-	444,646
Real estate sales	40,633	-	-	-	-	-	40,633
Rent	68,397	1,606	-	2,575	2	-	72,580
Equity in net earnings of associate companies and joint ventures	2,806	2,869	46,982	1,305	11	-	53,973
Others	19,966	7,840	-	39,259	2,836	-	69,901
Inter-segment	16,786	690	-	731	5,043	(23,250)	-
	₱148,588	₱457,651	₱46,982	₱43,870	₱7,892	(₱23,250)	₱681,733
Segment results:							
Income before income tax	₱61,159	₱29,691	₱46,982	₱6,788	(₱1,857)	₱-	₱142,763
Provision for income tax	11,281	6,903	-	639	168	-	18,991
Net income after tax	₱49,878	₱22,788	₱46,982	₱6,149	(₱2,025)	₱-	₱123,772
Net income attributable to:							
Owners of the Parent Company	₱24,680	₱16,618	₱45,709	₱5,484	(₱2,009)	₱-	₱90,482
Non-controlling interests	25,198	6,170	1,273	665	(16)	-	33,290



2024							
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
<i>(In Millions)</i>							
Revenues:							
External customers	₱131,940	₱433,259	₱43,905	₱42,923	₱2,750	₱-	₱654,777
Revenues from contracts with customers	45,910	421,757	-	-	-	-	467,667
Merchandise sales	-	421,757	-	-	-	-	421,757
Real estate sales	45,910	-	-	-	-	-	45,910
Rent	64,069	1,448	-	2,447	2	-	67,966
Equity in net earnings of associate companies and joint ventures	2,043	2,607	43,905	1,376	71	-	50,002
Others	19,918	7,447	-	39,100	2,677	-	69,142
Inter-segment	16,170	670	-	635	4,735	(22,210)	-
	₱148,110	₱433,929	₱43,905	₱43,558	₱7,485	(₱22,210)	₱654,777
Segment results:							
Income before income tax	₱57,314	₱29,193	₱43,905	₱7,760	(₱5,261)	₱-	₱132,911
Provision for income tax	10,713	6,569	-	739	237	-	18,258
Net income after tax	₱46,601	₱22,624	₱43,905	₱7,021	(₱5,498)	₱-	₱114,653
Net income attributable to:							
Owners of the Parent Company	₱23,138	₱15,773	₱42,706	₱6,457	(₱5,465)	₱-	₱82,609
Non-controlling interests	23,463	6,851	1,199	564	(33)	-	32,044
2023							
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
<i>(In Millions)</i>							
Revenues:							
External customers	₱119,004	₱413,997	₱39,268	₱41,828	₱2,155	₱-	₱616,252
Revenues from contracts with customers	42,124	401,726	-	-	-	-	443,850
Merchandise sales	-	401,726	-	-	-	-	401,726
Real estate sales	42,124	-	-	-	-	-	42,124
Rent	58,104	1,268	-	2,413	-	-	61,785
Equity in net earnings of associate companies and joint ventures	2,163	1,943	39,268	1,636	(65)	-	44,945
Others	16,613	9,060	-	37,779	2,220	-	65,672
Inter-segment	15,553	606	-	690	4,424	(21,273)	-
	₱134,557	₱414,603	₱39,268	₱42,518	₱6,579	(₱21,273)	₱616,252
Segment results:							
Income before income tax	₱50,336	₱28,752	₱39,268	₱9,082	(₱4,621)	₱-	₱122,817
Provision for income tax	9,015	6,685	-	801	131	-	16,632
Net income after tax	₱41,321	₱22,067	₱39,268	₱8,281	(₱4,752)	₱-	₱106,185
Net income attributable to:							
Owners of the Parent Company	₱20,507	₱15,267	₱38,194	₱7,752	(₱4,731)	₱-	₱76,989
Non-controlling interests	20,814	6,800	1,074	529	(21)	-	₱29,196

No single customer accounted for 10% or more of consolidated revenues in 2025, 2024, and 2023. Substantially all revenues are derived from operations within the Philippines.

Revenue disaggregation is presented in the consolidated statements of income and in the segment information above.



7. Cash and Cash Equivalents

This account consists of:

	2025	2024
	<i>(In Millions)</i>	
Cash on hand and in banks (Note 21)	₱33,154	₱30,550
Temporary investments (Note 21)	68,693	81,978
	₱101,847	₱112,528

Cash in banks and temporary investments earn interest at prevailing market rates. The maturities of temporary investments vary based on the Group's short-term liquidity requirements (see Note 24).

8. Time Deposits

This account consists of:

	2025	2024
	<i>(In Millions)</i>	
Current	₱3,217	₱221
Noncurrent	4,178	3,113
	₱7,395	₱3,334

Time deposits bear interest at rates ranging from 1.0% to 5.3% in 2025 and from 2.0% to 5.5% in 2024. Certain time deposits with maturities of up to one year are pledged as collateral for credit facilities. Interest income from time deposits is disclosed in Note 24.

9. Financial Assets at FVOCI

This account consists of:

	2025	2024
	<i>(In Millions)</i>	
Shares of stock		
Listed	₱20,741	₱24,027
Unlisted	3,622	3,100
Club shares	30	29
	24,393	27,156
Less current portion	717	794
Noncurrent portion	₱23,676	₱26,362

Financial assets at FVOCI consist of equity investments, including shares of stock and club shares, that are not held for trading and have been irrevocably designated at FVOCI, as the Group considers these investments to be strategic in nature.



10. Receivables and Contract Assets

This account consists of:

	2025	2024
	<i>(In Millions)</i>	
Trade:		
Sales of real estate*	₱163,713	₱152,502
Rent from third-party tenants	11,155	11,844
Shipping and logistics**	4,367	3,360
Rent from related party tenants (Note 21)	620	586
Others	9,621	2,921
Royalty and service fees (Note 21)	1,799	2,205
Dividends (Note 21)	442	1,270
	191,717	174,688
Less allowance for ECL	3,316	3,355
	188,401	171,333
Less noncurrent portion of receivables from sales of real estate (Note 16)	94,302	79,064
Current portion	₱94,099	₱92,269

* Includes unbilled revenue from sales of real estate of ₱137.8 billion and ₱133.5 billion as at December 31, 2025 and 2024, respectively.

** Includes contract assets representing shipping and logistics services delivered but not yet invoiced of ₱1.1 billion and ₱799.7 million as at December 31, 2025 and 2024, respectively.

The terms and conditions of these receivables follow:

- Receivables from real estate sales, whether billed or unbilled, relate primarily to the sale of condominium and residential units under various payment terms and may or may not bear interest.

Portions of these receivables were assigned to local banks on a without-recourse basis at ₱13.2 billion and ₱7.0 billion as at December 31, 2025 and 2024, respectively (Note 21). No receivables were assigned on a with-recourse basis in 2025 and 2024.

The discount on sale of receivable amounted to ₱0.3 billion, ₱0.1 billion and ₱0.7 billion for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 24).

The transaction price allocated to remaining performance obligations amounted to ₱46.3 billion and ₱41.5 billion as at December 31, 2025 and 2024, respectively. These amounts are expected to be recognized over construction periods ranging from one to five years.

- Trade receivables from tenants, shipping and logistics, and royalty and service fees do not bear interest and are generally collectible within 30 days to one year.
- Dividend receivables do not bear interest and are generally collectible within the next financial year.



- Other trade receivables include receivables from banks for retail sales on credit and PGPC’s sale of steam. These receivables are non-interest bearing and are normally collectible within 15 to 90 days. Receivables from banks amounted to ₱6.4 billion in 2025, presented under “Other trade receivables” in the consolidated balance sheets, and ₱8.3 billion in 2024, presented under “Other current assets” in the consolidated balance sheets. This change in presentation is not considered material to the financial statements.

An allowance for ECL is recognized for receivables from real estate sales, tenants, shipping and logistics, and other receivables identified as impaired based on individual and collective assessments. The movements in this account follow:

	2025	2024
	<i>(In Millions)</i>	
Balance at beginning of year	₱3,355	₱3,284
Provisions (reversal) - net of write-off (Note 23)	(39)	71
Balance at end of year	₱3,316	₱3,355

No allowance for ECL was recognized on billed and unbilled revenue from real estate sales as at December 31, 2025 and 2024.

The aging of receivables and contract assets follows:

	2025	2024
	<i>(In Millions)</i>	
Neither past due nor impaired	₱173,267	₱160,076
Past due but not impaired:		
Less than 30 days	4,408	3,653
31-90 days	4,246	2,732
91-120 days	2,323	1,804
Over 120 days	4,157	3,068
Impaired	3,316	3,355
	₱191,717	₱174,688

Receivables other than those identified as impaired, are assessed as good and collectible.

11. Inventories

This account consists of:

	2025	2024
	<i>(In Millions)</i>	
Real estate inventories	₱74,524	₱76,933
Merchandise inventories	43,737	41,998
Processed food and others	906	745
	₱119,167	₱119,676

Inventories are stated at cost as at December 31, 2025 and 2024.



Real Estate Inventories

The movements in this account follow:

	Land and Development	Condominium, Residential Units and Subdivision Lots for Sale	Total
		<i>(In Millions)</i>	
Balance as at January 1, 2024	₱52,758	₱25,135	₱77,893
Development cost incurred	17,919	104	18,023
Cost of real estate sold	(11,963)	(7,178)	(19,141)
Transfers	(3,074)	3,074	–
Translation adjustment and others	143	15	158
Balance as at December 31, 2024	55,783	21,150	76,933
Development cost incurred	14,049	–	14,049
Cost of real estate sold	(10,734)	(6,885)	(17,619)
Transfers	(2,043)	2,043	–
Reclassifications from investment properties (Note 15)	714	–	714
Translation adjustment and others	239	208	447
Balance as at December 31, 2025	₱58,008	₱16,516	₱74,524

Real estate inventories include land and development, and condominium, residential units and subdivision lots for sale.

Contract fulfillment assets included in land and development represent the unamortized portion of land cost of ₱2.4 billion and ₱2.0 billion as at December 31, 2025 and 2024, respectively.

The estimated cost to complete the projects amounted to ₱96.1 billion and ₱107.9 billion as at December 31, 2025 and 2024, respectively.

Real estate sales amounted to ₱40.6 billion, ₱45.9 billion and ₱42.1 billion for the years ended December 31, 2025, 2024 and 2023, respectively, of which ₱15.2 billion, ₱19.6 billion and ₱9.3 billion pertain to the sale of completed projects.

Deferred output VAT related to sales of real estate amounting to ₱18.2 billion and ₱16.6 billion as at December 31, 2025 and 2024, respectively, is presented under “Tenants’ deposits and others” in the consolidated balance sheets.

Forfeited customers’ deposits, except accounts covered by Republic Act No. 6552, otherwise known as the *Realty Installment Buyer Protection Act*, amounted to ₱1.6 billion, ₱2.1 billion and ₱2.1 billion for the years ended December 31, 2025, 2024 and 2023, respectively, and are presented under “Revenues - Others” in the consolidated statements of income.



Merchandise Inventories

The movements in this account follow:

	2025	2024
	<i>(In Millions)</i>	
Balance at beginning of year	₱41,998	₱38,870
Purchases	323,912	309,314
Total goods available for sale	365,910	348,184
Less cost of merchandise sales	322,173	306,186
Balance at end of year	₱43,737	₱41,998

There is no allowance for inventory write-down as at December 31, 2025 and 2024.

The details of cost of sales and services follow:

	2025	2024	2023
	<i>(In Millions)</i>		
Cost of sales:			
Merchandise	₱322,173	₱306,186	₱294,402
Real estate	17,619	19,141	16,661
Processed food and others	11,685	11,579	11,601
Cost of shipping, logistics and other services	16,132	15,702	13,647
	₱367,609	₱352,608	₱336,311

12. Other Current Assets

This account consists of:

	2025	2024
	<i>(In Millions)</i>	
Prepaid taxes and other prepayments	₱11,307	₱17,359
Bonds and deposits	12,805	11,705
Nontrade receivables	7,160	8,495
Input tax	4,254	7,600
Derivative assets (Note 29)	3,372	1,159
Uniform and supplies inventory	1,985	1,919
Accrued interest receivable (Note 21)	312	424
Others	1,160	9,651
	₱42,355	₱58,312

- Prepaid taxes and other prepayments consist of creditable tax certificates and prepayments for insurance, real property taxes, rent, and other expenses, generally utilized within the next financial year.
- Bonds and deposits represent down payments to suppliers and contractors covering preliminary construction costs. These do not bear interest and are applied against progress billings based on the percentage of project completion.
- Nontrade receivables include advances for future purchases and marketing support. These are generally collectible within the next financial year (see Note 24).



- Input tax represents VAT paid to suppliers that may be credited against future output VAT liabilities, subject to applicable regulations.
- Accrued interest receivable relates primarily to time deposits and is generally collectible within the next financial year.

13. Investments in Associate Companies and Joint Ventures

The movements in this account follow:

	2025	2024
	<i>(In Millions)</i>	
Balance at beginning of year	₱399,485	₱361,325
Additions	–	5,337
Disposal	–	(1,386)
Equity in net earnings	53,973	50,002
Dividends received and others	(16,561)	(15,141)
Share in other comprehensive income (loss)		
of associate companies	678	(562)
Impairment provision	(365)	(116)
Translation adjustment	20	25
Balance at end of year	₱437,230	₱399,484

* Investment in associate companies amounted to ₱425.0 billion and ₱388.1 billion as at December 31, 2025 and 2024, respectively.

For investments in associates and joint ventures with indicators of impairment, Management assesses whether the carrying amounts exceed the recoverable amounts. The recoverable amount is determined as the higher of fair value less costs of disposal and value in use (VIU), based on cash flow projections derived from financial budgets approved by senior management.

The VIU calculation is sensitive to the following key assumptions:

- Long-Term Growth Rate (terminal growth rate).* The long-term growth rate used to extrapolate cash flow projections beyond the period covered by the forecast is 5.0% and 4.0% in 2025 and 2024, respectively. A reasonably possible decrease of 2.0% in 2025 and 1.0% in 2024 would result in the carrying amount exceeding the recoverable amount.
- Pre-tax discount rates.* The discount rates reflect market assessments of the risks specific to the investment and are based on the industry's weighted average cost of capital, adjusted for entity-specific risks not reflected in the cash flows. The pre-tax discount rates applied range from 11.1% to 12.5% in 2025 and 9.2% to 12.5% in 2024. Management has assessed that no reasonably possible change in pre-tax discount rates would cause the carrying amount to exceed the recoverable amount.

In 2025, the Group recognized an additional impairment loss of ₱365.0 million on its investment in YCO Global Cloud Centers Holdings, Inc. (YCO), an unlisted associate, based on fair value less cost of disposal.

In 2024, the Group recognized an impairment loss of ₱200.0 million on its investment in YCO and an impairment reversal of ₱84.0 million related to the divestment of its investment in Premium Leisure Corp. (PLC) and Three Bears Group Holdings Corporation.



In 2023, the Group recognized an impairment reversal of ₱320.2 million related to the divestment of its investment in GPay Network PH Inc.

The associate companies and joint ventures of the Group follow:

Company	Percentage of Ownership				Principal Activities
	2025		2024		
	Gross	Effective	Gross	Effective	
Associates					
Amazing Philippines Digital Economy Corp.	-	-	35	18	Digital customer service and selling platform
Andwil Corporation	50	20	50	20	Retail
Asia-Pacific Computer Technology Center, Inc.	42	42	42	42	Investment
Atlas Consolidated Mining and Development Corporation	34	34	34	34	Mining
BDO Unibank, Inc.	47	45	47	45	Financial services
Belle Corporation	27	27	27	27	Real estate development and tourism
China Banking Corporation	23	23	23	23	Financial services
Citicore Energy REIT Corp. (CREIT)	29	29	29	29	Renewable energy real estate development
CityMall Commercial Centers, Inc.	34	34	34	34	Real estate development and tourism
Clarmil Manufacturing Corporation	42	27	42	27	Bakery products and other food items
Ecco Philippines, Inc.	50	39	50	39	Retail
Fast Retailing Philippines, Inc.	25	19	25	19	Retail
Feihua Real Estate (Chongqing) Company Ltd. (FHREC)	50	25	50	25	Real estate development
Fitness Health & Beauty Holdings Corp.	40	31	40	31	Retail
MCC Transport Philippines, Inc.	33	22	33	22	Integrated supply chain
Neo Associates ^(a)	34	34	34	34	Real estate development
Ortigas Land Corporation	40	20	40	20	Real estate development
Pluxee Philippines Incorporated	40	40	40	40	Retail
Watsons Personal Care Stores (Philippines), Inc.	40	31	40	31	Retail
Win With Love, Inc.	-	-	33	13	Retail
YCO Global Cloud Centers Holdings, Inc.	18	18	18	18	Data center
Joint Ventures					
Kerry Logistics (Phils), Inc.	63	33	63	33	Integrated supply chain
Metro Rapid Transit Service, Inc.	51	25	51	25	Transportation
ST 6747 Resources Corporation	50	25	50	25	Real estate development
Walmart Mall ^(b)	51	25	51	25	Shopping mall development

The principal place of business and country of incorporation of the associate companies and joint ventures listed above is in the Philippines except for FHREC which was incorporated in China.

(a) Neo Associates consists of N-Park BGC Properties, Inc., N-Lima BGC Properties, Inc. and N-Park BGC Land, Inc.

(b) Walmart Mall consists of Winsome Development Corporation, Willin Sales, Inc., Williamson, Inc., Waltermart Ventures, Inc., WM Development Inc. and WM Shopping Center Management Inc.

CREIT

In March 2024, the Group acquired 1.9 billion shares equivalent to 28.8% equity interest. CREIT is involved in exploration, development and utilization of energy resources with particular focus on solar and wind energy generation.

PLC

In May 2024, the Group disposed its 1.6 billion shares equivalent to 5.0% equity interest, through a tender offer of Belle, PLC's controlling shareholder.

BDO

The condensed financial information of the Group's material associate, BDO, follows:

	2025	2024
	(In Millions)	
Total assets	₱5,431,556	₱4,876,050
Total liabilities	4,787,410	4,298,655
Total equity	644,146	577,395
Proportion of the Group's ownership	45%	45%
	291,070	261,215
Goodwill and others	26,805	26,815
Carrying amount of the Group's investment	₱317,875	₱288,030



	2025	2024	2023
		<i>(In Millions)</i>	
Interest income	₱294,665	₱272,039	₱231,704
Interest expense	(91,564)	(85,443)	(59,317)
Other expenses - net	(115,622)	(104,376)	(98,827)
Net income after tax	87,479	82,220	73,560
Other comprehensive income (loss)	1,149	(3,963)	(1,799)
Total comprehensive income	₱88,628	₱78,257	₱71,761
Group's share in net income	₱40,685	₱38,319	₱34,314
Group's share in other comprehensive income (loss)	₱532	(₱1,844)	(₱843)

The aggregate comprehensive income of associates and joint ventures that are not individually material follows:

	2025	2024	2023
		<i>(In Millions)</i>	
Share in net income	₱13,288	₱11,683	₱10,631
Share in other comprehensive income	146	1,257	201
Share in total comprehensive income	₱13,434	₱12,940	₱10,832

The fair value of investments in associate companies which are listed in the Philippine Stock Exchange (PSE) follows:

	2025	2024	
		<i>(In Millions)</i>	
BDO	₱358,263	₱379,550	
China Bank	34,525	38,462	
Atlas	7,310	5,309	
CREIT	6,727	5,747	
Belle	3,438	4,324	

These investments are categorized as Level 1 in the fair value hierarchy.



14. Property and Equipment

The movements in this account follow:

Cost	Buildings and		Store		Data		Furniture,		Machinery		Leasehold		Transportation		Vessels in		Containers and		Construction		Total
	Land	Improvements	Equipment and Improvements	Equipment	Equipment	Equipment	Fixtures and Office Equipment	Equipment	Equipment and Improvements	Equipment	Improvements	Equipment	Equipment	Operation	Reefer Vans	in Progress					
	<i>(In Millions)</i>																				
As at January 1, 2024	₱1,719	₱20,773	₱2,963	₱11,853	₱12,782	₱24,406	₱32,823	₱1,723	₱15,354	₱1,604	₱6,124	₱132,124									
Additions	-	533	214	1,368	1,121	1,672	2,365	217	2,546	189	2,524	12,749									
Reclassifications	-	1,519	165	84	(35)	1,640	(5)	(10)	-	-	(3,583)	(225)									
Disposals/retirements	-	-	(84)	(231)	(246)	(200)	(623)	(95)	(2,440)	(22)	(10)	(3,951)									
As at December 31, 2024	1,719	22,825	3,258	13,074	13,622	27,518	34,560	1,835	15,460	1,771	5,055	140,697									
Additions	83	627	298	1,162	1,058	1,321	2,321	124	487	27	3,111	10,619									
Reclassifications	354	784	56	74	(83)	1,522	217	(19)	2	-	(2,605)	302									
Disposals/retirements	(5)	(76)	(35)	(677)	(215)	(468)	(559)	(21)	(14)	(240)	-	(2,310)									
As at December 31, 2025	₱2,151	₱24,160	₱3,577	₱13,633	₱14,382	₱29,893	₱36,539	₱1,919	₱15,935	₱1,558	₱5,561	₱149,308									
Accumulated Depreciation and Amortization																					
As at January 1, 2024	₱-	₱8,155	₱2,122	₱9,011	₱10,207	₱13,489	₱24,822	₱1,308	₱8,722	₱1,436	₱-	₱79,272									
Depreciation and amortization	-	1,062	243	943	814	1,674	1,874	94	988	56	-	7,748									
Reclassifications	-	(15)	145	10	(76)	1	(50)	(12)	(5)	-	-	(2)									
Disposals/retirements	-	-	(81)	(224)	(237)	(196)	(591)	(95)	(2,232)	(22)	-	(3,678)									
As at December 31, 2024	-	9,202	2,429	9,740	10,708	14,968	26,055	1,295	7,473	1,470	-	83,340									
Depreciation and amortization	-	1,191	247	1,253	909	1,898	1,966	89	809	58	-	8,420									
Reclassifications	-	11	23	22	(87)	49	36	(59)	6	-	-	1									
Disposals/retirements	-	(41)	(34)	(631)	(192)	(393)	(533)	(21)	(14)	(240)	-	(2,099)									
As at December 31, 2025	₱-	₱10,363	₱2,665	₱10,384	₱11,338	₱16,522	₱27,524	₱1,304	₱8,274	₱1,288	₱-	₱89,662									
Net Book Value																					
As at December 31, 2025	₱2,151	₱13,797	₱912	₱3,249	₱3,044	₱13,371	₱9,015	₱615	₱7,661	₱270	₱5,561	₱59,646									
As at December 31, 2024	1,719	13,623	829	3,334	2,914	12,550	8,305	540	7,987	301	5,055	57,357									

To secure a ₱500.0 million term loan facility, 2GO used one of its passenger/cargo ships as collateral. The carrying amount of this ship in the Group's consolidated balance sheets is ₱2.2 billion and ₱2.3 billion as at December 31, 2025 and 2024, respectively (see Note 19).



Gains and/or losses arising from the disposal of certain properties and equipment amounted to a loss of ₱58.9 million in 2025 and a gain of ₱79.1 million and ₱31.1 million in 2024 and 2023, respectively, presented in the consolidated statements of income under “Foreign exchange gain - net and others”.

15. Investment Properties

The movements in this account follow:

	Land Held for Future Development	Land and Improvements	Buildings and Leasehold Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
<i>(In Millions)</i>						
Cost						
As at January 1, 2024	₱88,195	₱101,659	₱338,935	₱60,248	₱83,503	₱672,540
Additions	2,000	3,192	4,130	3,633	54,614	67,569
Reclassifications (Note 11)	2,836	(1,275)	14,711	2,788	(16,224)	2,836
Translation adjustment	–	23	895	77	125	1,120
Disposals	(121)	(208)	(367)	(222)	–	(918)
As at December 31, 2024	92,910	103,391	358,304	66,524	122,018	743,147
Additions	1,374	4,303	2,531	3,010	65,238	76,456
Reclassifications (Note 11)	(145)	4,296	16,887	3,716	(25,140)	(386)
Translation adjustment	–	97	3,666	338	503	4,604
Disposals	–	(240)	(305)	(78)	–	(623)
As at December 31, 2025	₱94,139	₱111,847	₱381,083	₱73,510	₱162,619	₱823,198
Accumulated Depreciation, Amortization and Impairment Loss						
As at January 1, 2024	₱–	₱3,048	₱93,507	₱38,918	₱–	₱135,473
Depreciation and amortization	–	269	10,067	4,254	–	14,590
Provision for impairment loss	–	360	–	–	–	360
Translation adjustment	–	15	197	46	–	258
Disposals	–	(32)	(251)	(200)	–	(483)
As at December 31, 2024	–	3,660	103,520	43,018	–	150,198
Depreciation and amortization	–	256	10,318	4,485	–	15,059
Reclassifications	–	18	(14)	(4)	–	–
Translation adjustment	–	74	975	183	–	1,232
Disposals	–	(238)	(155)	(71)	–	(464)
As at December 31, 2025	₱–	₱3,770	₱114,644	₱47,611	₱–	₱166,025
Net Book Value						
As at December 31, 2025	₱94,139	₱108,077	₱266,439	₱25,899	₱162,619	₱657,173
As at December 31, 2024	92,910	99,731	254,784	23,507	122,018	592,950

Rent income from investment properties, primarily attributable to SM Prime, amounted to ₱70.9 billion, ₱66.4 billion and ₱60.4 billion in 2025, 2024 and 2023, respectively. The related direct operating expenses amounted to ₱34.5 billion, ₱35.6 billion and ₱33.4 billion for the same periods.

Construction in progress includes construction costs incurred for new shopping malls, commercial buildings, hotels and convention centers and the redevelopment of existing malls amounting to ₱160.9 billion and ₱120.5 billion as at December 31, 2025 and 2024, respectively.

Retention payables related to construction contracts for various investment property projects, amounting to ₱10.3 billion and ₱6.5 billion as at December 31, 2025 and 2024, respectively, are presented under “Tenants’ deposits and others” in the consolidated balance sheets.

Portions of investment properties located in China amounting to ₱1.5 billion as at December 31, 2025 and 2024 are pledged as collateral for domestic borrowings (see Note 19).



Outstanding construction contracts with various contractors amounted to ₱39.1 billion and ₱63.4 billion as at December 31, 2025 and 2024, respectively, inclusive of overhead, labor, materials, and other costs necessary for project execution.

Interest capitalized to the construction of investment properties amounted to ₱10.2 billion and ₱7.4 billion for the years ended December 31, 2025 and 2024, respectively. Capitalization rates range from 1.9% to 6.6% in 2025 and 1.7% to 5.8% in 2024.

As at December 31, 2025 and 2024, the fair value of substantially all investment properties amounted to ₱2.6 trillion and ₱2.4 trillion, respectively, as determined by accredited independent appraisers with relevant qualifications and experience in valuing similar properties in the respective locations. Fair value represents the estimated selling price of the asset in an orderly arm's length transaction between market participants at the measurement date, in accordance with International Valuation Standards issued by the International Valuation Standards Council.

The valuations were primarily based on the Market Approach and the Income Approach. The Income Approach reflects the property's income-generating capacity. Significant assumptions include discount and capitalization rates, the range of which was 5.0% to 10.0%, with an average growth rate of 5.0%. Under the Market Approach, fair values were determined using the sales comparison method, and the range of adjustments applied to comparable transactions was a decrease of 5.0% to an increase of 30.0%. As at December 31, 2025, Management believes that the carrying values of additions to investment properties subsequent to the most recent valuation date would approximate their fair values.

These investment properties are classified as Level 3 within the fair value hierarchy, as the valuations use significant unobservable inputs.

The Group has no restrictions on the realizability of its investment properties.

Gains or losses on disposal of investment properties in 2025, 2024 and 2023 are recognized in the consolidated statements of income under "Foreign exchange gain (loss) - net and others".

16. Intangibles and Other Noncurrent Assets

Intangible Assets

This account consists of:

	2025	2024
	<i>(In Millions)</i>	
Goodwill	₱34,340	₱34,340
Less accumulated impairment loss	81	81
Net book value	34,259	34,259
Trademarks and brand names	6,127	6,127
	₱40,386	₱40,386

Goodwill primarily relates to SM Prime, Supervalu, Inc., Neo Subsidiaries, Waltermart Supermarket, Incorporated, 2GO, GBI and PGPC.

The Group's trademarks and brand names primarily pertain to the brand names of SM Supermarket and SM Hypermarket, acquired in a 2006 business combination. These are assessed to have indefinite useful lives and were measured using the Relief-from-Royalty Method, applying a 3.5%



royalty rate, which reflected the prevailing rate in the retail assorted category at the time of acquisition.

The recoverable amounts of goodwill, trademarks, and brand names were determined using VIU calculations based on cash flow projections from financial budgets approved by senior management covering a five-year period, and fair value less costs of disposal of the underlying net assets of the CGUs.

The VIU calculation is most sensitive to the following assumptions:

- a. *Long-Term Growth Rates.* The long-term growth rates used to extrapolate cash flow projections beyond the period covered by the forecast range from 3.0% to 3.4% in 2025 and 2024.
- b. *Pre-tax discount rates.* Discount rates reflect current market assessments of the risks specific to each CGU and are based on the industry's weighted average cost of capital, adjusted for risks not reflected in the cash flows. Pre-tax discount rates applied range from 8.5% to 10.5% and 9.2% to 12.5% in 2025 and 2024, respectively.

Fair value less cost of disposal. The fair values of the CGUs were determined using quoted market prices, less costs of disposal.

Management assessed that no reasonably possible change in pre-tax discount rates, future cash inflows, or fair values would cause the carrying amount of goodwill in 2025 and 2024 to materially exceed its recoverable amount.

Other Noncurrent Assets

This account consists of:

	2025	2024
	<i>(In Millions)</i>	
Receivables from sales of real estate (Note 10)*	₱94,302	₱79,064
Bonds and deposits	47,105	46,127
Creditable withholding tax	9,910	2,809
Input VAT	8,576	1,228
Deferred exploration costs	7,242	5,569
Deferred tax assets (Note 26)	5,413	5,459
Derivative assets (Note 29)	1,338	4,219
Escrow fund (Notes 12 and 21)	1,035	822
Defined benefit asset (Note 25)	357	251
Others	1,130	867
	₱176,408	₱146,415

* Pertains to the noncurrent portion of unbilled revenue from sales of real estate.

- Bonds and deposits include security deposits for leased properties and deposits paid to contractors and suppliers in connection with construction projects and service contracts.
- Escrow fund consists primarily of funds deposited by the Parent Company with an escrow agent, as required by the SEC in connection with the 2013 corporate restructuring, and by SM Prime, as required by the Department of Human Settlements and Urban Development, in compliance with the incentive provisions of the Urban Development and Housing Act.



17. Bank Loans

This account consists of:

	2025	2024
	<i>(In millions)</i>	
Subsidiaries:		
China yuan renminbi-denominated loans*	₱2,313	₱1,282
Peso-denominated loans	17,910	22,792
	₱20,223	₱24,074

*Secured by time deposits (see Note 8)

Peso-denominated loans bear interest ranging from 4.8% to 6.6% in 2025 and from 5.5% to 7.0% in 2024. Renminbi-denominated loans bear interest based on the China Loan Prime Rate (LPR) in both years.

These loans mature within one year. Interest on bank loans is disclosed in Note 24.

18. Accounts Payable and Other Current Liabilities

This account consists of:

	2025	2024
	<i>(In Millions)</i>	
Trade	₱125,481	₱125,209
Accrued expenses	25,853	26,937
Nontrade	22,381	18,687
Tenants' and customers' deposits*	14,427	12,907
Payables to government agencies	7,218	6,398
Accrued interest (Note 21)	4,179	4,072
Lease liabilities (Note 27)	3,377	3,196
Payable arising from acquisition of land	2,591	3,004
Subscriptions payable	1,967	1,966
Dividends payable	476	2,328
Others	5,134	5,669
	₱213,084	₱210,373

* Includes unearned revenues from shipping and logistics of ₱233.7 million and ₱154.3 million as at December 31, 2025 and 2024, respectively, and unearned revenues from sales of real estate of ₱7.0 billion and ₱9.0 billion as at December 31, 2025 and 2024, respectively.

- Trade payables primarily represent amounts due to suppliers and contractors. These do not bear interest and are generally settled within 30 to 60 days.



- Accrued expenses pertain to costs and expenses which are normally settled within twelve months. Details follow:

	2025	2024
	<i>(In Millions)</i>	
Marketing and advertising and others	₱9,366	₱8,844
Payable to contractors	9,008	11,407
Utilities	6,214	5,425
Co-loading termination cost	714	673
Salaries and wages	551	588
	₱25,853	₱26,937

- Nontrade payables, accrued interest, subscriptions payable, and others are expected to be settled within the next financial year.
- Tenants' deposits refer to security deposits received from tenants upon execution of lease contracts. These are refundable upon lease termination, net of unpaid rentals, penalties, and repair costs for damages to the leased properties. Customers' deposits mainly represent excess collections from real estate buyers over revenue recognized based on POC, as well as non-refundable reservation fees applied to receivables upon conversion to sales. In 2025 and 2024, revenues from sales of real estate of 5.3 billion and ₱2.1 billion, respectively, were recognized from the beginning balance of unearned revenues.
- Payables to government agencies mainly consist of output tax and are generally settled within the next financial year.
- Payable arising from acquisition of land is expected to be settled within the next financial year.
- Others include gift checks redeemable, advance rentals, deferred rent and others.

19. Long-term Debt

This account consists of:

	December 31, 2025			December 31, 2024
	Availment	Maturity	Interest Rate/Term	Amount
	<i>(In Millions)</i>			
Parent Company				
U.S. dollar-denominated*	April 2025	April 2032	Fixed 4.9%; quarterly	₱3,389
GBP-denominated*	July 2023	July 2028	Fixed 5.3%; quarterly	3,304
Peso-denominated	March 2021 - February 2022	June 2026 - May 2031	Fixed 4.0%-4.8%; semi-annual and quarterly	28,236
				₱4,628
				6,541
				45,574

(Forward)



	December 31, 2025				December 31, 2024
	Availment	Maturity	Interest Rate/Term	Amount	Amount
<i>(In Millions)</i>					
Subsidiaries					
U.S. dollar-denominated*	January 2021 - September 2025	January 2026 - September 2030	Fixed 4.8%-5.4%; SOFR + spread; semi-annual and quarterly	₱115,518	₱104,979
China yuan renminbi-denominated**	May 2021 - December 2025	April 2026 - June 2037	Fixed 3.7%; LPR, SOFR; annually	10,834	10,831
Peso-denominated***	July 2016 - December 2025	February 2026 - November 2035	Fixed 3.8%-7.0%; BVAL + margin	332,091	306,004
				493,372	478,557
Less debt issue cost				2,136	2,057
				491,236	476,500
Less current portion				100,397	104,628
				₱390,839	₱371,872

BVAL – Bloomberg Valuation

SOFR – Secured Overnight Financing Rate

LPR – Loan Prime Rate

**Includes loans hedged against foreign exchange and interest rate risks using derivative instruments and loans unconditionally and irrevocably guaranteed by the Parent Company.*

*** Hedged against foreign exchange and interest rate risks using derivative instruments and secured by portions of investment properties located in China (see Note 15)*

****Includes loans secured by portions of property and equipment (see Note 14)*

Debt Issue Cost

The movements in unamortized debt issue cost follow:

	2025	2024
<i>(In Millions)</i>		
Balance at beginning of year	₱2,057	₱2,357
Additions	1,024	788
Amortization and others	(945)	(1,088)
Balance at end of year	₱2,136	₱2,057

The amortization of debt issue cost is recognized in the consolidated statements of income under “Interest expense”.

Repayment Schedule

The repayment schedule of long-term debt as at December 31, 2025 follows:

	Gross Debt	Debt Issue Cost	Net
<i>(In Millions)</i>			
Within 1 year	₱100,940	₱543	₱100,397
Over 1 year to 5 years	289,012	1,423	287,589
Over 5 years	103,420	170	103,250
	₱493,372	₱2,136	₱491,236

Covenants

The Group’s long-term debt is subject to certain covenants, including compliance with specified financial ratios and restrictions on material changes in ownership or control. As at December 31, 2025 and 2024, the Group is in compliance with all debt covenants.



20. Equity

Capital Stock

a. Common stock

	Number of Shares	
	2025	2024
Authorized - ₱10 par value per share	2,790,000,000	2,790,000,000
Issued and subscribed	1,233,154,140	1,226,114,578

As at December 31, 2025 and 2024, the Parent Company is compliant with the minimum public float as required by the PSE.

In February 2025, the Parent Company issued 7.0 million new SMIC common shares to ICDC in exchange for land valued at ₱6.2 billion. This property-for-share swap transaction between the Parent Company and ICDC, a wholly-owned subsidiary, was approved by the BOD in August 2024. The valuation of subject properties was approved by the SEC in February 2025.

Information on the Parent Company's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/Offer Price
March 22, 2005		105,000,000	₱250
November 6, 2007		56,000,000	218
June 14, 2007	100,000,000		10
April 25, 2007 (4.3% stock dividends)		25,023,038	10
October 4, 2010 to March 13, 2012 Conversion of convertible bonds		2,851,582	453
September 24, 2012		9,100,000	700
January 23, 2013 to July 5, 2013 Conversion of convertible bonds		7,651,851	781
June 14, 2013	500,000,000		10
June 24 and July 12, 2013 (25.0% stock dividends)		157,657,314	10
July 18, 2013 to November 1, 2013 Conversion of convertible bonds		738,483	625
August 1, 2013		7,250,000	900
August 27, 2014 Conversion of convertible bonds		68,378	625
January 15, 2015 to April 9, 2015 Conversion of convertible bonds		6,714,759	625
July 15, 2016	1,600,000,000		10
July 20, 2016 (50.0% stock dividends)		401,527,462	10
August 1, 2022 (merger)		21,531,471	904
August 3, 2022		240	10
February 28, 2025 (property-for-share swap)		7,039,562	881

The total number of shareholders of the Parent Company is 1,253 and 1,258 as at December 31, 2025 and 2024, respectively.

b. Redeemable preferred shares

	Number of Shares	
	2025	2024
Authorized - ₱10 par value per share	10,000,000	10,000,000

There are no issued and subscribed preferred shares as at December 31, 2025 and 2024.



Treasury Stock

In February 2025, the BOD approved the creation and implementation of a share buyback program involving up to ₱60.0 billion of the Parent Company's common shares.

As at December 31, 2025, the Parent Company has purchased a total of 6.9 million common shares at an average price of ₱740.21, totaling ₱5.1 billion. As at December 31, 2025 and December 31, 2024, the Parent Company held 11.0 million and 4.1 million treasury shares, respectively.

Equity Adjustments from Common Control Transactions

Equity adjustments from common control transactions include the following:

- Acquisition of various SM China Companies by SM Prime in 2007.
- Acquisition of various service companies by SM Retail in 2009.
- Corporate restructuring to consolidate the Group's real estate subsidiaries and real estate assets in SM Prime in 2013.
- Merger of SM Retail with other retail affiliates in 2016.
- SM Prime common control business acquisitions in 2016 and 2017.
- Merger of the Parent Company with Allfirst in August 2022.
- SM Retail common control business acquisition in 2024.

These acquisitions were considered as a combination of businesses under common control for which the pooling of interests method was applied in the preparation of the consolidated financial statements.

Additional Paid-in Capital

Additional paid-in capital consists primarily of share premium arising from the issuance of shares in excess of par value and equity adjustments from transactions with non-controlling interests that do not result in loss of control. It also includes other equity reserves recognized directly in equity in accordance with PFRS.

Retained Earnings

- Appropriated

Following are the appropriations approved by the BOD:

	<u>Date of BOD Approval</u>	<u>Amount</u>
		<i>(In Millions)</i>
Appropriation	November 10, 2021	37,000
Reversal	November 13, 2024	(37,000)
Addition	November 13, 2024	30,000

Retained earnings appropriated as at December 31, 2025 is intended for new investments for the years 2026 to 2027.



- Unappropriated

The Parent Company's cash dividend declarations in 2025 and 2024 follow:

Declaration Date	Record Date	Payment Date	Per Share	Total
<i>(In Millions)</i>				
<i>Regular</i>				
April 30, 2025	May 16, 2025	May 29, 2025	₱11.00	₱13,515
April 24, 2024	May 9, 2024	May 23, 2024	9.00	10,998
<i>Special</i>				
April 30, 2025	May 16, 2025	May 29, 2025	2.00	2,457

Unappropriated retained earnings include the accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱513.8 billion and ₱454.4 billion as at December 31, 2025 and 2024, respectively, that is not available for distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

The retained earnings of the Parent Company available for dividend declaration amounted to ₱72.7 billion, ₱54.9 billion and ₱43.8 billion as at December 31, 2025, 2024 and 2023, respectively.

21. Related Party Disclosures

Parties are considered related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other in making financial and operating decisions, or if they are subject to common control. The Group has a policy requiring that related party transactions which exceed specified thresholds and/or are not conducted in the ordinary course of business be reviewed and approved by the Related Party Transactions Committee under the BOD.

The significant transactions with related parties follow:

- Rent

The Group has lease agreements for office and commercial spaces with related companies, including entities within the banking group and retail and other entities under common stockholders.

- Royalty and Service Fees

The Parent Company and SM Retail receive service fees from retail entities under common stockholders for management, consultancy, manpower, and other services. The Parent Company also receives royalty fees from certain related parties.

- Dividend Income

The Group earns dividend income from related parties under common stockholders.

- Cash Placements and Loans

The Group maintains bank accounts and cash placements, and has bank loans and other borrowings, with BDO and China Bank. These accounts earn interest at prevailing market rates.



- Tenants' deposits

The Group holds lease security deposits from related parties for its investment properties. These deposits are refundable upon termination of the lease agreements.

- Others

In the normal course of business, the Group has outstanding receivables from and payables to related companies. These balances are unsecured and are generally settled in cash.

The related party transactions and outstanding balances follow:

	Transaction Amount			Outstanding Amount	
	2025	2024	2023	2025	2024
<i>(In Millions)</i>					
Banking Group					
Cash placement and investment in marketable securities ^{a, b}	₱-	₱-	₱-	₱94,786	₱100,090
Interest receivable	-	-	-	60	206
Interest income	3,343	3,803	3,115	-	-
Interest-bearing debt ^{a, b}	-	-	-	60,490	63,857
Interest payable	-	-	-	592	350
Interest expense	3,502	3,793	3,046	-	-
Rent receivable	-	-	-	169	169
Rent income	1,463	1,368	1,308	-	-
Receivable financed	13,188	6,967	4,131	-	-
Royalty and service fee receivable	-	-	-	10	9
Royalty and service fee income	282	19	117	-	-
Escrow fund ^a	-	-	-	1,033	820
Tenants' deposits	-	-	-	734	732
Retail and Other Entities					
Rent receivable	-	-	-	451	417
Rent income	3,138	2,711	2,378	-	-
Rent expense	5	-	-	-	-
Rent payable	-	-	-	-	4
Royalty and service fee receivable	-	-	-	1,781	2,133
Royalty and service fee income	2,922	2,886	2,469	-	-
Shipping, logistics and other service income	51	113	47	-	-
Dividend income	1	-	-	-	-
Service fee payable	-	-	-	5	-
Service fee expense	42	-	-	-	-
Trade receivable	-	-	-	19	44
Nontrade receivable	-	-	-	192	247
Trade payable	-	-	-	3	110
Nontrade payable	-	-	-	17	1,003
Dividends receivable	-	-	-	302	973
Bonds and deposits	-	-	-	3	3
Tenants' deposits	-	-	-	949	842

^a Interest-bearing

^b Partially secured

Terms and Conditions of Transactions with Related Parties

Outstanding balances at yearend are generally settled in cash. The Group did not recognize any impairment loss on amounts due from related parties.



Compensation of Key Management Personnel

The aggregate compensation and benefits relating to key management personnel in 2025, 2024 and 2023 consist of short-term employee benefits amounting to ₱5.4 billion, ₱4.7 billion and ₱4.1 billion, respectively, and post-employment benefits amounting to ₱687.7 million, ₱634.8 million and ₱543.5 million, respectively.

22. Other Revenues

This account consists of:

	2025	2024	2023
	<i>(In Millions)</i>		
Shipping, logistics and other services	₱19,357	₱18,775	₱16,725
Sales - processed food and others	18,266	19,072	19,964
Cinema and event ticket sales and others	9,924	10,216	9,028
Royalty and service fees	6,072	7,183	7,756
Food and beverage	3,134	2,661	2,339
Dividends	882	871	912
Others	12,266	10,364	8,948
	₱69,901	₱69,142	₱65,672

Others include membership revenues, sponsorship income and related items, commission income as well as miscellaneous income from the various business operations of the Group.

23. Costs and Expenses

This account consists of:

	2025	2024	2023
	<i>(In Millions)</i>		
Cost of sales and services (Note 11)	₱367,609	₱352,608	₱336,311
Personnel cost (Note 21)	40,950	37,973	34,202
Depreciation and amortization (Notes 14, 15, 16 and 27)	25,566	24,298	22,745
Utilities	17,439	15,488	15,134
Taxes and licenses	12,908	12,540	10,760
Outside services	10,949	10,273	10,522
Marketing and selling	9,501	9,400	9,518
Supplies	6,388	6,032	5,553
Rent (Note 27)	5,673	5,646	3,716
Provisions - net (Note 10)	2,092	4,176	4,400
Transportation and travel	1,785	1,631	1,273
Repairs and maintenance	1,766	2,612	2,768
Pension (Note 25)	1,634	1,734	1,490
Data processing	1,632	1,048	1,097
Professional fees	914	918	762

(Forward)



	2025	2024	2023
		<i>(In Millions)</i>	
Insurance	₱912	₱953	₱1,107
Communications	630	719	556
Management and royalty fees (Note 21)	620	767	361
Entertainment, representation and amusement	611	583	494
Donations	454	457	363
Others	11,347	13,095	10,952
	₱521,380	₱502,951	₱474,084

Others mainly consist of dues and subscriptions, commissions, and bank charges.

24. Interest Income and Interest Expense

The sources of interest income and interest expense follow:

	2025	2024	2023
		<i>(In Millions)</i>	
Interest income on:			
Cash in banks and temporary investments (Note 7)	₱3,313	₱3,712	₱2,878
Time deposits and other noncurrent assets (Notes 8 and 16)	188	529	841
Others (Note 12)	339	336	329
	₱3,840	₱4,577	₱4,048
Interest expense on:			
Long-term debt (Note 19)	₱18,112	₱19,881	₱20,939
Lease liabilities (Note 27)	2,199	2,066	1,999
Bank loans (Note 17)	1,347	1,660	1,077
Others	120	103	70
	₱21,778	₱23,710	₱24,085

25. Pension Benefits

The Group has funded defined benefit pension plans covering all regular and permanent employees.

Net benefit expense (included under “Costs and Expenses” in the consolidated statements of income) consists of:

	2025	2024	2023
		<i>(In Millions)</i>	
Current service cost	₱1,526	₱1,538	₱1,360
Net interest cost	292	365	287
Past service cost - curtailment	34	18	10
	₱1,852	₱1,921	₱1,657



	2025	2024	2023
	<i>(In Millions)</i>		
Pension expense (Note 23)	₱1,634	₱1,734	₱1,490
Cost of sales and services (Note 23)	218	187	167

Changes in the net defined benefit liability and asset follow:

▪ Net Defined Benefit Liability

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Defined Benefit Liability (Asset)
	<i>(In Millions)</i>		
As at January 1, 2024	₱17,984	₱11,049	₱6,935
Net benefit expense (Note 23):			
Current service cost	1,289	-	1,289
Net interest cost	916	568	348
Past service cost - curtailment	18	-	18
	<u>2,223</u>	<u>568</u>	<u>1,655</u>
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	-	(100)	100
Actuarial changes arising from:			
Changes in financial assumptions	(1,628)	-	(1,628)
Changes in demographic assumptions	(134)	-	(134)
Experience adjustment	426	-	426
	<u>(1,336)</u>	<u>(100)</u>	<u>(1,236)</u>
Reclassifications to defined benefit assets	(2,670)	(2,269)	(401)
Personnel transfers	193	123	70
Actual contributions	-	1,568	(1,568)
Benefits paid	(893)	(881)	(12)
Transfer to related parties	(3)	(3)	-
Other adjustments	10	10	-
As at December 31, 2024	15,508	10,065	5,443
Net benefit expense (Note 23):			
Current service cost	1,092	-	1,092
Net interest cost	780	493	287
Past service cost - curtailment	34	-	34
	<u>1,906</u>	<u>493</u>	<u>1,413</u>
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	-	(269)	269
Actuarial changes arising from:			
Changes in financial assumptions	(757)	-	(757)
Changes in demographic assumptions	(71)	-	(71)
Experience adjustment	197	-	197
	<u>(631)</u>	<u>(269)</u>	<u>(362)</u>
Reclassifications to defined benefit assets	(2,573)	(2,132)	(441)
Personnel transfers	436	192	244
Actual contributions	-	1,232	(1,232)
Benefits paid	(679)	(669)	(10)
Transfer to related parties	24	24	-
Other adjustments	(9)	(6)	(3)
As at December 31, 2025	₱13,982	₱8,930	₱5,052



▪ Net Defined Benefit Asset

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Amount not Recognized due to Asset Limit	Defined Benefit Liability (Asset)
<i>(In Millions)</i>				
As at January 1, 2024	₱289	₱434	₱34	(₱111)
Net benefit expense (Note 23):				
Current service cost	249	–	–	249
Net interest cost	184	168	1	17
	433	168	1	266
Remeasurements in other comprehensive income:				
Return on plan assets (excluding amount included in net interest)	–	(69)	–	69
Actuarial changes arising from:				
Changes in financial assumptions	(276)	–	–	(276)
Changes in demographic assumptions	(27)	–	–	(27)
Experience adjustment	(210)	–	–	(210)
Others	–	–	3	3
	(513)	(69)	3	(441)
Reclassifications from defined benefit liabilities	2,669	2,268	–	401
Personnel transfers	(183)	(113)	–	(70)
Actual contributions	–	296	–	(296)
Benefits paid	(211)	(211)	–	–
Transfer from the plan	17	17	–	–
Amount not recognized due to asset limit	–	–	38	38
Other adjustments	–	–	(38)	(38)
As at December 31, 2024	2,501	2,790	38	(251)
Net benefit expense (Note 23):				
Current service cost	434	–	–	434
Net interest cost	307	304	2	5
	741	304	2	439
Remeasurements in other comprehensive income:				
Return on plan assets (excluding amount included in net interest)	–	(101)	–	101
Actuarial changes arising from:				
Changes in financial assumptions	(231)	–	–	(231)
Experience adjustment	27	–	–	27
Others	–	–	5	5
	(204)	(101)	5	(98)
Reclassifications from defined benefit liabilities	2,573	2,132	–	441
Personnel transfers	(418)	(171)	–	(247)
Actual contributions	–	641	–	(641)
Benefits paid	(279)	(279)	–	–
Transfer from the plan	(3)	(3)	–	–
Amount not recognized due to asset limit	–	–	46	46
Other adjustments	–	–	(46)	(46)
As at December 31, 2025	₱4,911	₱5,313	₱45	(₱357)

The principal assumptions used in determining the pension obligations of the Group follow:

	2025	2024
Discount rate	4.7% - 6.9%	5.8% - 6.2%
Future salary increases	3.0% - 8.0%	3.0% - 8.0%



The assets of the Pension Plan are held by a trustee bank, BDO, a related party. The investing decisions of the Plan are made by the Board of Trustees of the Pension Plan. The carrying amounts, which approximate the estimated fair values of the Plan assets, follow:

	2025	2024
	<i>(In Millions)</i>	
Cash and cash equivalents	₱490	₱284
Investment in debt and other securities	882	963
Investment in common trust funds	5,113	4,566
Investment in equity securities	458	462
Investment in government securities	7,192	6,481
Others	107	98
	₱14,242	₱12,854

- Cash and cash equivalents include regular savings and time deposits.
- Investments in debt and other securities, consisting of both short-term and long-term corporate loans, notes and bonds, bear interest ranging from 5.0% to 7.8% and 4.8% to 7.8% in 2025 and 2024, respectively. These have maturities from October 2026 to December 2029 and October 2025 to December 2029 in 2025 and 2024, respectively.
- Investment in common trust funds consists of unit investment trust fund placements.
- Investment in equity securities consists of listed and unlisted equity securities.
- Investment in government securities consists of retail treasury bonds. These bonds bear interest ranging from 3.6% to 9.3% and 3.4% to 8.6% in 2025 and 2024, respectively. These bonds have maturities from February 2026 to April 2035 and February 2026 to January 2034 in 2025 and 2024, respectively.
- Others pertain to accrued interest income on cash deposits and debt securities held by the Plan.

The outstanding balances and transactions of the Pension Plan with the trustee bank follow:

	2025	2024
	<i>(In Millions)</i>	
Balances:		
Cash and cash equivalents	₱476	₱284
Investment in common trust funds	5,099	4,552
Transactions:		
Interest income from cash and cash equivalents	247	255
Net income from investment in common trust funds	233	229

The Group expects to contribute about ₱8.6 billion to its Pension Plan in 2026.



The sensitivity analysis below has been determined based on reasonably possible changes in each significant assumption on the defined benefit obligation as at December 31, 2025 and 2024, with all other assumptions held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
<i>(In Millions)</i>		
2025		
Discount rates	50	(₱2,290)
	(50)	2,517
Future salary increases	100	2,771
	(100)	(2,508)
No attrition rate	-	865
2024		
Discount rates	50	(₱2,179)
	(50)	2,402
Future salary increases	100	2,682
	(100)	(2,420)
No attrition rate	-	2,212

The average duration of the Group's defined benefit obligation is 3 to 22 years in 2025 and 2024.

The maturity analysis of the undiscounted benefit payments follows:

	2025	2024
<i>(In Millions)</i>		
Year 1	₱4,759	₱4,815
Year 2	1,462	1,444
Year 3	1,577	1,434
Year 4	1,944	1,583
Year 5	2,130	2,010
Years 6 - 10	11,906	12,139

The Plan assets are not matched to any specific defined benefit obligation.

26. Income Tax

The details of the Group's deferred tax assets and liabilities follow:

	2025	2024
<i>(In Millions)</i>		
Deferred tax assets:		
Lease liabilities	₱12,244	₱9,835
NOLCO	2,445	2,586
Unamortized past service cost and defined benefit liability	1,438	1,536

(Forward)



	2025	2024
	<i>(In Millions)</i>	
Provision for expected credit losses and others	₱1,140	₱1,488
MCIT	761	720
Excess of fair values over cost of investment properties	527	551
Accrued leases	43	88
	18,598	16,804
Deferred tax liabilities:		
Unrealized gross profit on sales of real estate	15,198	13,401
ROU assets	9,947	8,120
Appraisal increment on investment property	4,023	4,169
Capitalized interest	2,965	3,072
Trademarks and brand names	1,471	1,471
Unamortized past service cost and defined benefit asset	107	85
Excess of fair values over cost of equity instruments	99	55
Others	513	417
	34,323	30,790
Net deferred tax liabilities	₱15,725	₱13,986

The net deferred tax assets and liabilities are presented in the consolidated balance sheets as follows:

	2025	2024
	<i>(In Millions)</i>	
Deferred tax assets (Note 16)	₱5,413	₱5,459
Deferred tax liabilities	21,138	19,445
	(₱15,725)	(₱13,986)

The unrecognized deferred tax assets from the deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱2.8 billion and ₱3.4 billion as at December 31, 2025 and 2024, respectively.

Corporate Recovery and Tax Incentives for Enterprises Act

Applying the provision of the CREATE Act, the Group computed income tax using the following methods:

- 25% on taxable income based on itemized expense deduction
- 15% on taxable income based on optional standard deduction
- 1% minimum corporate income tax (MCIT) on gross income for three years until June 30, 2023, and 2% onwards



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

	2025	2024	2023
Statutory income tax rate	25%	25%	25%
Income tax effect of reconciling items:			
Equity in net earnings of associate companies and joint ventures	(9)	(9)	(9)
Interest income subjected to final tax	(1)	(1)	(1)
Others	(2)	(1)	(1)
Effective income tax rate	13%	14%	14%

Pillar Two Model Rules

The Organisation for Economic Co-operation and Development (OECD) has issued the Global Anti-Base Erosion (GLoBE) Model Rules (Pillar Two), which establish a 15% minimum effective tax rate on a jurisdictional basis. The rules apply to multinational enterprise (MNE) groups with consolidated annual revenues of at least €750 million in at least two of the four fiscal years immediately preceding the tested fiscal year. The Group is within the scope of Pillar Two.

Pillar Two legislation has been enacted in certain jurisdictions where the Group operates and is effective for financial years beginning on or after January 1, 2025. Based on its assessment using 2025 financial information of its constituent entities, the effective tax rates in most jurisdictions exceed 15%, and the Group qualifies for applicable safe harbour relief. Accordingly, no additional provision for income tax is recognized.

The Group applies the temporary exception under PAS 12 from recognizing and disclosing deferred taxes related to Pillar Two income taxes. The Group continues to monitor legislative developments to assess potential future impacts on its consolidated financial statements.

27. Lease Agreements

As Lessor. The Group's lease agreements with tenants generally have terms ranging from one to twenty-five years. Upon inception of the lease, tenants are required to pay security deposits. Tenants also pay a fixed monthly rent based on a specified rate per square meter of leased area. Certain tenants pay the higher of a fixed monthly rent or a percentage of gross sales.

The minimum lease receivables under the non-cancellable operating leases follow:

	2025	2024
	<i>(In Millions)</i>	
Within one year	₱8,837	₱7,811
Over one year to five years	15,962	14,474
Over five years	2,681	2,996
	₱27,480	₱25,282

As Lessee. The Group leases parcels of land on which certain malls are located, as well as retail store and office spaces, warehouses, containers, reefer vans, ISO tanks, cargo handling equipment, transportation equipment, and container yards. Lease terms range from one to fifty years and are generally renewable for the same period under similar terms and conditions. Rental payments are typically based on a fixed amount or a percentage of gross rental income, whichever is higher.



There are also non-cancellable operating lease commitments with terms ranging from two to thirty years, most of which include renewal options and provisions for additional rent based on a percentage of sub-lessees' sales.

The rollforward analysis of ROU assets follows:

December 31, 2025			
Land Use Rights	Retail Stores, Office Spaces, Warehouses and Others		Total
<i>(In Millions)</i>			
Cost			
As at beginning of year	₱32,552	₱34,717	₱67,269
Additions	3	6,452	6,455
Translation adjustment	1,152	-	1,152
Reclassifications (Note 11)	-	(735)	(735)
Retirements and terminations	(464)	(3,979)	(4,443)
As at end of year	33,243	36,455	69,698
Accumulated Depreciation and Amortization			
As at beginning of year	3,859	14,225	18,084
Depreciation and amortization	779	3,438	4,217
Translation adjustment	81	-	81
Reclassifications	-	(570)	(570)
Retirements and terminations	(69)	(3,747)	(3,816)
As at end of year	4,650	13,346	17,996
Net Book Value	₱28,593	₱23,109	₱51,702
December 31, 2024			
Land Use Rights	Retail Stores, Office Spaces, Warehouses and Others		Total
<i>(In Millions)</i>			
Cost			
As at beginning of year	₱32,165	₱32,821	₱64,986
Additions	98	4,541	4,639
Translation adjustment	296	-	296
Reclassifications (Note 11)	(7)	146	139
Retirements	-	(2,791)	(2,791)
As at end of year	32,552	34,717	67,269
Accumulated Depreciation and Amortization			
As at beginning of year	3,064	13,381	16,445
Depreciation and amortization	790	3,379	4,169
Translation adjustment	12	-	12
Reclassifications	(7)	(160)	(167)
Retirements	-	(2,375)	(2,375)
As at end of year	3,859	14,225	18,084
Net Book Value	₱28,693	₱20,492	₱49,185



The rollforward analysis of lease liabilities follows:

	2025	2024
	<i>(In Millions)</i>	
As at beginning of year	₱36,388	₱35,320
Additions	6,455	4,639
Interest expense (Note 24)	2,199	2,066
Terminations	(913)	(572)
Payments	(5,466)	(5,308)
Reclassification and others	(114)	243
As at end of year	38,549	36,388
Less current portion (Note 18)	3,377	3,196
Noncurrent portion	₱35,172	₱33,192

Following are the amounts recognized in the consolidated statements of income:

	2025	2024
	<i>(In Millions)</i>	
Depreciation of ROU assets	₱4,217	₱4,169
Interest expense on lease liabilities	2,199	2,066

The Group has lease contracts that include extension and termination options, negotiated to provide flexibility in managing its leased asset portfolio.

Management applies significant judgment in assessing whether these extension and termination options are reasonably certain to be exercised.

The future minimum lease payables under the non-cancellable leases follow:

	2025	2024
	<i>(In Millions)</i>	
Within one year	₱3,567	₱3,373
Over one year to five years	12,134	10,020
Over five years	37,000	38,093
	₱52,701	₱51,486

Lease deposits received from tenants, amounting to ₱29.2 billion and ₱28.5 billion as at December 31, 2025 and 2024, respectively, are presented under “Tenants’ deposits and others” in the consolidated balance sheets.

28. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments comprise cash and cash equivalents, time deposits, financial assets at FVOCI, nontrade receivables, bonds and deposits, receivables from banks, accrued interest receivable, bank loans, long-term debt, and lease liabilities. The Group also has trade receivables, accounts payable, and other current liabilities arising directly from operations.



The Group enters into derivative transactions, principally cross-currency swaps, interest rate swaps, foreign currency call options, and non-deliverable forwards, used primarily for risk management, consistent with the Group's risk management policies.

The main risks arising from the Group's financial instruments follow:

- *Interest rate risk.* Fixed-rate instruments are subject to fair value interest rate risk, while floating-rate instruments are subject to cash flow risk arising from changes in interest rates. Floating-rate instruments are typically repriced every three or six months.
- *Foreign currency risk.* The Group is exposed to foreign currency risk as the Parent Company and SM Prime have significant investments and debt that are denominated in U.S. dollars (USD) and Renminbi (RMB/CNY).
- *Liquidity risk.* The risk that the Group may encounter difficulties in raising funds to meet commitments arising from financial instruments.
- *Credit risk.* The risk of loss if a counterparty fails to meet its contractual obligations.
- *Equity price risk.* Exposure arises from investments in quoted equity shares classified as equity investments at FVOCI in the consolidated statements of financial position; values are affected by movements in equity indices and individual stock prices.

The Board is apprised of the Group's risks as part of the Group Risk Management Strategy. Treasury and risk policies are set and implemented by management.

Interest Rate Risk

The Group's exposure to changes in interest rates relates primarily to its long-term borrowings (see Note 19). The Group follows a conservative funding strategy, preferring longer-tenor funding and aiming for a stable mix of fixed and variable rates aligned with its underlying cash flows. To achieve this, the Group uses interest rate and cross-currency swaps that exchange fixed and floating interest payments at set intervals. These derivatives are designated as cash flow hedges of the related borrowings. The Group also uses a rollover approach for certain currency forwards, replacing contracts that mature before the related exposure to maintain coverage.

As at December 31, 2025 and 2024, after considering the effect of the swaps, approximately 61.3% and 72.8%, respectively of the Group's borrowings, net of debt issue cost, is kept at fixed interest rates.

Interest Rate Risk Sensitivity Analysis. The table below shows the estimated effects of reasonably possible changes in market interest rates on the Group's floating-rate debt, assuming all other variables remain constant. The assumptions used in the interest rate sensitivity analysis are derived from market-observable conditions at the reporting date.

	Increase (Decrease) in Basis Points	Effect on Income Before Tax
		<i>(In Millions)</i>
2025	100	(₱58.1)
	50	(29.1)
	(100)	58.1
	(50)	29.1



	Increase (Decrease) in Basis Points	Effect on Income Before Tax
		<i>(In Millions)</i>
2024	100	(₱125.2)
	50	(62.6)
	(100)	125.2
	(50)	62.6

The assumed movement in basis points for interest rate sensitivity analysis is based on observable market conditions.

Foreign Currency Risk

The Group aims to reduce foreign currency risk through on-balance sheet hedges and the use of derivatives, including cross-currency swaps, foreign currency call options, and non-deliverable forwards. The Group's foreign currency-denominated financial assets and liabilities, and their Peso equivalents, are presented below.

	2025		2024	
	US\$	PhP	US\$	PhP
	<i>(In Millions)</i>			
Current assets:				
Cash and cash equivalents	\$6	₱361	\$21	₱1,232
Receivables and contract assets	-	3	2	100
Total assets	6	364	23	1,332
Current liabilities:				
Accounts payable and other current liabilities	2	117	14	790
Noncurrent liabilities:				
Long-term debt - net of current portion	-	-	14	835
Total liabilities	2	117	28	1,625
Net	\$4	₱247	(\$5)	(₱293)

As at December 31, 2025 and 2024, approximately 26.4% and 25.5%, respectively, of the Group's borrowings, net of debt issue cost, are denominated in foreign currency.

The Group recognized net foreign exchange gain of ₱563.8 million, ₱571.9 million and ₱328.7 million in 2025, 2024 and 2023, respectively. This resulted from movements in the closing rate of U.S. dollar against the Philippine peso as follows:

	U.S. Dollar to Peso
December 31, 2025	₱58.790
December 31, 2024	57.845
December 31, 2023	55.370



Foreign Currency Risk Sensitivity Analysis. The table below shows the estimated effect of a reasonably possible change in the U.S. dollar to Philippine peso exchange rate on the Group's foreign currency-denominated financial assets and liabilities, assuming all other variables remain constant.

	Appreciation (Depreciation) of Peso	Effect on Income Before Tax
		<i>(In Millions)</i>
2025	₱1.50	(₱6.3)
	1.00	(4.2)
	(1.50)	6.3
	(1.00)	4.2
2024	₱1.50	₱7.6
	1.00	5.1
	(1.50)	(7.6)
	(1.00)	(5.1)

Liquidity Risk

The Group manages its liquidity to ensure adequate funding for capital expenditures and debt service. Financing sources include internally generated funds, proceeds from debt and equity issuances, and, when necessary, the sale of assets.

The Group regularly evaluates projected and actual cash flows and assesses market conditions to identify funding opportunities, including bank loans, export credit agency-guaranteed facilities, bonds, and equity issuances.

The Group's financial assets that mature within 12 months and are used to meet short-term liquidity needs include the following:

	2025	2024
	<i>(In Millions)</i>	
Cash and cash equivalents (excluding cash on hand)	₱99,789	₱110,316
Current portion of time deposits	3,217	221

The maturity profile of the Group's financial liabilities follows:

	2025			
	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
	<i>(In Millions)</i>			
Bank loans	₱20,223	₱-	₱-	₱20,223
Accounts payable and other current liabilities*	187,949	-	-	187,949
Long-term debt (including current portion)**	116,833	261,515	194,138	572,486
Derivative liabilities**	113	2	-	115
Tenants' deposits**	342	6,135	24,695	31,172
Other noncurrent liabilities***	-	13,682	4,808	18,490
	₱325,460	₱281,334	₱223,641	₱830,435

*Excluding nonfinancial liabilities of ₱10.6 billion.

**Based on estimated future cash flows.

***Excluding nonfinancial liabilities amounting to ₱23.2 billion.



	2024			Total
	Less than 1 Year	1 to 5 Years	More than 5 Years	
	<i>(In Millions)</i>			
Bank loans	₱24,074	₱–	₱–	₱24,074
Accounts payable and other current liabilities*	187,772	–	–	187,772
Long-term debt (including current portion)**	122,941	326,144	96,786	545,871
Derivative liabilities**	99	57	–	156
Tenants' deposits**	301	6,598	21,173	28,072
Other noncurrent liabilities***	1	11,685	2,087	13,773
	₱335,188	₱344,484	₱120,046	₱799,718

*Excluding nonfinancial liabilities of ₱10.0 billion.

**Based on estimated future cash flows.

***Excluding nonfinancial liabilities amounting to ₱22.0 billion.

Credit Risk

The Group trades only with recognized and creditworthy related parties and third parties. The Group's policy requires customers who wish to trade on credit terms to undergo credit verification. Receivable balances are monitored to keep exposure to bad debts to a minimum. Given the Group's diverse customer base, it is not exposed to significant concentrations of credit risk.

For other financial assets such as cash and cash equivalents, time deposits, and certain derivative instruments, credit risk arises from counterparty default, with a maximum exposure equal to their carrying amounts.

Receivables from sales of real estate have minimal credit risk and are effectively collateralized by the respective units sold since title to the properties is not transferred to buyers until full payment is made.

As at December 31, 2025 and 2024, financial assets, except certain receivables, are generally viewed by management as good and collectible considering counterparties' credit history. Past due or impaired financial assets are not significant in relation to the Group's total financial assets.

Credit Quality of Financial Assets

The credit quality of financial assets is managed by the Group using internal credit ratings classified as high quality and standard quality.

High Quality. This pertains to a counterparty who is not expected to default in settling its obligations, thus credit risk is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Quality. Other financial assets not belonging to the high quality category are included in this category.

	2025			2024		
	High Quality	Standard Quality	Total	High Quality	Standard Quality	Total
	<i>(In Millions)</i>					
Cash and cash equivalents (excluding cash on hand)	₱99,789	₱–	₱99,789	₱110,316	₱–	₱110,316
Time deposits including noncurrent portion	7,395	–	7,395	3,335	–	3,335
Financial assets at FVOCI	20,771	3,622	24,393	24,056	3,100	27,156
Receivables and contract assets - net (including noncurrent portion of receivables from real estate buyers)*	27,026	8,452	35,478	17,124	9,477	26,601

(Forward)



	2025			2024		
	High Quality	Standard Quality	Total	High Quality	Standard Quality	Total
	<i>(In Millions)</i>					
Advances and other receivables - net (includes nontrade receivables, bonds and deposits, receivables from banks, and accrued interest receivable under "Other current assets" in the consolidated balance sheets)**	P20,139	P-	P20,139	P28,755	P-	P28,755
Escrow fund	1,035	-	1,035	822	-	822
Derivative assets (including noncurrent portion)	4,710	-	4,710	5,378	-	5,378
	P180,865	P12,074	P192,939	P189,786	P12,577	P202,363

*Excluding non-financial assets of P137.8 billion and P133.5 billion as at December 31, 2025 and 2024, respectively.

**Excluding non-financial assets of P137.0 million and P172.6 million as at December 31, 2025 and 2024, respectively.

Equity Price Risk

Management closely monitors the equity investments in the Group's portfolio. Material positions are managed on an individual basis, and all buy and sell decisions are approved by management.

Equity Price Risk Sensitivity Analysis. The table below shows the estimated effect of reasonably possible changes in equity indices on the Group's investments in listed shares, assuming all other variables remain constant:

	Change in Equity Price	Effect on Equity
		<i>(In Millions)</i>
2025	+1.28%	P379.9
	-1.28%	(379.9)
2024	+1.09%	P357.5
	-1.09%	(357.5)

Capital Management

The primary objectives of the Group's capital management are to maintain a strong credit rating and healthy capital ratios, to support the business, and to maximize shareholder value.

The Group manages its capital structure and makes appropriate adjustments as economic conditions change; actions may include adjusting dividend payments to shareholders, securing new and/or repaying existing debts, returning capital to shareholders, or issuing new shares.

The Group monitors its capital gearing by maintaining its net interest-bearing debt at no higher than 50% of the sum of net debt and equity.



Net Gearing Ratio

	2025	2024
	<i>(In Millions)</i>	
Bank loans	₱20,223	₱24,074
Long-term debt (current and noncurrent)	491,236	476,500
Less:		
Cash and cash equivalents (excluding cash on hand)	(99,789)	(110,316)
Time deposits (current and noncurrent)	(7,395)	(3,334)
Net interest-bearing debt (a)	404,275	386,924
Total equity	955,635	866,425
Net interest-bearing debt and total equity (b)	₱1,359,910	₱1,253,349
Gearing ratio - net (a/b)	30%	31%

Gross Gearing Ratio

	2025	2024
	<i>(In Millions)</i>	
Bank loans	₱20,223	₱24,074
Long-term debt	491,236	476,500
Total interest-bearing debt (a)	511,459	500,574
Total equity	955,635	866,425
Total interest-bearing debt and total equity (b)	₱1,467,094	₱1,366,999
Gearing ratio - gross (a/b)	35%	37%

29. Financial Instruments

The Group's financial assets and liabilities by category and by class, except for those with carrying amounts that are reasonable approximations of fair values, follow:

	December 31, 2025				
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<i>(In Millions)</i>				
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	₱20,741	₱20,741	₱20,741	₱-	₱-
Unlisted shares of stock	3,622	3,622	-	-	3,622
Club shares	30	30	-	30	-
Derivative assets	4,710	4,710	-	4,710	-
	29,103	29,103	20,741	4,740	3,622
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	4,178	4,232	-	4,232	-
	₱33,281	₱33,335	₱20,741	₱8,972	₱3,622
Liabilities Measured at Fair Value					
Derivative liabilities	₱401	₱401	₱-	₱401	₱-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	390,839	387,236	-	-	387,236
Tenants' deposits and others*	39,577	37,744	-	-	37,744
	430,416	424,980	-	-	424,980
	₱430,817	₱425,381	₱-	₱401	₱424,980

*Excluding nonfinancial liabilities of ₱31.9 billion and noncurrent derivative liabilities of ₱288.3 million.



December 31, 2024					
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Millions)</i>					
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	P24,027	P24,027	P24,027	P-	P-
Unlisted shares of stock	3,100	3,100	-	-	3,100
Club shares	29	29	-	29	-
Derivative assets	5,379	5,379	-	5,379	-
	32,535	32,535	24,027	5,408	3,100
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	3,113	3,197	-	3,197	-
	P35,648	P35,732	P24,027	P8,605	P3,100
Liabilities Measured at Fair Value					
Derivative liabilities	P156	P156	P-	P156	P-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	371,872	364,609	-	-	364,609
Tenants' deposits and others*	42,863	36,741	-	-	36,741
	414,735	401,350	-	-	401,350
	P414,891	P401,506	P-	P156	P401,350

*Excluding nonfinancial liabilities of P22.0 billion and noncurrent derivative liabilities of P56.7 million.

There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at December 31, 2025 and 2024.

The fair values of unlisted shares of stock classified under Level 3 are determined using the discounted cash flow method under the income approach. The valuation estimates the present value of expected future cash flows discounted using rates that reflect market assessments of the risks specific to the investment. The Group's unlisted shares of stock were valued using discount rates of 14.2% in 2025 and 18.0% in 2024. Significant unobservable inputs include projected cash flows and long-term growth rates.

The estimated fair value of the following financial instruments is based on the discounted value of future cash flows using the prevailing interest rates. Discount rates used follow:

	2025	2024
Time deposits (noncurrent portion)	1.3%	1.1% - 4.4%
Tenants' deposits	1.3% - 6.9%	1.1% - 7.0%

Long-term Debt. The fair value of long-term debt is estimated based on the following assumptions:

Debt	Fair Value Assumptions
Fixed Rate	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used is based on the prevailing market rate as at December 31, 2025 and 2024.

(Forward)



Debt	Fair Value Assumptions
Variable Rate	For variable rate loans that re-price every three months, the carrying amount approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans that re-price every six months, the fair value is determined by discounting the principal amount plus the next interest payment amount using the prevailing market rate for the period up to the next repricing date. Discount rates used were 7.9% to 8.2% and 8.0% to 8.1% as at December 31, 2025 and 2024, respectively.

Derivative Instruments. The fair values are based on quotes obtained from counterparties. The rollforward analysis of the fair value changes of derivative instruments follows:

	2025	2024
	<i>(In Millions)</i>	
Balance at beginning of year	₱5,222	₱6,462
Net changes in fair value during the year	(252)	2,598
Fair value on settled derivatives	(661)	(3,838)
	₱4,309	₱5,222

Derivative Instruments Accounted for as Cash Flow Hedges

As at December 31, 2025, the Parent Company and SM Prime have outstanding arrangements to hedge both foreign currency and interest rate exposure on their foreign currency-denominated debt. Details follow:

	Notional Amount	Agreed Equivalent	Fair Value (Php)	Interest Rate	Foreign Exchange Rate	Maturity
	<i>(In Millions)</i>					
Parent Company						
Cross Currency Swaps	\$58	₱3,300	₱155	6.1%	₱57.25	2032
Cross Currency Swaps	£43	2,996	466	5.8%	₱70.49	2028
Principal Only Swaps	\$453	26,548	429	0.4% - 0.8%	₱58.14 - ₱59.00	2027 - 2029
SM Prime						
Foreign Exchange Forward Swaps	\$948	₱53,717	2,199	-	₱55.10 - ₱60.39	2026
Interest Rate Swaps	\$570	-	370	2.3% - 2.7%	-	2026
Principal Only Swaps	\$220	¥1,435	746	-	¥6.47 - ¥6.68	2026 - 2027
Cross Currency Swaps	\$280	¥1,992	(55)	3.4% - 3.5%	¥7.09 - ¥7.13	2029

As the terms of the swaps have been negotiated to match the terms of the hedged loans and advances, the hedges were assessed to be highly effective.

Other Derivative Instruments Not Designated as Accounting Hedges

Non-deliverable Forwards and Swaps. The net fair value changes from the settled currency forward and swap contracts recognized in the consolidated statements of income amounted to ₱44.9 million, ₱8.3 million and ₱592.0 million gain in 2025, 2024 and 2023, respectively.



30. EPS Computation

	Years Ended December 31		
	2025	2024	2023
	<i>(In Millions Except Per Share Data)</i>		
Net income attributable to owners of the Parent Company (a)	₱90,482	₱82,609	₱76,989
Weighted average number of common shares outstanding (b)	1,220	1,222	1,222
Basic/Diluted EPS (a/b)	₱74.16	₱67.60	₱63.00

31. Change in Liabilities Arising From Financing Activities

	2025		
	Bank Loans (Note 17)	Long-term Debt (Note 19)	Lease Liabilities (Note 27)
	<i>(In Millions)</i>		
Balance at beginning of year	₱24,074	₱476,500	₱36,388
Availments	96,643	130,292	-
Payments	(100,562)	(118,409)	(5,466)
Cumulative translation adjustment on cash flow hedges	68	3,181	-
Foreign exchange movement	-	(285)	-
Others	-	(43)	7,627
Balance at end of year	₱20,223	₱491,236	₱38,549

	2024		
	Bank Loans (Note 17)	Long-term Debt (Note 19)	Lease Liabilities (Note 27)
	<i>(In Millions)</i>		
Balance at beginning of year	₱13,414	₱488,288	₱35,320
Availments	105,535	112,876	-
Payments	(94,961)	(131,653)	(5,308)
Cumulative translation adjustment on cash flow hedges	229	2,441	-
Foreign exchange movement	(143)	4,232	-
Others	-	316	6,376
Balance at end of year	₱24,074	₱476,500	₱36,388



	2023		
	Bank Loans (Note 17)	Long-term Debt (Note 19)	Lease Liabilities (Note 27)
	<i>(In Millions)</i>		
Balance at beginning of year	₱20,812	₱484,897	₱35,390
Availments	45,600	107,591	–
Payments	(52,907)	(103,343)	(5,220)
Cumulative translation adjustment on cash flow hedges	(87)	(1,609)	–
Foreign exchange movement	(4)	408	–
Others	–	344	5,150
Balance at end of year	₱13,414	₱488,288	₱35,320

There are no non-cash changes in accrued interest and dividends payable. Others include debt accretion, debt issue cost amortization and lease liability additions.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
SM Investments Corporation
10th Floor, OneE-com Center
Harbor Drive, Mall of Asia Complex
CBP-1A, Pasay City 1300

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SM Investments Corporation (the Company) and Subsidiaries as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 27, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Belinda T. Beng Hui

Partner

CPA Certificate No. 88823

Tax Identification No. 153-978-243

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 88823-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-078-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765016, January 2, 2026, Makati City

February 27, 2026



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2025

Annex A. Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B. Revised SRC Rule 68 Annex 68-J Schedules

Schedule A. Financial Assets

Schedule B. Amounts Receivable from Directors, Officers, Employees and Principal
Stockholders (Other than Related parties)

Schedule C. Amounts Receivable from Related Parties which are eliminated in the
Consolidation of Financial Statements

Schedule D. Long-term Debt

Schedule E. Indebtedness to Related Parties

Schedule F. Guarantees of Securities of Other Issuers

Schedule G. Capital Stock

Conglomerate Map

SM Investments Corporation
 10th Floor, OneE-Com Center, Harbor Drive,
 Mall of Asia Complex, CBP-1A, Pasay City 1300

Reconciliation of Retained Earnings Available for Dividend Declaration

For the reporting period ended December 31, 2025
 (Amounts in Millions)

Unappropriated Retained Earnings, beginning of the year	P61,848
Prior year outstanding reconciling items, net of tax	
Actuarial loss at January 1, 2013 recorded as retirement expense	49
	61,897
Unappropriated Retained Earnings, beginning of reporting period	
Less: <u>Category B</u>: Items that are directly debited to	
Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(15,972)
	45,925
Unappropriated Retained Earnings, as adjusted	
Add / Less: Net Income (loss) during the reporting period	31,912
Add/Less: <u>Category F</u>: Other items that should be excluded from the	
determination of the amount available for dividends distribution	
Net movement of treasury shares (except for reacquisition of	
redeemable shares)	(P5,134)
Net movement in deferred tax assets and deferred tax liabilities related	
to same transaction, e.g. set-up of right of use assets and lease	
liability, set-up of asset and asset retirement obligation, and set-up of	
service concession asset and concession payable	(11)
	(5,145)
Sub-total	(5,145)
Total Retained Earnings, end of the reporting period available for	
dividend declaration	P72,692

SCHEDULE A – FINANCIAL ASSETS`
(Amounts in Millions Except Per Share Data)

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Dividend Income Received and Accrued
Temporary Investments*				
		₱68,693	–	₱3,154
Time deposits – current*				
		3,217	–	46
Financial Asset at FVOCI:				
Shares of Stock:				
Common shares:				
Shang Properties, Inc.	189,350,548 shares	670	670	52
Republic Glass Holdings Corporation	14,230,000 shares	46	46	1
Benguet Corporation	266,757 shares	1	1	–
		717	717	53
Total Current Financial Assets		₱72,627	₱717	₱3,253

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Dividend Income Received and Accrued
Financial Asset at FVOCI– noncurrent:				
Shares of Stock				
Listed:				
Ayala Corporation	28,249,341 shares	₱13,221	₱13,221	₱260
DMCI Holdings	164,312,700 shares	1,732	1,732	177
Grab Holdings, Ltd.	6,900,000 shares	2,024	2,024	–
D.M. Wenceslao and Associates, Incorporated	79,167,800 shares	396	396	8
The Philippine Stock Exchange, Inc.	3,595,639 shares	739	739	36
ACEN	81,412,653 shares	221	221	4
Others		1,691	1,691	37
Unlisted:				
Heavenly Garden Development Corp.	25,000 shares	3	3	1
Mutual Development Center, Inc.	4,633 shares	1	1	1
NLEX Corporation	758,823 shares	1,264	1,264	305
Others		2,354	2,354	–
		₱23,646	₱23,646	₱829

(Forward)

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Dividend Income Received and Accrued
Club Shares				
Cebu Golf & Country Club	1 share	P18	P18	P-
Baguio Country Club	1 share	7	7	-
Country Club of Tagaytay Highlands	1 share	3	3	-
Camp John Hay	2 shares	1	1	-
Calatagan Golf Club	1 share	1	1	-
		30	30	-
		23,676	23,676	829
Time Deposits – noncurrent*		4,178	-	110
Total Noncurrent Financial Assets		P27,854	P23,676	P939

*Excluding cash on hand and in banks.

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)

ANNEX B

Not Applicable

ANNEX B

**SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
IN THE CONSOLIDATION OF FINANCIAL STATEMENTS**

(Amounts in Millions)

Name and Designation of Debtor	Balance at		Additions	Amounts collected	Amounts written off/ Others	Current	Non current	Balance at end of year
	beginning of year	year						
Accounts receivable – Tenants								
SM Retail Inc. and subsidiaries	₱2,911		₱16,024	(₱15,818)	₱–	₱3,116	₱–	₱3,116
SM Prime Holdings, Inc. and subsidiaries	39		147	(150)	–	37	–	37
AIC Group of Companies Holdings Corp.	5		42	(37)	–	10	–	10
Manila Southcoast Development Corp.	–		1	(1)	–	–	–	–
Goldlocks Bakeshop Inc. and subsidiaries	44		394	(399)	–	39	–	39
2GO Group, Inc. and subsidiaries	18		173	(175)	–	16	–	16
SM Investments Corporation	20		82	(82)	–	20	–	20
Total Accounts Receivable-Tenants	₱3,037		₱16,863	(₱16,662)	₱–	₱3,238	–	₱3,238

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off/ Others	Current	Non current	Balance at end of year
Receivables From Related Parties							
Belleshares Holdings, Inc.	₱1,563	₱-	(₱156)	₱-	₱1,407	₱-	₱1,407
Henfels Investments Co. Inc.	6,087	-	-	-	6,087	-	6,087
Intercontinental Development Corporation	341	73	-	-	414	-	414
Manila Southcoast Development Corp.	4,480	211	-	-	4,691	-	4,691
Mountain Bliss Resort and Development Corp.	979	-	-	-	979	-	979
Multi Realty Development Corporation	1,375	-	-	-	1,375	-	1,375
Primebridge Holdings, Inc.	72	39	-	(110)	1	-	1
Total Receivables From Related Parties	₱14,897	₱323	(₱156)	(₱110)	₱14,954	₱-	₱14,954

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off/ Others	Current	Non current	Balance at end of year
Accounts Receivable—Royalty, Management and Service Fees							
SM Retail Inc. and subsidiaries	₱275	₱4,746	(₱4,393)	₱-	₱628	₱-	₱628
SM Prime Holdings, Inc. and subsidiaries	22	211	(176)	-	57	-	57
Philippine Geothermal Production Company, Inc.	-	18	(18)	-	-	-	-
Intercontinental Development Corporation	7	-	(1)	-	6	-	6
2Go Group, Inc. and subsidiaries	13	105	(113)	-	5	-	5
Goldilocks Bakeshop Inc. and subsidiaries	4	81	(81)	-	4	-	4
Belleshares Holdings, Inc.	7	-	-	-	7	-	7
SM Investments Corporation	3	42	(42)	-	3	-	3
Total Accounts Receivable—Royalty, Management and Service Fees	₱331	₱5,203	(₱4,824)	₱-	₱710	₱-	₱710

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off/ Others	Current	Non current	Balance at end of year
Dividends Receivable							
SM Retail, Inc	P5	P13,167	(P13,172)	P-	P-	P-	P-
SM Prime Holdings, Inc.	-	6,890	(6,890)	-	-	-	-
Neo Subsidiaries	-	1,282	(1,282)	-	-	-	-
Nagtahan Property Holdings, Inc.	-	3	(3)	-	-	-	-
Globalfund Holdings, Inc.	-	293	(293)	-	-	-	-
Goldilocks Bakeshop Inc. and subsidiaries	-	256	(256)	-	-	-	-
SM Investments Corporation	-	93	(93)	-	-	-	-
Total Dividends Receivable	P5	P21,984	(P21,989)	P-	P-	P-	P-

SCHEDULE D – LONG-TERM DEBT
(Amounts in Millions)

ANNEX B

<i>Parent Company</i>	Title of Issue and Type of Obligation	Amount authorized by indenture	Amount shown under "Current portion of long-term debt" in the Balance sheet	Amount shown under "Long-term Debt" in the balance sheet	Interest rate	Number of periodic installment	Maturity date
	U.S. dollar-denominated	\$58	P34	P3,355	Fixed 4.9%	Annual	April 2032
	GBP-denominated	£43	34	3,270	Fixed 5.3%	Annual	July 2028
	Peso-denominated	₱28,500	4,106	24,130	Fixed 4.0% to 4.8%	Annual / Upon maturity	June 2026 - May 2031
<i>Subsidiaries</i>							
	U.S. dollar-denominated	\$4,550	45,268	70,250	Fixed 4.8% - 5.4%; SOFR + spread	Upon maturity	January 2026 - September, 2030
	China yuan renminbi-denominated	¥2,922	2,920	7,914	Fixed 3.7%; LPR; SOFR	Semi-annual	April 2026 - June 2037
	Peso-denominated	₱382,862	48,578	283,513	Fixed 3.8% - 7.0%; BVAL + margin	Monthly / Quarterly / Annual / Upon Maturity	February 2026 - November 2035
	Less debt issue cost		100,940 543	392,432 1,593			
			₱100,397	₱390,839			

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES

Not Applicable

SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS

ANNEX B

Not Applicable

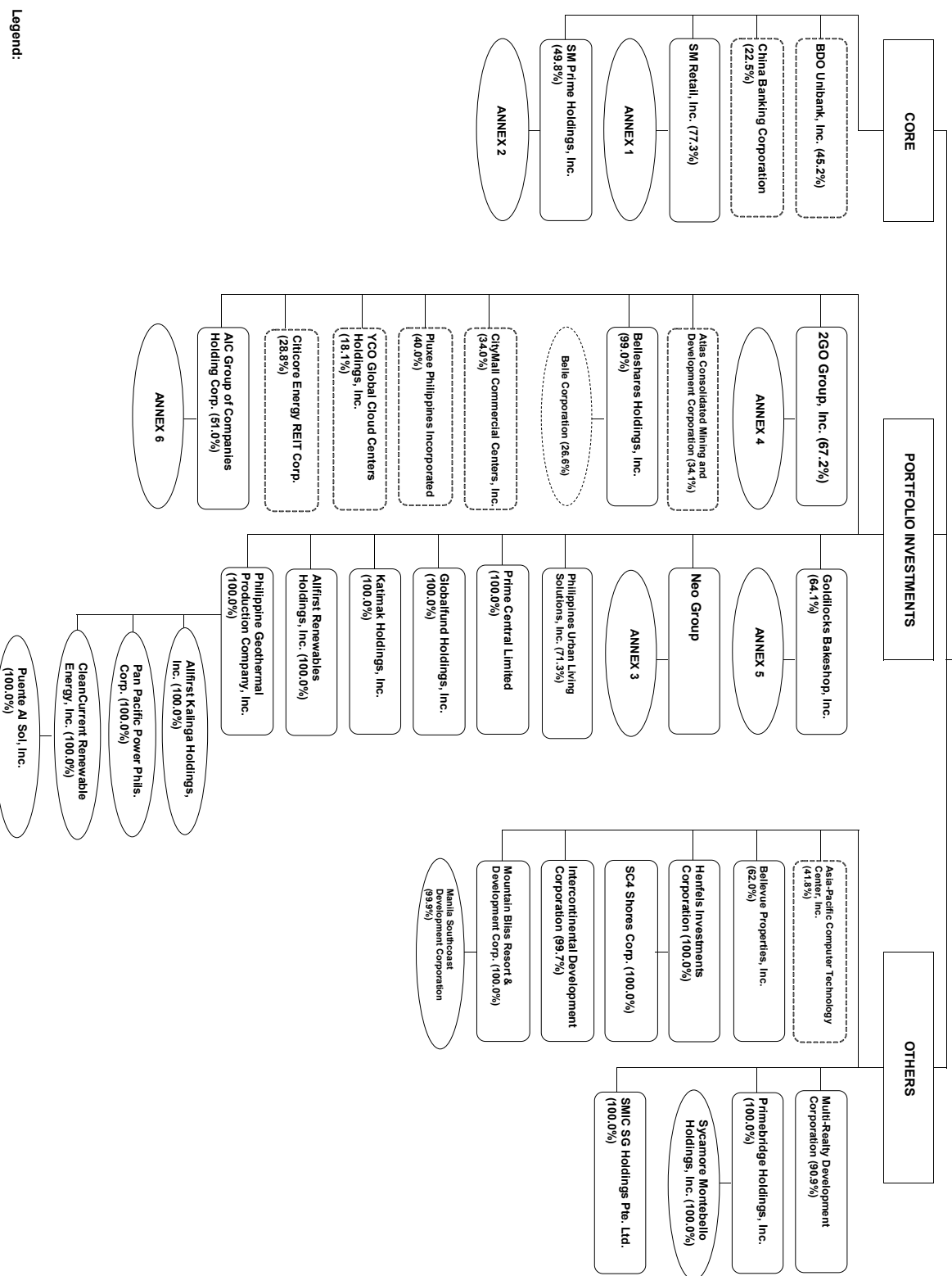
SCHEDULE G - CAPITAL STOCK

ANNEX B

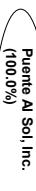
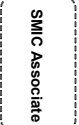
Title of Issue	Number of Shares Authorized	Number of Shares Outstanding	Number of Shares Held by			
			Number of Shares Reserved for Options, Warrants, and Other Rights	Affiliates	Directors, Officers and Principal Stockholders	Others
Common Stock	2,790,000,000	1,222,127,130	—	110,338,343	537,016,363	574,772,424

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
 CONGLOMERATE MAP
 AS AT DECEMBER 31, 2025
 (Effective Ownership Interest)

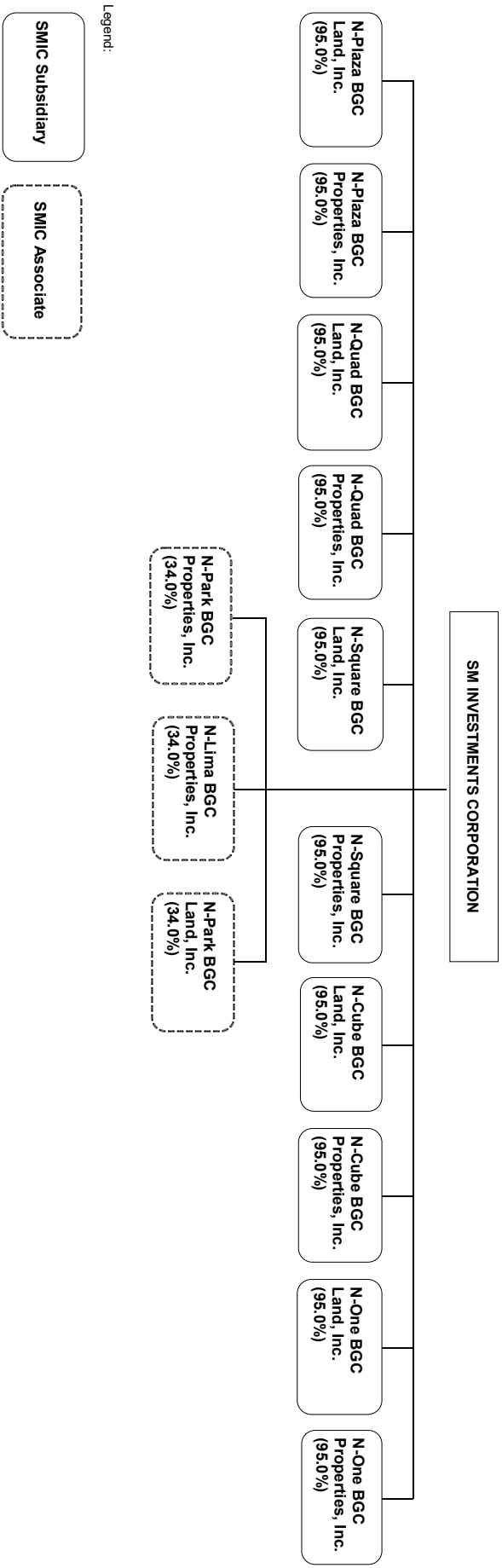
SM INVESTMENTS CORPORATION



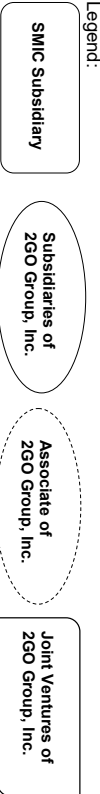
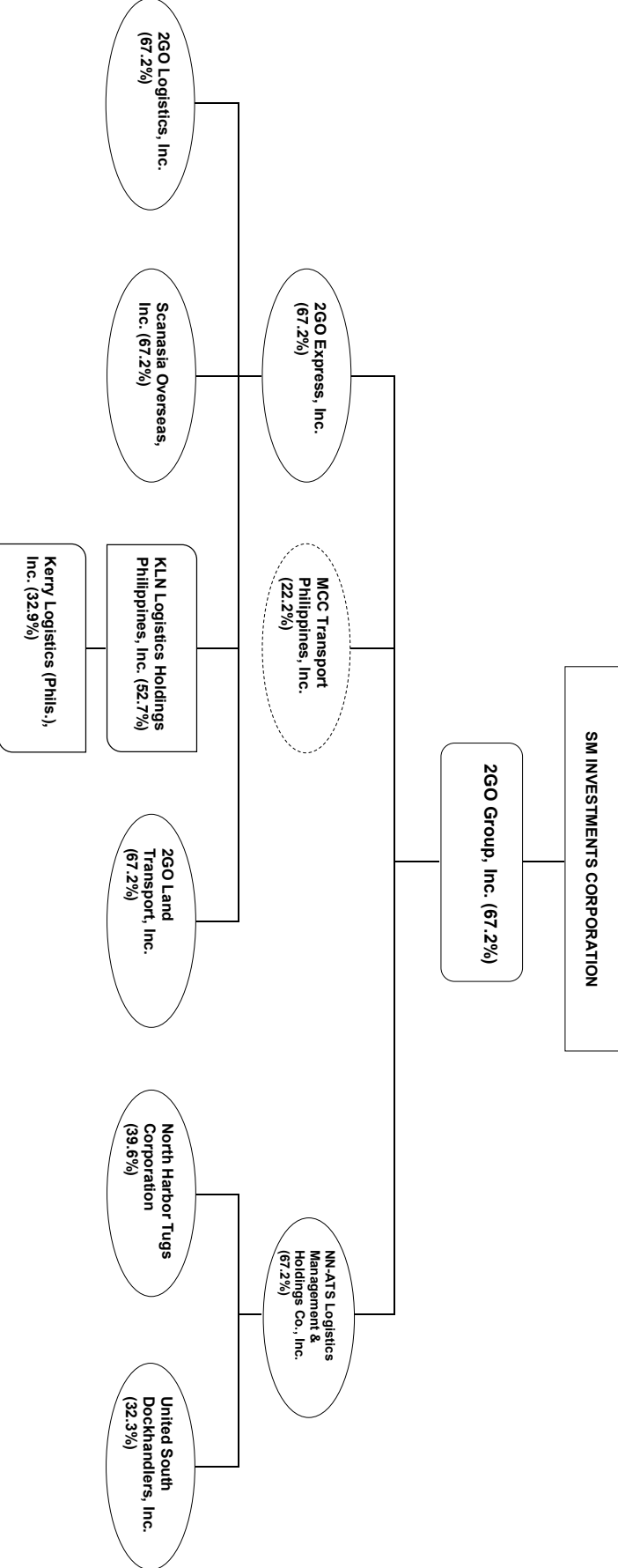
Legend:



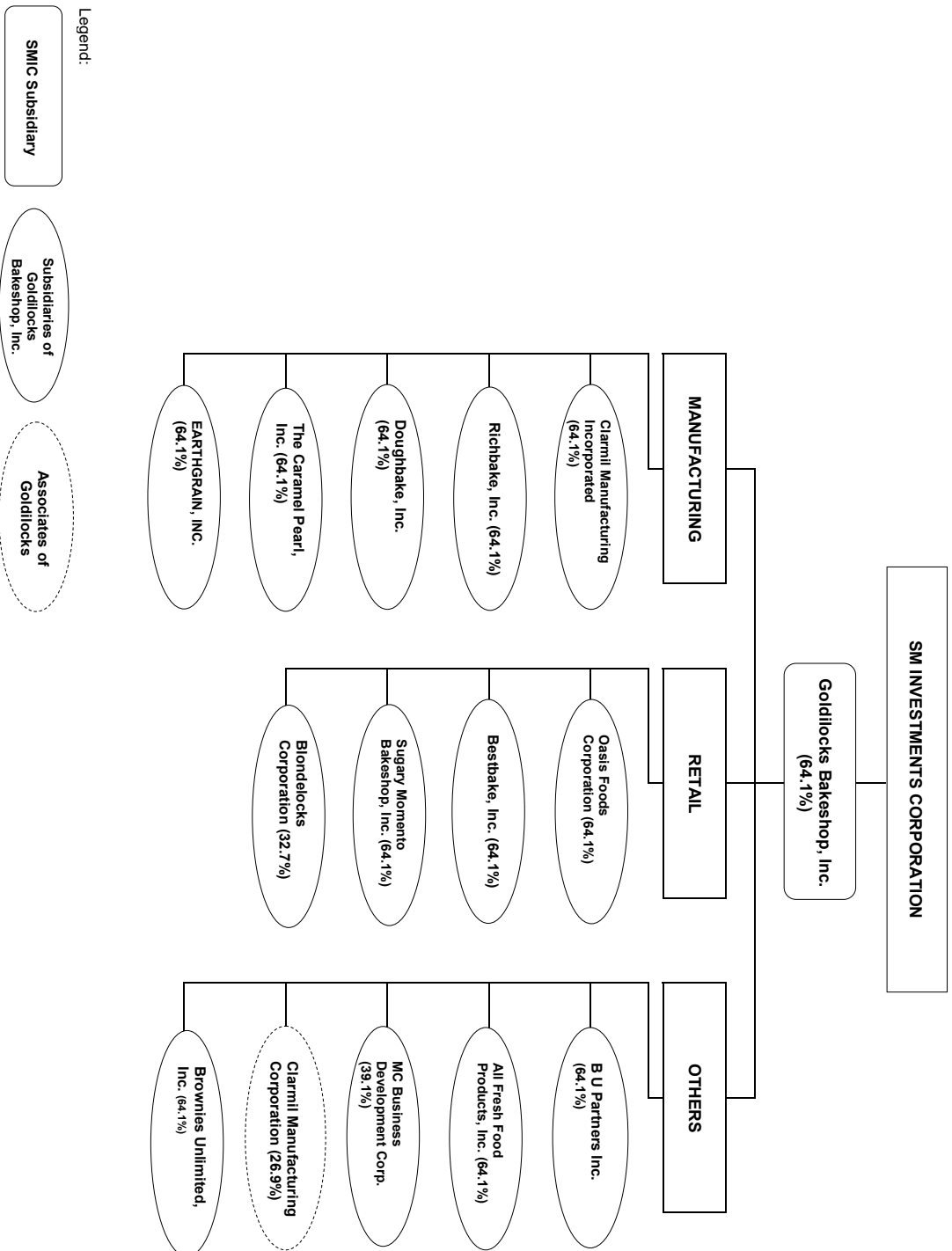
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)



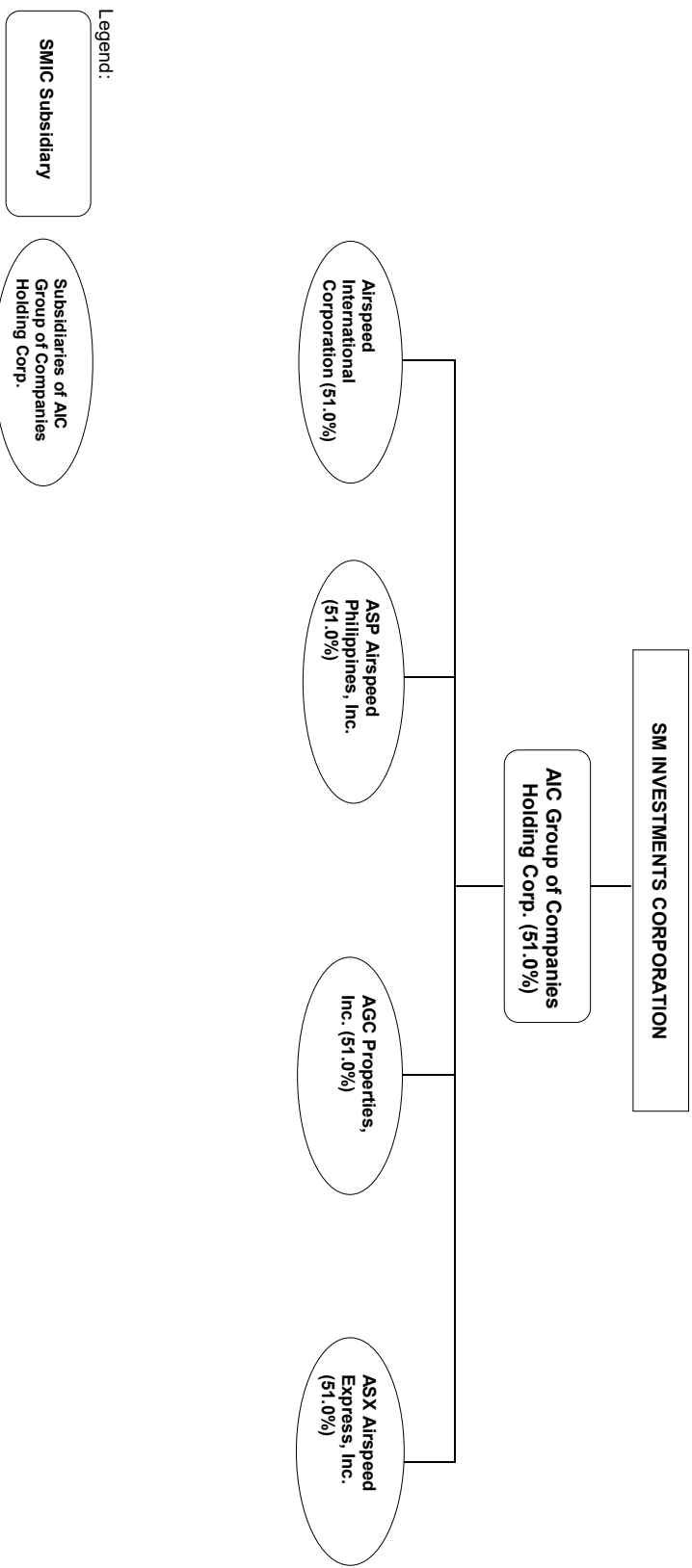
**SIM INVESTMENTS CORPORATION AND SUBSIDIARIES
 CONGLOMERATE MAP
 AS AT DECEMBER 31, 2025
 (Effective Ownership Interest)**



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
 CONGLOMERATE MAP
 AS AT DECEMBER 31, 2025
 (Effective Ownership Interest)



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)

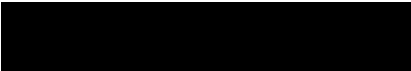


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
SM Investments Corporation
10th Floor, OneE-com Center
Harbor Drive, Mall of Asia Complex
CBP-1A, Pasay City 1300

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SM Investments Corporation (the Company) and Subsidiaries as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 27, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.


SYCIP GORRES VELAYO & CO.



Belinda T. Beng Hui

Partner

CPA Certificate No. 

Tax Identification No. 

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 88823-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-078-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765016, January 2, 2026, Makati City

February 27, 2026



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2025 AND 2024
(Amounts in Millions)

	2025	2024
1. Current ratio	1.07 : 1	1.12 : 1
	Total current assets 361,402	Total current liabilities 383,800
	Total current liabilities 337,254	Total current liabilities less inventories and other current assets 343,168
2. Acid test ratio	0.6 : 1	0.6 : 1
	Total current assets less inventories and other current assets 199,880	Total current liabilities 337,254
	Net income after tax + Depreciation and amortization 151,469	Total liabilities 141,161
	Total liabilities 856,166	Total liabilities 832,627
4. Debt-to-equity ratio	35 : 65	37 : 63
	Total interest-bearing debt 511,459	Total interest-bearing debt 500,574
	Total equity + Total interest-bearing debt 1,467,094	Total equity + Total interest-bearing debt 1,366,999
Net debt-to-equity ratio	30 : 70	31 : 69
	Total interest-bearing debt less cash and cash equivalents (excluding cash on hand), time deposits 404,275	Total interest-bearing debt less cash and cash equivalents (excluding cash on hand), time deposits 386,925
	Total equity + Total interest-bearing debt less cash and cash equivalents (excluding cash on hand), time deposits 1,359,910	Total equity + Total interest-bearing debt less cash and cash equivalents (excluding cash on hand), time deposits 1,253,350
5. Asset to equity ratio	1.90	1.96
	Total assets 1,811,801	Total assets 1,699,052
	Total equity 955,635	Total equity 866,425
6. Return on assets (annualized)	7.1%	7.0%
	Net income after tax 123,772	Net income after tax 114,653
	Average assets 1,753,835	Average assets 1,638,347
7. Return on equity (annualized)	13.5%	13.8%
	Net income attributable to equity holders of the parent 90,482	Net income attributable to equity holders of the parent 82,609
	Average equity attributable to equity holders of the parent 667,859	Average equity attributable to equity holders of the parent 599,257
8. Interest rate coverage ratio	8.63	7.52
	Income from operations + Depreciation and amortization 188,050	Income from operations + Depreciation and amortization 178,334
	Interest expense 21,778	Interest expense 23,710
9. Net profit margin	18.2%	17.5%
	Net income after tax 123,772	Net income after tax 114,653
	Total revenue 681,733	Total revenue 654,777

Schedule of Financial Soundness Indicators

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2025
(Amounts in Millions)

	2025	2024
Total Audit Fees	₱35	₱35
Non-audit services fees:		
Other assurance services	20	11
Tax services	10	3
All other services	2	—
Total Non-audit Fees	32	14
Total Audit and Non-Audit Fees	₱67	₱49



SECURITIES AND EXCHANGE COMMISSION

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



The following document has been received:

Receiving: JAYSON ALDAY

Receipt Date and Time: April 07, 2026 10:04:22 PM

Company Information

SEC Registration No.: 0000016342

Company Name: SM INVESTMENTS CORPORATION

Industry Classification: J66110

Company Type: Stock Corporation

Document Information

Document ID: OST104072026811162813

Document Type: Special Form For Financial Statements of Investment Companies And Publicly Held Companies

Document Code: PHFS

Period Covered: December 31, 2025

Submission Type: Annual

Remarks: Parent

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

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
 CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
 TEL. NO.: 8857-0100 FAX NO.: _____
 COMPANY TYPE: Holding Company PSIC: 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	268,095,618	268,242,474
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	27,505,308	32,622,283
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	4,902,149	7,831,195
A.1.1.1 On hand	58	77
A.1.1.2 In domestic banks/entities	4,902,091	7,831,118
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	22,179,065	24,099,633
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	22,179,065	24,099,633
A.1.2.1.1 Due from customers (Royalty and Service Fees and Tenants)	2,769,090	2,818,158
A.1.2.1.2 Due from related parties	14,954,336	14,897,135
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2 + A.1.2.1.3.3 + A.1.2.1.3.4)	5,057,543	6,384,340
A.1.2.1.3.1 Accrued interest	3,355	2,593
A.1.2.1.3.2 Dividends	358,658	5,107,878
A.1.2.1.3.3 Non-trade and others	1,595,530	1,273,869
A.1.2.1.3.4 Notes receivable	3,100,000	
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(601,904)	0
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	0	0
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	0	0
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)	0	0
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	0	0
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	0	0
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	0	0
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
 CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
 TEL. NO.: 8857-0100 FAX NO.: _____
 COMPANY TYPE: Holding Company PSIC: 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	0	0
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	0	0
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions	0	0
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	0	0
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)	0	0
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	424,094	691,455
A.1.5.1 Time deposits	80,998	76,998
A.1.5.2 Prepaid taxes and other prepayments and supplies	269,514	235,334
A.1.5.3 Derivative assets	73,582	379,123
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7 + A.2.8)	377,325	448,782
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement	115,888	115,221
A.2.3 Machinery and equipment (on hand and in transit)	31,547	30,152
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	448,318	446,242
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	1,590,998	1,470,628
A.2.5.1 Property or equipment used for education purposes		
A.2.5.2 Construction in progress		
A.2.5.3 Furniture, fixtures and office equipment	1,590,998	1,470,628
A.2.5.4		
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)	0	0
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(1,809,426)	(1,613,461)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the cost method (A.3.1 + A.3.2 + A.3.3 + A.3.4)	222,535,031	216,658,418
A.3.1 Investment in domestic subsidiaries, associates and joint operations	221,482,860	215,663,422
A.3.2 Investment in foreign subsidiaries	1,052,171	994,996
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)	0	0
A.3.3.1	0	0
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property	2,857,782	2,917,983
A.5 Biological Assets		
A.6 Intangible Assets		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	0	0
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	0	0
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
 CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
 TEL. NO.: 8857-0100 FAX NO.: _____
 COMPANY TYPE: Holding Company PSIC: 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	0	0
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)	0	0
A.9.1.1	0	0
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	0	0
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	14,820,172	15,595,008
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax		
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4 + A.10.4.5 + A.10.4.6 + A.10.4.7 + A.10.4.8)	14,820,172	15,595,008
A.10.4.1 Time deposits	0	0
A.10.4.2 Financial assets at FVOCI	10,923,955	12,355,169
A.10.4.3 Bonds and deposits	362,539	535,569
A.10.4.4 Escrow and Refundable deposits	169,828	169,882
A.10.4.5 Derivative assets	1,050,987	228,264
A.10.4.6 Creditable tax certificates	1,737,230	1,712,736
A.10.4.7 Right-of-use assets	404,102	448,186
A.10.4.8 Defined benefit assets	171,531	145,202
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	81,995,278	97,848,058
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	22,814,625	32,038,725
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	2,279,936	2,220,491
B.1.1.1 Loans/Notes Payables	0	0
B.1.1.2 Trade Payables	786,604	668,200
B.1.1.3 Payables to Related Parties	56,581	56,581
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	1,436,751	1,495,710
B.1.1.5.1 Accrued interest	1,087,876	1,160,019
B.1.1.5.2 Accrued expenses	348,875	335,691
B.1.1.5.3	0	0
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	0	0
B.1.1.6.1		
B.1.1.6.2		
B.1.1.6.3		
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	0	0
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions	13,652,892	12,147,900
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)	2,259,085	2,276,937
B.1.4.1 Derivative liability	73,582	99,343
B.1.4.2 Advance rental and deposits	219,026	211,117
B.1.4.3 Subscription payable	1,966,477	1,966,477
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)	4,622,712	15,393,397
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt due within one year	4,170,699	14,839,101
B.1.7.4.1 Domestic Public Financial Institutions	1,998,537	
B.1.7.4.2 Domestic Public Non-Financial Institutions		
B.1.7.4.3 Domestic Private Financial Institutions	2,172,162	7,342,430
B.1.7.4.4 Domestic Private Non-Financial Institutions		7,496,671
B.1.7.4.5 Foreign Private Financial Institutions		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:	452,013	554,296
B.1.7.6.1 Payable to government agencies	400,355	513,320
B.1.7.6.2 Lease liabilities	51,658	40,976
B.1.7.6.3		

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
TEL. NO.: 8857-0100 FAX NO.: _____
COMPANY TYPE: Holding Company PSIC: 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	58,091,599	64,690,607
B.2.1 Domestic Public Financial Institutions		1,995,338
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions	23,165,049	32,263,594
B.2.4 Domestic Private Non-Financial Institutions	7,478,039	7,459,147
B.2.5 Foreign Private Non-Financial Institutions	27,448,511	22,972,528
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)	1,089,054	1,118,726
B.5.1 Deferred Tax	372,559	337,509
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)	716,495	781,217
B.5.2.1 Tenants' deposits and others	291,059	299,527
B.5.2.2 Derivative liabilities	1,694	6,289
B.5.2.3 Lease liabilities	423,742	475,401
B.5.2.4		
B.5.2.5		
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	186,100,340	170,394,416
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	28,000,000	28,000,000
C.1.1 Common shares 2,790,000,000 @ P10 par	27,900,000	27,900,000
C.1.2 Preferred Shares 10,000,000 sh @ P10 par	100,000	100,000
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	12,331,541	12,261,146
C.2.1 Common shares 2025: 1,233,154,140 and 2024: 1,226,114,578 sh @ P10 par	12,331,541	12,261,146
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	12,331,541	12,261,146
C.3.1 Common shares 2025: 1,233,154,140 and 2024: 1,226,114,578 sh @ P10 par	12,331,541	12,261,146
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	73,582,488	67,452,883
C.5 Minority Interest		
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	(2,427,328)	(1,127,219)
C.6.1 Remeasurement loss on defined benefit liability	(778,630)	(690,976)
C.6.2 Net unrealized gain on available-for-sale investments and others	(1,648,698)	(436,243)
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	107,788,469	91,848,518
C.8.1 Appropriated	30,000,000	30,000,000
C.8.2 Unappropriated	77,788,469	61,848,518
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)	(5,174,830)	(40,912)
TOTAL LIABILITIES AND EQUITY (B + C)	268,095,618	268,242,474

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
 CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
 TEL. NO.: 8857-0100 FAX NO.: _____
 COMPANY TYPE: Holding Company PSIC: 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	43,179,159	35,781,095
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)		
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method		
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	8,896,486	8,309,745
A.3.1 Rental Income from Land and Buildings	1,519,303	1,529,143
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)		
A.3.3 Sale of Real Estate or other Property and Equipment		
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)		
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)	7,377,183	6,780,602
A.3.5.1 Royalty and service fees	7,377,183	6,780,602
A.3.5.2		
A.3.5.3		
A.3.5.4		
A.3.5.5		
A.3.5.6		
A.3.5.7		
A.3.5.8		
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	34,282,673	27,471,350
A.4.1 Interest Income	257,605	571,271
A.4.2 Dividend Income	33,836,864	26,619,893
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	120,869	135,967
A.4.3.1 investment properties	34,831	135,967
A.4.3.2 investment in subsidiary	86,038	0
A.4.3.3		
A.4.3.4		
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	67,335	144,219
A.4.4.1 Gain / (Loss) on Foreign Exchange and others	22,459	135,873
A.4.4.2 Gain / (Loss) on fair value of derivatives	44,876	8,346
A.4.4.3		
A.4.4.4		
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	0	0
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	0	0
B.1.1 Direct Material Used		
B.1.2 Direct Labor		
B.1.3 Other Manufacturing Cost / Overhead		
B.1.4 Goods in Process, Beginning		
B.1.5 Goods in Process, End (negative entry)		
B.2 Finished Goods, Beginning		
B.3 Finished Goods, End (negative entry)		
C. COST OF SALES (C.1 + C.2 + C.3)	0	0
C.1 Purchases		
C.2 Merchandise Inventory, Beginning		
C.3 Merchandise Inventory, End (negative entry)		
D. GROSS PROFIT (A - B - C)	43,179,159	35,781,095

Control No.: _____
 Form Type: PHFS1 (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
 CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
 TEL. NO.: 8857-0100 FAX NO.: _____
 COMPANY TYPE : Holding Company PSIC: 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	6,941,641	8,278,733
E.1 Selling or Marketing Expenses		
E.2 Administrative Expenses	6,575,041	7,852,269
E.3 General Expenses		
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	366,600	426,464
E.4.1 Impairment loss	366,600	426,464
E.4.2		
E.4.3		
E.4.4		
E.4.5		
E.4.6		
E.4.7		
E.4.8		
E.4.9		
E.4.10		
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	4,168,997	5,286,839
F.1 Interest on Short-Term Promissory Notes	2,596	151,562
F.2 Interest on Long-Term Promissory Notes	4,004,916	4,836,138
F.3 Interest on bonds, mortgages and other long-term loans		
F.4 Amortization		
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	161,485	299,139
F.5.1 Debt issue cost	111,756	248,418
F.5.2 Lease liabilities	40,681	43,329
F.5.3 Others	9,048	7,392
F.5.4		
F.5.5		
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	32,068,521	22,215,523
H. INCOME TAX EXPENSE (negative entry)	(156,440)	(237,032)
I. INCOME (LOSS) AFTER TAX	31,912,081	21,978,491
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)		
J.1		
J.2		
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST		
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	31,912,081	21,978,491
M. EARNINGS (LOSS) PER SHARE		
M.1 Basic		
M.2 Diluted		

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
TEL. NO.: 8857-0100 FAX NO.: _____
COMPANY TYPE: Holding Company PSIC: 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) Before Tax and Extraordinary Items	32,068,521	22,215,523
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and amortization	410,445	396,428
Others, specify:		
Dividend income	(33,836,864)	(26,619,893)
Interest expense	4,168,997	5,286,839
Interest income	(257,605)	(571,271)
Loss (gain) on fair value changes of derivatives - net	(44,876)	(8,346)
Impairment loss on investment	366,600	426,464
Provisions	1,700,000	3,800,000
Gain sale of investment in shares, investment property and property and equipment	(120,869)	(135,967)
Net benefit expense	68,777	89,311
Net unrealized foreign exchange loss (gain)	13,393	(10,917)
Amortization of deferred rent income	(8,927)	(7,559)
Expected credit losses on receivables	601,904	
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Receivables	(279,794)	694,538
Prepaid taxes and other current assets	(3,134,181)	85,480
Increase (Decrease) in:		
Accounts payable and other current liabilities	69,688	(207,627)
Provisions	(195,008)	(94,677)
Tenants' deposits	(8,590)	(269,456)
Income tax paid	(179,924)	(177,573)
Contributions to the plan	(182,759)	(156,735)
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	1,218,928	4,734,562
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Time deposits	(4,000)	19,461,072
(Increase) Decrease in Other noncurrent assets	148,590	139,358
Proceeds from sale of, specify:		
Available-for-sale investments	0	0
Investment in shares of stocks	50,000	1,313,664
Software cost	0	0
Property and equipment	0	0
Investment properties	36,505	141,470
Additions to, specify:		
Investment in shares of stocks	(57,175)	(5,570,292)
Financial assets	0	0
Investment properties	(111,868)	(75,521)
Software cost	0	0
Property and equipment	(124,509)	(82,947)
Investment properties	0	0
Dividends received	38,586,085	28,010,117
Interest received	256,843	619,763
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	38,780,471	43,956,684
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Bank loans	2,500,000	12,821,426
Long-term debt	7,318,000	28,161,195
Payments of:		
Bank loans	(2,500,000)	(17,436,701)
Long-term debt	(25,465,665)	(56,026,079)
Dividends	(15,972,130)	(10,998,211)
Lease liabilities	(81,657)	(75,287)
Interest expense	(4,079,656)	(4,575,622)
Settlement of:		
Cross-currency swaps	443,681	1,469,221
Non-deliverable forwards and swaps	44,876	8,346
Purchase of Treasury stock	(5,133,918)	
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(42,926,469)	(46,651,712)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(2,927,070)	2,039,534
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,976)	5,508
Cash and Cash Equivalents		
Beginning of year	7,831,195	5,786,153
End of year	4,902,149	7,831,195

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM INVESTMENTS CORPORATION (PARENT)
 CURRENT ADDRESS: 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City, 1300
 TEL. NO.: 857-0100 FAX NO.: _____
 COMPANY TYPE: Holding Company PSIC: 68110

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P000)							
	Capital Stock	Additional Paid-in Capital	Remeasurement loss on defined benefit liability	Net unrealized gain on AFS investments and others	Appropriated Retained Earnings	Unappropriated Retained Earnings	Stocks Held in Treasury	TOTAL
A. Balance, 2023	12,261,146	67,452,883	(805,032)	33,627	37,000,000	43,868,238	(40,912)	159,769,950
A.1 Correction of Error(s)								0
A.2 Changes in Accounting Policy								0
B. Restated Balance	12,261,146	67,452,883	(805,032)	33,627	37,000,000	43,868,238	(40,912)	159,769,950
C. Surplus	0	0	114,056	(469,870)	0	0	0	(355,814)
C.1 Surplus (Deficit) on Revaluation of Properties								0
C.2 Surplus (Deficit) on Revaluation of Investments				(469,870)				-469,870
C.3 Currency Translation Differences								0
C.4 Other Surplus (specify)	0	0	114,056	0	0	0	0	114,056
C.4.1 Remeasurement loss			114,056					114,056
C.4.2								0
C.4.3								0
C.4.4								0
C.4.5								0
D. Net Income (Loss) for the Period						21,978,491		21,978,491
E. Dividends (negative entry)						(10,998,211)		(10,998,211)
F. Appropriation for (specify)	0	0	0	0	(7,000,000)	7,000,000		0
F.1 Reversal					(37,000,000)	37,000,000		0
F.2 Appropriation					30,000,000	(30,000,000)		0
F.3								0
F.4								0
F.5								0
G. Issuance of Capital Stock	0	0	0	0	0	0	0	0
G.1 Common Stock								0
G.2 Preferred Stock								0
G.3 Others								0
H. Balance, 2024	12,261,146	67,452,883	(690,976)	(436,243)	30,000,000	61,848,518	(40,912)	170,394,416
H.1 Correction of Error(s)								0
H.2 Changes in Accounting Policy								0
I. Restated Balance	12,261,146	67,452,883	(690,976)	(436,243)	30,000,000	61,848,518	(40,912)	170,394,416
J. Surplus	0	0	(87,654)	(1,212,455)	0	0	0	(-1,300,109)
J.1 Surplus (Deficit) on Revaluation of Properties								0
J.2 Surplus (Deficit) on Revaluation of Investments				(1,212,455)				-1,212,455
J.3 Currency Translation Differences								0
J.4 Other Surplus (specify)	0	0	(87,654)	0	0	0	0	(87,654)
J.4.1 Remeasurement gain			(87,654)					(87,654)
J.4.2								0
J.4.3								0
J.4.4								0
J.4.5								0
K. Net Income (Loss) for the Period						31,912,081		31,912,081
L. Dividends (negative entry)						(15,972,130)		(15,972,130)
M. Appropriation for (specify)	0	0	0	0	0	0	0	0
M.1 Reversal								0
M.2 Appropriation								0
M.3								0
M.4								0
M.5								0
N. Issuance of Capital Stock	70,395	6,129,605	0	0	0	0	(5,133,918)	1,066,082
N.1 Common Stock	70,395	6,129,605						6,200,000
N.2 Preferred Stock								0
N.3 Purchase of Treasury Stock							(5,133,918)	-5,133,918
O. Balance, 2025	12,331,541	73,582,488	(778,630)	(1,648,698)	30,000,000	77,788,469	(5,174,830)	186,100,340



SECURITIES AND EXCHANGE COMMISSION

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



The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: April 07, 2026 09:56:39 PM

Company Information

SEC Registration No.: 0000016342

Company Name: SM INVESTMENTS CORPORATION

Industry Classification: J66110

Company Type: Stock Corporation

Document Information

Document ID: OST104072026811162811

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Parent

Remarks: None

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

Virnadeth O. Coronado

From: Helen Grace D. Dela Cruz
Sent: Monday, April 6, 2026 11:23 AM
To: Virnadeth O. Coronado; Maria Jade C. Serviano
Subject: FW: (EXTERNAL)Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Monday, 6 April 2026 11:20 am
To: Helen Grace D. Dela Cruz <helengrace.delacruz@sminvestments.com>
Cc: Helen Grace D. Dela Cruz <helengrace.delacruz@sminvestments.com>
Subject: (EXTERNAL)Your BIR AFS eSubmission uploads were received

CAUTION: External Email "Do NOT click on the links or open the attachments unless you recognize the sender and that the content is safe."

Hi SM INVESTMENTS CORPORATION,

Valid files

- EAFS000169020TCRTY122025-02.pdf
- EAFS000169020OHTY122025.pdf
- EAFS000169020TCRTY122025-03.pdf
- EAFS000169020TCRTY122025-01.pdf
- EAFS000169020ITRTY122025.pdf
- EAFS000169020AFSTY122025.pdf
- EAFS000169020RPTY122025.PDF

Invalid file

- <None>

Transaction Code: **AFS-0-32QRVX2Z0BKHK97EGPZ3YZ4ZV04QX4YSWS**
Submission Date/Time: **Apr 06, 2026 11:20 AM**
Company TIN: **000-169-020**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;

- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

For Encrypted Emails click [here](#) for instructions ===== DISCLAIMER ===== This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error. E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission. For Encrypted Emails click [here](#) for instructions

===== DISCLAIMER ===== This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error. E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.



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

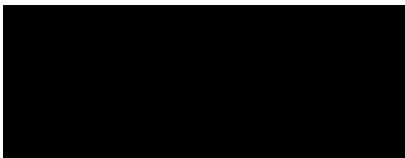
The management of SM Investments Corporation is responsible for the preparation and fair presentation of the parent company financial statements, including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with Philippine Financial Reporting Standards Accounting Standards. Management is also responsible for such internal controls as it determines are necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management assesses the Company'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 Company or cease operations, or has no realistic alternative but to do so.

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

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

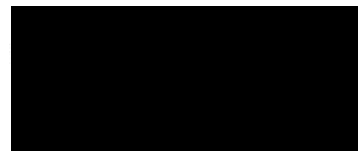
SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, audited the parent company financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



AMANDO M. TETANGCO, JR.
Chairman of the Board



FREDERIC C. DYBUNCIO
President and
Chief Executive Officer



ERWING. PATO
Treasurer and
Executive Vice President

Signed this 27th day of February 2026

SMINVESTMENTS

10/F OneE-com Center, Harbor Drive, Mall of Asia Complex, Pasay City 1300, Philippines
Telephone: +63 2 8857 0100

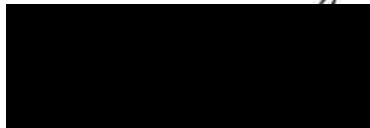
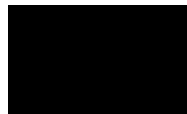
REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY)

SUBSCRIBED AND SWORN to before this FEB 27 2026 at TAGUIG CITY, affiants
exhibiting to me their Taxpayer Identification Number ID, as follows:

NAMES

TIN

AMANDO M. TETANGCO, JR.
FREDERIC C. DYBUNCIO
ERWIN G. PATO



DOC No. 146
PAGE No. 31
BOOK No. I
SERIES of 2026

MARK STEPHEN C. SY
Appointment No. 234 (2025-2026)
Notary Public for Taguig City
Until December 31, 2026
Attorney's Roll No. 80585
1105 Tower 2, Hight Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR No. A-6769410; 01/05/2026; Taguig City
IBP Receipt No. INV 575194; 12/23/2025; RSM Chapter
MCLE Compliance No. VIII-0040621; valid until April 14, 2028

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
SM Investments Corporation
10th Floor, OneE-Com Center
Harbor Drive, Mall of Asia Complex
CBP-1A, Pasay City 1300

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of SM Investments Corporation (the Company), which comprise the parent company balance sheets as at December 31, 2025 and 2024, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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





Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010


The supplementary information required under Revenue Regulations No. 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of SM Investments Corporation in a separate schedule. Revenue Regulations No. 15-2010 require the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic parent company financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic parent company financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Belinda T. Beng Hui.

SYCIP GORRES VELAYO & CO.



Belinda T. Beng Hui 
Partner

CPA Certificate No. 

Tax Identification No. 

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 88823-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

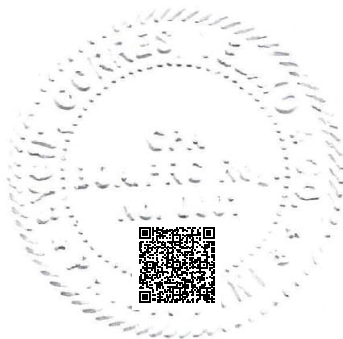
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-078-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765016, January 2, 2026, Makati City

February 27, 2026



SM INVESTMENTS CORPORATION
PARENT COMPANY BALANCE SHEETS

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 21 and 25)	₱4,902,148,505	₱7,831,194,878
Time deposits (Notes 6, 21 and 25)	80,997,964	76,998,054
Receivables (Notes 7, 21 and 25)	22,179,064,801	24,099,633,536
Prepaid taxes and other current assets (Note 9)	343,096,170	614,456,801
Total Current Assets	27,505,307,440	32,622,283,269
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 8, 25 and 26)	10,923,954,711	12,355,169,440
Investments in subsidiaries, associates and joint venture (Note 10)	222,535,031,046	216,658,417,601
Property and equipment (Note 11)	377,325,096	448,781,506
Investment properties (Note 12)	2,857,782,093	2,917,983,275
Right-of-use assets (Note 24)	404,102,135	448,186,496
Defined benefit asset (Note 22)	171,531,094	145,201,683
Other noncurrent assets (Notes 13 and 25)	3,320,584,029	2,646,450,571
Total Noncurrent Assets	240,590,310,204	235,620,190,572
Total Assets	₱268,095,617,644	₱268,242,473,841
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 14, 21, 24, 25 and 26)	₱4,991,034,250	₱5,051,724,565
Provisions (Notes 15 and 25)	13,652,891,550	12,147,899,890
Current portion of long-term debt (Notes 16, 21, 25 and 27)	4,170,698,780	14,839,100,660
Total Current Liabilities	22,814,624,580	32,038,725,115
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 16, 21, 25, 26 and 27)	58,091,598,954	64,690,606,916
Deferred tax liabilities (Note 23)	372,559,287	337,508,886
Derivative liabilities (Notes 25 and 26)	1,693,741	6,289,644
Lease liabilities - net of current portion (Notes 21, 24, 25 and 27)	423,742,370	475,400,815
Tenants' deposits and others (Notes 21, 24, 25 and 26)	291,058,586	299,527,160
Total Noncurrent Liabilities	59,180,652,938	65,809,333,421
Total Liabilities	81,995,277,518	97,848,058,536
Equity		
Capital stock (Note 17)	12,331,541,400	12,261,145,780
Additional paid-in capital	73,582,487,645	67,452,883,265
Treasury stock (Note 17)	(5,174,830,320)	(40,912,200)
Remeasurement loss on defined benefit asset/obligation (Note 22)	(778,629,499)	(690,976,418)
Net unrealized loss on financial assets at FVOCI and others (Notes 8 and 26)	(1,648,698,287)	(436,243,546)
Retained earnings (Note 17):		
Appropriated	30,000,000,000	30,000,000,000
Unappropriated	77,788,469,187	61,848,518,424
Total Equity	186,100,340,126	170,394,415,305
Total Liabilities and Equity	₱268,095,617,644	₱268,242,473,841

See accompanying Notes to Parent Company Financial Statements.



SM INVESTMENTS CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2025	2024
REVENUES		
Dividends (Note 21)	₱33,836,864,455	₱26,619,893,200
Royalty and service fees (Notes 18 and 21)	7,377,183,107	6,780,601,951
Rent (Notes 12, 21 and 24)	1,519,302,955	1,529,143,190
	42,733,350,517	34,929,638,341
COSTS AND EXPENSES (Note 19)	6,575,040,854	7,852,269,225
OPERATING INCOME	36,158,309,663	27,077,369,116
OTHER INCOME (CHARGES)		
Interest expense (Notes 20 and 21)	(4,168,998,619)	(5,286,838,718)
Interest income (Notes 20 and 21)	257,605,026	571,270,418
Impairment provision (Notes 10 and 12)	(366,600,000)	(426,463,861)
Gain on disposal of investment properties (Note 12)	34,831,246	135,966,413
Gain from fair value changes on derivatives - net (Note 26)	44,876,362	8,346,206
Gain on disposal of investment in subsidiaries, associates and joint venture (Note 10)	86,038,445	-
Others - net (Note 25)	22,458,667	135,873,335
	(4,089,788,873)	(4,861,846,207)
INCOME BEFORE INCOME TAX	32,068,520,790	22,215,522,909
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 23)		
Current	179,923,795	177,573,463
Deferred	(23,484,228)	59,458,871
	156,439,567	237,032,334
NET INCOME	31,912,081,223	21,978,490,575
OTHER COMPREHENSIVE INCOME (LOSS)		
Item to be reclassified to profit or loss in subsequent periods:		
Net unrealized gain (loss) on financial assets at FVOCI and others (Note 26)	277,294,617	(31,636,961)
Income tax relating to items to be reclassified to profit or loss in subsequent periods (Note 23)	(58,534,629)	14,232,010
	218,759,988	(17,404,951)
Items not to be reclassified to profit or loss in subsequent periods:		
Net unrealized loss on financial assets at FVOCI and others (Note 8)	(1,431,214,729)	(452,465,385)
Remeasurement gain (loss) on defined benefit asset/obligation (Note 22)	(87,653,081)	114,055,187
	(1,518,867,810)	(338,410,198)
OTHER COMPREHENSIVE LOSS	(1,300,107,822)	(355,815,149)
TOTAL COMPREHENSIVE INCOME	₱30,611,973,401	₱21,622,675,426

See accompanying Notes to Parent Company Financial Statements.



SM INVESTMENTS CORPORATION
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Capital Stock	Additional Paid-in Capital	Treasury Stock	Remeasurement Loss on Defined Benefit Asset/Obligation	Net Unrealized Gain (Loss) on Financial Assets at FYOCI and Others	Retained Earnings		Total
						Appropriated	Unappropriated	
As at January 1, 2025	₱12,261,145,780	₱67,452,883,265	(₱40,912,200)	(₱690,976,418)	(₱436,243,546)	₱30,000,000,000	₱61,848,518,424	₱170,394,415,305
Net income	-	-	-	-	-	-	31,912,081,223	31,912,081,223
Other comprehensive loss	-	-	-	(87,653,081)	(1,212,454,741)	-	-	(1,300,107,822)
Total comprehensive income (loss)	-	-	-	(87,653,081)	(1,212,454,741)	-	31,912,081,223	30,611,973,401
Cash dividends - ₱13.00 per share (Note 17)	-	-	-	-	-	-	(15,972,130,460)	(15,972,130,460)
Issuance of common shares (Note 17)	70,395,620	6,129,604,380	-	-	-	-	-	6,200,000,000
Purchase of treasury shares (Note 17)	-	-	(5,133,918,120)	-	-	-	-	(5,133,918,120)
As at December 31, 2025	₱12,331,541,400	₱73,582,487,645	(₱5,174,830,320)	(₱778,629,499)	(₱1,648,698,287)	₱30,000,000,000	₱77,788,469,187	₱186,100,340,126
As at January 1, 2024	₱12,261,145,780	₱67,452,883,265	(₱40,912,200)	(₱805,031,605)	₱33,626,790	₱37,000,000,000	₱43,868,238,071	₱159,769,950,101
Net income	-	-	-	-	-	-	21,978,490,575	21,978,490,575
Other comprehensive income (loss)	-	-	-	114,055,187	(469,870,336)	-	-	(355,815,149)
Total comprehensive income (loss)	-	-	-	114,055,187	(469,870,336)	-	21,978,490,575	21,622,675,426
Cash dividends - ₱9.00 per share (Note 17)	-	-	-	-	-	-	(10,998,210,222)	(10,998,210,222)
Reversal of appropriations (Note 17)	-	-	-	-	-	(37,000,000,000)	37,000,000,000	-
Appropriations (Note 17)	-	-	-	-	-	30,000,000,000	(30,000,000,000)	-
As at December 31, 2024	₱12,261,145,780	₱67,452,883,265	(₱40,912,200)	(₱690,976,418)	(₱436,243,546)	₱30,000,000,000	₱61,848,518,424	₱170,394,415,305

See accompanying Notes to Parent Company Financial Statements.



SM INVESTMENTS CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱32,068,520,790	₱22,215,522,909
Adjustments for:		
Dividend income (Note 21)	(33,836,864,455)	(26,619,893,200)
Interest expense (Notes 20 and 21)	4,168,998,619	5,286,838,718
Provisions (Notes 15 and 19)	1,700,000,000	3,800,000,000
Expected credit losses on receivables (Notes 7 and 19)	601,904,463	-
Interest income (Notes 20 and 21)	(257,605,026)	(571,270,418)
Depreciation and amortization (Notes 11, 12, 19 and 24)	410,444,872	396,428,316
Impairment provision (Notes 10 and 12)	366,600,000	426,463,861
Gain on disposal of investment in subsidiaries, associates and joint venture (Note 10)	(86,038,445)	-
Pension benefits (Notes 19 and 22)	68,776,792	89,310,648
Gain on fair value changes on derivatives - net (Note 26)	(44,876,362)	(8,346,206)
Gain on disposal of investment properties (Note 12)	(34,831,246)	(135,966,413)
Unrealized foreign exchange loss (gain) - net	13,392,826	(10,916,757)
Amortization of deferred rent income	(8,927,237)	(7,559,400)
Income before working capital changes	5,129,495,591	4,860,612,058
Decrease (increase) in:		
Receivables	(3,379,793,922)	694,538,492
Prepaid taxes and other current assets	(34,180,583)	85,479,652
Increase (decrease) in:		
Accounts payable and other current liabilities	69,688,567	(207,626,868)
Provisions	(195,008,340)	(94,677,357)
Tenants' deposits and others	(8,590,084)	(269,455,958)
Net cash generated from operations	1,581,611,229	5,068,870,019
Contributions to plan assets (Note 22)	(182,759,284)	(156,734,685)
Income tax paid	(179,923,795)	(177,573,463)
Net cash provided by operating activities	1,218,928,150	4,734,561,871
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment (Note 11)	(124,508,366)	(82,947,059)
Investment properties (Note 12)	(111,868,307)	(75,521,357)
Investments in subsidiaries, associates and interest in joint venture (Note 10)	(57,175,000)	(5,570,292,470)
Proceeds from disposal of:		
Investment in subsidiaries, associates and interest in joint venture (Note 10)	50,000,000	1,313,664,175
Investment properties (Note 12)	36,505,000	141,470,000
Dividends received	38,586,084,875	28,010,116,526
Interest received	256,842,800	619,763,197
Decrease (increase) in:		
Time deposits	(3,999,910)	19,461,072,198
Other noncurrent assets	148,589,991	139,358,457
Net cash provided by investing activities	38,780,471,083	43,956,683,667

(Forward)



	Years Ended December 31	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of:		
Long-term debt (Notes 16 and 27)	₱7,318,000,249	₱28,161,195,000
Bank loans (Note 27)	2,500,000,000	12,821,426,000
Payments of:		
Long-term debt (Notes 16 and 27)	(25,465,664,481)	(56,026,079,032)
Dividends (Note 17)	(15,972,130,460)	(10,998,210,222)
Interest	(4,079,656,143)	(4,575,621,640)
Bank loans (Note 27)	(2,500,000,000)	(17,436,701,000)
Lease liabilities (Notes 24 and 27)	(81,657,240)	(75,287,484)
Settlement of:		
Cross-currency and principal-only swaps	443,680,923	1,469,220,517
Nondeliverable forwards and swaps	44,876,362	8,346,206
Purchase of treasury shares (Note 17)	(5,133,918,120)	-
Net cash used in financing activities	(42,926,468,910)	(46,651,711,655)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,927,069,677)	2,039,533,883
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,976,696)	5,507,705
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 5)	7,831,194,878	5,786,153,290
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	₱4,902,148,505	₱7,831,194,878

See accompanying Notes to Parent Company Financial Statements.



SM INVESTMENTS CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

SM Investments Corporation (the Company) was incorporated in the Philippines on January 15, 1960. On December 27, 2019, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Company's articles of incorporation to change its corporate life to perpetual. Its registered office address is 10th Floor, OneE-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300.

The Company is a Philippine listed holding company with interests in retail, banking, property, integrated supply chains, renewable energy development and mining.

The accompanying parent company financial statements were authorized for issue by the Board of Directors (BOD) on February 27, 2026, upon the recommendation of the Audit Committee.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The parent company financial statements are prepared on the historical cost basis, except for financial instruments measured at fair value (including all derivatives and financial assets at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL)). The parent company financial statements are presented in Philippine Pesos, which is the Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRS) Accounting Standards. Amounts are rounded to the nearest Peso, unless otherwise indicated.

Statement of Compliance

The parent company financial statements have been prepared in compliance with PFRS Accounting Standards.

The Company prepares and issues consolidated financial statements in compliance with PFRS Accounting Standards and for the same period as the parent company financial statements. These consolidated financial statements may be obtained at the registered office address of the Company or at the Philippine SEC.

3. Summary of Material Accounting Policies, Changes and Improvements

The material accounting policies adopted in the preparation of the parent company financial statements are summarized below.

Determination of Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or,
- in the most advantageous market for the asset or liability, in the absence of a principal market.

The principal or the most advantageous market must be accessible to the Company.



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

The fair value measurement of a nonfinancial asset considers the market participant's ability to generate economic benefits by using and/or selling the asset to another market participant in its highest and best use.

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

Assets and liabilities for which fair value is measured based on the lowest-level significant input are classified and disclosed in the parent company financial statements based on the fair value hierarchy described below:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company determines the policies and procedures for both recurring and nonrecurring fair value measurements. For the purpose of fair value disclosures, the Company has assessed the class of assets and liabilities on the basis of the nature, characteristics and risks of the subject asset or liability and fair value hierarchy.

Financial Instruments

Financial Assets

Initial Recognition and Measurement

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVTPL. The classification at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Company's business model for managing them. The initial measurement of financial assets, except for those classified as FVTPL, includes the transaction cost. The exception is for trade receivables that do not contain a significant financing component. These are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

For a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

Subsequent to initial recognition, the Company classifies its financial assets in the following categories:

- Amortized cost
- FVTPL
- FVOCI
 - with recycling of cumulative gains and losses (debt instruments)
 - with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial Assets at Amortized Cost (Debt Instruments)

The Company measures financial assets at amortized cost when:

- The financial asset is held within a business model with the objective to hold these and collect contractual cash flows; and,
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are SPPI.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include cash and cash equivalents, time deposits, receivables (excluding certain other receivables), escrow fund and refundable deposits (included under "Other noncurrent assets" account).

Financial Assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

Financial assets at FVTPL are measured at fair value. Changes in fair value are recognized in profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative when:

- The economic characteristics and risks are not closely related to the host;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and,
- The hybrid contract is not measured at FVTPL.



Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required, or a reclassification of a financial asset out of the FVTPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

Financial Assets Designated at FVOCI (Equity Instruments)

Upon initial recognition, the Company can elect to irrevocably classify its equity investments as equity instruments designated at FVOCI when these meet the definition of equity under Philippine Accounting Standard (PAS) 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined at instrument level.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as income in profit or loss when the right of payment is established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company's equity instruments at FVOCI include investments in shares of stock and club shares (included under "Financial assets at FVOCI" account).

Derecognition

A financial asset, part of a financial asset or part of a group of similar financial assets, is primarily derecognized when:

- The right to receive cash flows from the asset has expired; or,
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates the extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Modification of Financial Assets

The Company derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.



The Company considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. The Company considers the following factors in its assessment:

- Change in currency;
- Introduction of an equity feature;
- Change in counterparty; and
- Asset no longer qualified as SPPI

The Company also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Company considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in profit or loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a new financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for expected credit loss (ECL) measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Impairment

The Company recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

To calculate ECLs, the Company uses a provision matrix for receivable from tenants, related parties and royalty and service fees and general approach (low credit risk simplification) for treasury assets.

Under the provision matrix, ECLs are calculated based on lifetime ECLs. Changes in credit risk are not tracked, instead, a loss allowance based on lifetime ECLs are adjusted for forward-looking factors specific to the debtors and the economic environment is recognized.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified at initial recognition as either measured at FVTPL, or at amortized cost, or as derivatives designated as hedging instruments in an effective hedge relationship.



Financial liabilities are initially recognized at fair value and, for those measured at amortized cost, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and other current liabilities (excluding payable to government agencies and advance rentals and deposits), long-term debt, lease liabilities and tenants' deposits and others (excluding deferred rent income).

Subsequent Measurement

Financial Liabilities at Amortized Cost

Interest-bearing loans and borrowings and other financial liabilities measured at amortized cost are subsequently measured using the EIR method. Gains and losses are recognized in profit or loss upon derecognition and through the amortization process.

Amortized cost is calculated by considering any discount or premium on initial recognition and fees or costs that are integral to the EIR. EIR amortization is recognized as interest expense in profit or loss.

Financial Liabilities at FVTPL

Financial liabilities at FVTPL include those held for trading and derivative financial instruments that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless these are designated as effective hedging instruments. Gains and losses on liabilities held for trading are recognized in profit or loss.

Derecognition

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

Exchange or Modification of Financial Liabilities

The Company considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When the exchange or modification of the existing financial liability is not considered as substantial, the Company recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.



Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the parent company balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, i.e., to realize the assets and settle the liabilities simultaneously.

Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement

The Company uses derivative financial instruments such as cross-currency swaps, principal-only swaps and nondeliverable forwards and swaps to hedge the risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged instrument.

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under “Net unrealized loss on financial assets at FVOCI and others” account.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a nonfinancial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a nonfinancial asset or nonfinancial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.



For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which hedged cash flows affect the profit or loss.

If hedge accounting is discontinued, the amount accumulated in OCI shall remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount shall be reclassified to profit or loss as a reclassification adjustment. When the hedged cash flow occurs, any amount remaining in accumulated OCI is accounted for depending on the nature of the underlying transaction.

Other Derivative Instruments Not Accounted for as Hedges

Certain freestanding derivative instruments that provide economic hedges under the Company's policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair value of derivative instruments not designated as hedges are recognized under "Gain from fair value changes on derivatives - net" account in profit or loss (see Note 26). Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

Investments in Subsidiaries, Associates and Joint Venture

The Company's investments in subsidiaries (entities which the Company controls), associates (entities in which the Company has significant influence and are neither subsidiaries nor joint ventures) and joint venture are carried at cost less any impairment in value.

Under the cost method, the Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiary, associate or joint venture. The Company recognizes dividend income from its subsidiaries, associates and joint venture when its right to receive the dividend is established.

Common control transactions with the subsidiaries that lack commercial substance are recorded at the carrying value of assets given up. No gain or loss is recognized from the transactions. Otherwise, the transaction is accounted for in accordance with the terms of the contract and general requirements of PFRS Accounting Standards related to this type of transaction.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, namely:

Buildings, condominium units and improvements	5-25 years
Machinery and equipment	10 years
Transportation equipment	5-15 years
Furniture, fixtures and office equipment	5-10 years

The residual values, useful lives and methods of depreciation of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period. The carrying value of the assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Investment Properties

Investment properties, except land, are measured at cost, less accumulated depreciation and accumulated impairment in value. Land is stated at cost less any impairment in value.



Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, namely:

Land improvements	10 years
Buildings and improvements	5–25 years
Building equipment, furniture and others	3–10 years

The residual values, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

Transfers are made to (from) investment property when there is a change in use evidenced by ending (commencement) of owner-occupation or commencement of lease to another party (commencement of development with a view to sell).

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

Construction in Progress

Construction in progress under investment property represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Cost also includes interest on borrowed funds incurred during the construction period. Construction in progress is not depreciated.

Impairment of Nonfinancial Assets

The carrying value of nonfinancial assets (investment in subsidiaries, associates and joint venture, property and equipment, investment properties and right-of-use (ROU) assets) is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units (CGUs) are written down to their recoverable amounts. The recoverable amount of the asset is the higher of fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. In such a case, the recoverable amount is estimated. Any previously recognized impairment loss is reversed only when there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Accordingly, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation or amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



Tenants' Deposits

Tenants' deposits are measured at amortized cost. Tenants' deposits refer to security deposits received upon inception of the lease contracts on the Company's investment properties. These deposits are refundable upon lease termination, net of any unpaid rental fees, penalties and/or costs to repair damages to the leased properties, if any. The related lease contracts usually have a term of more than 12 months.

Revenue and Cost Recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in majority of its revenue arrangements.

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

Dividends. Revenue is recognized when the Company's right as a shareholder to receive payment is established.

Royalty and Service Fees. Revenues are recognized when earned in accordance with the terms of the agreements.

Rent. Revenue is recognized on a straight-line basis over the lease term or based on the terms of the lease, as applicable. Contingent rent is recognized as revenue in the period in which it is earned.

Costs and Expenses. Costs and expenses are recognized as incurred.

Other Income

Gain on Disposal of Investment in Subsidiaries and Associates and Financial Assets (Equity Instruments). Income is recognized when the sale is confirmed by the broker or the securities are delivered.

Interest Income. Income is recognized when interest accrues, considering the effective yield.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Any subsequent reversal of the provision is recognized in the same line item in profit or loss where the expense was initially recognized.

Taxes

Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the tax amounts are those that are enacted or substantively enacted as at the end of the reporting period.



Deferred Income Tax. Deferred income tax is set up based on the liability method and considering the temporary differences between the tax base of assets and liabilities and their carrying amounts at each reporting period.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of excess MCIT over RCIT and unused NOLCO can be utilized, except:

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

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

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

Income tax relating to items recognized directly in OCI is recognized in OCI and not in profit or loss.

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

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

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the “Prepaid taxes and other current assets” or “Accounts payable and other current liabilities” accounts in the parent company balance sheet.

Segment Reporting

The Company has identified four reportable operating segments: property, retail, banking and portfolio investments.

The property segment includes the operation of malls, hotels, and convention centers; leasing of commercial spaces; and the development of integrated communities comprising residential, lifestyle, retail, commercial, and leisure properties.



The retail segment is engaged in the retail and wholesale trading of merchandise, including dry goods, wearing apparel, food, and other consumer products.

The banking segment represents the Company's equity interest in BDO Unibank Inc. (BDO) and China Banking Corporation (China Bank).

The portfolio investments segment comprises investments in 2GO Group, Inc. (2GO), Philippine Geothermal Production Company, Inc. (PGPC), Neo subsidiaries and associates, Atlas Consolidated Mining and Development Corporation (Atlas), Belle Corporation (Belle), Goldilocks Bakeshop, Inc. (GBI) and others.

The BOD monitors the operating results of each segment for purposes of resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, measured consistently with the consolidated financial statements.

Events after the Reporting Period

Post yearend events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the parent company financial statements. Post yearend events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous year except for the adoption of new standards effective in 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

▪ Amendments to PAS 21, *Lack of Exchangeability*

The amendments clarify how an entity assesses whether a currency is exchangeable and how it determines the spot exchange rate when exchangeability is lacking. The amendments also introduce related disclosure requirements. The amendments are effective for annual periods beginning on or after January 1, 2025, with early adoption permitted. Comparative information is not restated upon adoption. The adoption of this new standard did not have a significant impact on the parent company financial statements.

Future Changes in Accounting Policies and Disclosures

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

▪ Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.



The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before the settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of nonrecourse assets and contractually linked instruments.

The amendments are effective on or after January 1, 2026 to be applied retrospectively, with early adoption permitted.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

- Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.



- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

a) Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

b) Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

PFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard is effective for annual periods beginning on or after January 1, 2027. The Company does not issue insurance contracts. Accordingly, the adoption of PFRS 17 is not expected to have an impact on the parent company financial statements.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

PFRS 18 replaces PAS 1 and introduces new requirements on the presentation and disclosure in the financial statements, including new categories and subtotals in the parent company financial statements of income and enhanced disclosure of management-defined performance measures. The standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.



- PFRS 19, *Subsidiaries without Public Accountability*

PFRS 19 permits eligible entities without public accountability to apply reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of other PFRS Accounting Standards. The standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

The amendments introduce translation requirements when an entity translates its financial statements, or the results and financial position of a foreign operation, from a functional currency of a nonhyperinflationary economy to a presentation currency of a hyperinflationary economy. The amendments are effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combination*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. These judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at reporting date.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements:

Operating Lease Commitments - Company as Lessor. Management has determined that the Company retains all the significant risks and rewards of ownership of the properties and thus, accounts for the contracts as operating leases. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life.



Determination of Lease Term of Contracts with Renewal and Termination Options - Company as Lessee. The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating the certainty or possibility of exercising the option to renew or terminate the lease contracts. The Company considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Company reassesses the lease term for any significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate the lease contracts (e.g. construction of significant leasehold improvements or significant customization to the leased asset).

Classifying Investments in Associates and Subsidiaries. The classification of investments in associates or subsidiaries requires significant judgment. In making this judgment, the Company evaluates whether it has significant influence over or control of the investees.

Management assessed that the Company has significant influence over all its associates by virtue of the Company's more than 20% voting power in the investee, representation in the board of directors, and participation in policy-making processes of the associates.

Control is achieved when the Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if the Company has:

- Power over the investee (i.e., existing rights that give it the ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

SM Prime Holdings, Inc. (SM Prime). The Company has 50% ownership interest in SM Prime. Management assessed that the Company has control of SM Prime as it holds significantly more voting rights than any other vote holder or organized group of vote holders, and the other shareholdings are widely dispersed giving the Company the power to direct relevant activities of SM Prime.

BDO. The Company has 39% ownership interest in BDO. Management assessed that the Company does not have control of BDO as the Company's voting rights is not sufficient to give it power to direct the relevant activities of BDO.

See Note 10 for related balances.

Contingencies. The Company is involved in certain legal and administrative proceedings. The Company, in collaboration with outside legal counsel handling defense, as the case may be, does not believe that these proceedings will have a material adverse effect on its financial position and performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings.



Estimates and Assumptions

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that pose a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in the succeeding years are discussed below.

Impairment of Investments in Subsidiaries, Associates and Joint Venture. Impairment review of investments in subsidiaries, associates and joint venture is performed when events or changes in circumstances indicate that the carrying value may not be recoverable. This requires management to make an estimate of the expected future cash flows from the investments using key assumptions such as long-term growth rates and discount rates used to calculate the present value of those cash flows. See Note 10 for related balances.

Impairment of Other Nonfinancial Assets. The Company assesses at each reporting date whether there is an indication that an item of property and equipment, investment properties, ROU assets and other noncurrent assets may be impaired. This assessment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have a material impact on the financial position and performance of the Company.

The preparation of the estimated future cash flows involves judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges. See Notes 11, 12, 13 and 24 for related balances.

Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of excess MCIT over RCIT and NOLCO is based on the projected taxable income in future periods. Based on the projection, not all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO will be realized. See Note 23 for related balances.

Present Value of Defined Benefit Obligation. The present value of the pension obligations depends on a number of factors including assumptions of discount rate and rate of salary increase, among others.

The Company determines the appropriate discount rate at the reporting date. In determining the discount rate, the Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Management believes that the assumptions used are reasonable and appropriate. However, significant differences in actual experience or significant changes in assumptions would materially affect the Company's pension and other pension obligations. See Note 22 for related balances.

Fair Value of Financial Assets and Liabilities. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates and volatility rates). The amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would directly affect the profit or loss and OCI. See Note 26 for related balances.



Provisions. The Company has present and potential obligations (legal or constructive) as a result of past events. Management believes that it is probable that an outflow of resources will be required to settle the obligation. The Company makes a reliable estimate of the amount to be settled.

Provisions amounted to ₱1,700.0 million and ₱3,800.0 million as at December 31, 2025 and 2024, respectively. Other information required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, has not been disclosed as it may prejudice the Company's negotiations with third parties.

5. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand and in banks (Note 21)	₱73,045,256	₱19,640,338
Temporary investments (Note 21)	4,829,103,249	7,811,554,540
	₱4,902,148,505	₱7,831,194,878

Cash in banks and temporary investments earn interest at the prevailing market rates. The maturities of temporary investments vary based on the Company's short-term liquidity requirements.

Interest earned from cash in banks and temporary investments is disclosed in Note 20.

6. Time Deposits

This account consists of Peso-denominated time deposits amounting to ₱81.0 million and ₱77.0 million as at December 31, 2025 and 2024, respectively. The time deposits bear interest ranging from 4.0% to 4.3% and 4.0% to 4.7% in 2025 and 2024, respectively.

Interest income earned from time deposits is disclosed in Note 20.

7. Receivables

This account consists of:

	2025	2024
Receivables from related parties (Note 21)	₱14,954,335,877	₱14,897,134,637
Notes receivable (Note 21)	3,100,000,000	-
Royalty and service fees (Notes 18 and 21)	2,403,544,149	2,438,623,314
Receivables from tenants (Note 21)	365,545,986	379,535,054
Dividends (Note 21)	358,658,078	5,107,878,498
Accrued interest (Notes 5, 6, 13 and 21)	3,355,263	2,593,037
Nontrade receivables and others	1,595,529,911	1,273,868,996
	22,780,969,264	24,099,633,536
Allowance for ECL (Note 19)	601,904,463	-
	₱22,179,064,801	₱24,099,633,536



The terms and conditions of these receivables follow:

- Receivables from tenants and royalty and service fees, mostly from affiliates, are not subject to interest and are normally collectible on 30-day to one-year terms.
- Notes receivable pertains to short-term loan extended to PGPC which bears interest of 4.0% payable at maturity. Interest income earned from notes receivable is disclosed in Note 20.
- Dividends and nontrade receivables and others are not subject to interest and are collectible within the next financial year. Nontrade receivables consist of reimbursement for utilities, communications, repairs and maintenance and others.
- Accrued interest pertains mostly to interest income earned from time deposits and notes receivable which pay interest quarterly or semi-annually.
- The terms and conditions relating to related party receivables are discussed in Note 21.

In 2025, an allowance for ECL is recognized for receivables from related parties and nontrade receivables.

The aging analysis of receivables follows:

	2025		Total
	Neither Past Due nor Impaired	Over 31 Days Past Due but not Impaired	
Receivables from related parties	₱14,462,835,877	₱–	₱14,462,835,877
Notes receivable	3,100,000,000	–	3,100,000,000
Royalty and service fees	2,403,544,149	–	2,403,544,149
Receivables from tenants	331,821,287	33,724,699	365,545,986
Dividends	358,658,078	–	358,658,078
Accrued interest	3,355,263	–	3,355,263
Nontrade receivables and others	1,485,125,448	–	1,485,125,448
	₱22,145,340,102	₱33,724,699	₱22,179,064,801

	2024		Total
	Neither Past Due nor Impaired	Over 31 Days Past Due but not Impaired	
Receivables from related parties	₱14,897,134,637	₱–	₱14,897,134,637
Royalty and service fees	2,438,623,314	–	2,438,623,314
Receivables from tenants	354,074,589	25,460,465	379,535,054
Accrued interest	2,593,037	–	2,593,037
Dividends	5,107,878,498	–	5,107,878,498
Nontrade receivables and others	1,273,868,996	–	1,273,868,996
	₱24,074,173,071	₱25,460,465	₱24,099,633,536

8. Financial Assets at FVOCI

This account consists of:

	2025	2024
Shares of stock:		
Listed (Notes 25 and 26)	₱10,891,296,211	₱12,323,160,940
Unlisted (Notes 25 and 26)	3,908,500	3,908,500
Club shares (Notes 25 and 26)	28,750,000	28,100,000
	₱10,923,954,711	₱12,355,169,440



Financial assets at FVOCI consist of equity investments, including shares of stock and club shares, that are not held for trading and have been irrevocably designated at FVOCI, as the Company considers these investments to be strategic in nature.

The movements in net unrealized loss on financial assets at FVOCI follow:

	2025	2024
Balance at beginning of year	₱692,844,122	₱240,378,737
Net loss due to changes in fair value of financial assets at FVOCI	1,431,214,729	452,465,385
Balance at end of year	₱2,124,058,851	₱692,844,122

9. Prepaid Taxes and Other Current Assets

This account consists of:

	2025	2024
Prepaid taxes and other prepayments	₱266,696,987	₱233,128,916
Derivative assets (Note 26)	73,581,770	379,122,984
Supplies inventory	2,817,413	2,204,901
	₱343,096,170	₱614,456,801

Prepaid taxes and other prepayments consist of creditable tax certificates and prepayments for insurance, real property taxes, rent, and other expenses, generally utilized within the next financial year

10. Investments in Subsidiaries, Associates and Joint Venture

The movements in this account follow:

	2025	2024
Acquisition cost:		
Balance at beginning of year	₱220,477,180,647	₱216,667,635,541
Additions	6,257,175,000	5,570,292,470
Disposal	(13,961,555)	(2,180,372,364)
Reclassification	-	419,625,000
Balance at end of year	226,720,394,092	220,477,180,647
Allowance for impairment loss:		
Balance at beginning of year	3,818,763,046	4,618,763,046
Additions	366,600,000	200,000,000
Disposal	-	(866,708,189)
Reversal	-	(133,291,811)
Balance at end of year	4,185,363,046	3,818,763,046
	₱222,535,031,046	₱216,658,417,601



The Company regularly performs tests of impairment of its investments comparing the expected cash flows against the carrying values. In 2025, the Company recognized ₱366.6 million of impairment loss due to market conditions. In 2024, the Company recognized ₱200.0 million of impairment loss due to market conditions and reversed allowance for impairment of ₱133.3 million due to improvement in the expected cash flow.

The subsidiaries, associates and joint venture of the Company follow:

Company	Principal Activities	Percentage of Ownership			
		2025		2024	
		Direct	Indirect	Direct	Indirect
Subsidiaries					
Property					
SM Prime and Subsidiaries	Real estate development	50	–	50	–
SM Development Corporation (SMDC) and Subsidiaries	Real estate development	–	100	–	100
Highlands Prime, Inc. and Subsidiary	Real estate development	–	100	–	100
Costa del Hamilo, Inc. and Subsidiary	Real estate development	–	100	–	100
Magenta Legacy, Inc.	Real estate development	–	100	–	100
Associated Development Corporation	Real estate development	–	100	–	100
Prime Metro Estate, Inc. and Subsidiary	Real estate development	–	100	–	100
Tagaytay Resort Development Corp	Real estate development	–	100	–	100
SM Arena Complex Corporation	Conventions	–	100	–	100
MOA Esplanade Port, Inc.	Port terminal operations	–	100	–	100
Premier Clark Complex, Inc.	Real estate development	–	100	–	100
SM Hotels and Conventions Corp. and Subsidiaries	Hotel and conventions	–	100	–	100
First Asia Realty Development Corporation	Real estate development	–	74	–	74
Premier Central, Inc. and Subsidiary	Real estate development	–	100	–	100
Consolidated Prime Dev. Corp.	Real estate development	–	100	–	100
Premier Southern Corp.	Real estate development	–	100	–	100
San Lazaro Holdings Corporation	Real estate development	–	100	–	100
Southernpoint Properties Corp.	Real estate development	–	100	–	100
First Leisure Ventures Group Inc.	Real estate development	–	50	–	50
CHAS Realty and Development Corporation and Subsidiaries	Real estate development	–	100	–	100
Springfield Global Enterprises Limited *[BVI]	Real estate development	–	100	–	100
Simply Prestige Limited and Subsidiaries *[BVI]	Real estate development	–	100	–	100
SM Land (China) Limited and Subsidiaries * [Hong Kong]	Real estate development	–	100	–	100
Rushmore Holdings, Inc.	Real estate development	–	100	–	100
Prime Commercial Property Management Corp. and Subsidiaries	Real estate development	–	100	–	100
Mindpro, Incorporated	Real estate development	–	70	–	70
A. Canicosa Holdings, Inc.	Real estate development	–	100	–	100
AD Canicosa Properties, Inc.	Real estate development	–	100	–	100
Cherry Realty Development Corporation	Real estate development	–	100	–	100
Supermalls Transport Services, Inc.	Real estate development	–	100	–	100
SM Smart City Infrastructure and Development Corporation	Real estate development	–	100	–	100
Britannia Trading Corp. and Subsidiaries	Trading, importing and exporting of goods	–	100	–	100
SMPHI SG Holdings Pte. Ltd. *[Singapore]	Investment	–	100	–	100
SM Guun Environmental Company, Inc.	Recycling and repurposing of waste	–	70	–	70
Nagtahan Property Holdings, Inc. (Nagtahan)	Real estate development	–	100	100	–
Mountain Bliss Resort & Development Corp. and Subsidiary	Real estate development	100	–	100	–
Intercontinental Development Corporation (ICDC)	Real estate development	97	3	97	3
Prime Central Limited and Subsidiaries *[BVI]	Investment	100	–	100	–
Bellevue Properties, Inc.	Real estate development	62	–	62	–
Neo Subsidiaries ^(a)	Real estate development	95	–	95	–
Philippines Urban Living Solutions, Inc.	Real estate development	71	–	71	–
Retail					
SM Retail Inc. (SM Retail) and Subsidiaries	Retail	77	–	77	–



Company	Principal Activities	Percentage of Ownership			
		2025		2024	
		Direct	Indirect	Direct	Indirect
Others					
Primebridge Holdings, Inc. and Subsidiary	Investment	100	–	100	–
Multi-Realty Development Corporation	Investment	91	–	91	–
Henfels Investments Corporation and Subsidiary	Investment	100	–	100	–
Belleshares Holdings, Inc.	Investment	99	–	99	–
2GO and Subsidiaries	Integrated Supply Chain	67	–	67	–
GBI and Subsidiaries	Bakery products and other food items	64	–	64	–
Globalfund Holdings, Inc.	Investment	100	–	100	–
SMIC SG Holdings Pte. Ltd. (SMIC SG)* [Singapore]	Investment	100	–	100	–
Katimak Holdings, Inc.	Investment	100	–	100	–
Allfirst Renewables Holdings, Inc.	Investment	89	11	89	11
PGPC and Subsidiaries	Development and utilization of minerals, geothermal and other products	60	40	60	40
AIC Group of Companies Holding Corp. and Subsidiaries	Integrated Supply Chain	51	–	51	–
Associates					
BDO and Subsidiaries	Financial Services	39	8	39	8
China Bank and Subsidiaries	Financial Services	23	–	23	–
Atlas and Subsidiaries	Mining	34	–	34	–
Pluxee Philippines Incorporated	Retail	40	–	40	–
CityMall Commercial Centers, Inc.	Real estate development and tourism	34	–	34	–
Neo Associates ^(b)	Real estate development	34	–	34	–
Asia-Pacific Computer Technology Center, Inc.	Investment	42	–	42	–
YCO Global Cloud Centers Holdings, Inc. (YCO)	Data center	18	–	18	–
Citicore Energy REIT Corp. (CREIT)	Renewable energy real estate development	29	–	29	–
Joint Venture					
SH Properties Joint Venture (SH JV)	Real estate development	100	–	–	–

The principal place of business and country of incorporation of the subsidiaries and associates listed above is in the Philippines except for those marked * and as indicated after the company name.

(a) Neo Subsidiaries include N-Plaza BGC Land, Inc., N-Plaza BGC Properties, Inc., N-Quad BGC Land, Inc., N-Quad BGC Properties, Inc., N-Square BGC Land, Inc., N-Square BGC Properties, Inc., N-Cube BGC Land, Inc., N-Cube BGC Properties, Inc., N-One BGC Land, Inc. and N-One BGC Properties, Inc.

(b) Neo Associates include N-Park BGC Properties, Inc., N-Lima BGC Properties, Inc. and N-Park BGC Land, Inc.

Nagtahan

In July 2025, the Company transferred 199,725 shares equivalent to 99.7% equity interest to SM Prime.

SMIC SG

In December 2023, the Company advanced ₱419.6 million to SMIC SG as a deposit for future stock subscription of 7,500,000 shares included under “Other noncurrent assets” account.

In January 2024, SMIC SG issued the 7,500,000 shares to the Company. The Company reclassified the ₱419.6 million deposit to “Investments in subsidiaries, associates and joint venture” account.

In December 2025, the Company subscribed to 1,000,000 shares for ₱57.2 million.

YCO

In April 2024, the Company subscribed to 5,976,922 shares, increasing its equity interest to 18.1%.

PLC

In May 2024, the Company disposed its 1,555,168,000 shares equivalent to 5.0% equity interest, through a tender offer of Belle, PLC’s controlling shareholder.

CREIT

In March 2024, the Company acquired 1,884,374,000 shares equivalent to 28.8% equity interest. CREIT is involved in exploration, development and utilization of energy resources with particular focus on solar and wind energy generation.



SH JV

In November 2025, the Company and SMDC entered into an unincorporated joint venture. As contribution to the joint venture, the Company transferred the land acquired through property-for-share swap (Note 17), with a value of ₱6,200.0 million. SMDC will undertake the development of the property into a mixed-use project, predominantly residential, consisting of several phases.

11. Property and Equipment

The movements in this account follow:

	Buildings, Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Total
Cost					
As at January 1, 2024	₱114,485,930	₱29,878,349	₱444,485,133	₱1,390,446,137	₱1,979,295,549
Additions	734,375	273,664	1,757,143	80,181,877	82,947,059
As at December 31, 2024	115,220,305	30,152,013	446,242,276	1,470,628,014	2,062,242,608
Additions	667,347	1,394,750	2,075,893	120,370,376	124,508,366
As at December 31, 2025	₱115,887,652	₱31,546,763	₱448,318,169	₱1,590,998,390	₱2,186,750,974
Accumulated Depreciation					
As at January 1, 2024	₱90,835,608	₱26,993,007	₱203,208,611	₱1,104,204,370	₱1,425,241,596
Depreciation (Note 19)	8,895,104	888,010	24,315,234	154,121,158	188,219,506
As at December 31, 2024	99,730,712	27,881,017	227,523,845	1,258,325,528	1,613,461,102
Depreciation (Note 19)	7,447,295	957,345	24,821,775	162,738,361	195,964,776
As at December 31, 2025	₱107,178,007	₱28,838,362	₱252,345,620	₱1,421,063,889	₱1,809,425,878
Net Book Value					
As at December 31, 2025	₱8,709,645	₱2,708,401	₱195,972,549	₱169,934,501	₱377,325,096
As at December 31, 2024	15,489,593	2,270,996	218,718,431	212,302,486	448,781,506

12. Investment Properties

The movements in this account follow:

	Land and Improvements	Buildings and Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
Cost					
As at January 1, 2024	₱1,843,509,406	₱3,569,402,510	₱147,584,914	₱124,515,000	₱5,685,011,830
Additions	4,065,320	14,637,356	13,155,666	43,663,015	75,521,357
Disposals	(5,503,587)	—	—	—	(5,503,587)
As at December 31, 2024	1,842,071,139	3,584,039,866	160,740,580	168,178,015	5,755,029,600
Additions	898,571	15,658,763	5,226,254	90,084,719	111,868,307
Disposals	(1,673,754)	—	—	—	(1,673,754)
As at December 31, 2025	₱1,841,295,956	₱3,599,698,629	₱165,966,834	₱258,262,734	₱5,865,224,153
Accumulated Depreciation and Impairment Loss					
As at January 1, 2024	₱217,651,146	₱1,989,361,589	₱105,444,298	₱—	₱2,312,457,033
Depreciation (Note 19)	4,477,661	149,106,597	11,249,362	—	164,833,620
Impairment loss	359,755,672	—	—	—	359,755,672
As at December 31, 2024	581,884,479	2,138,468,186	116,693,660	—	2,837,046,325
Depreciation (Note 19)	3,803,037	156,390,431	10,202,267	—	170,395,735
As at December 31, 2025	₱585,687,516	₱2,294,858,617	₱126,895,927	₱—	₱3,007,442,060
Net Book Value					
As at December 31, 2025	₱1,255,608,440	₱1,304,840,012	₱39,070,907	₱258,262,734	₱2,857,782,093
As at December 31, 2024	1,260,186,660	1,445,571,680	44,046,920	168,178,015	2,917,983,275



In 2025 and 2024, the Company sold 1,043 and 4,042 square-meter lots, respectively, to the Philippine Government for the implementation of C-5 Southlink Expressway Project for a total consideration of ₱36.5 million and ₱141.5 million, exclusive of VAT, respectively. The carrying cost of the lot amounted to ₱1.7 million and ₱5.5 million in 2025 and 2024, respectively. The Company recognized gain on sale of investment properties amounting to ₱34.8 million and ₱136.0 million in 2025 and 2024, respectively.

In 2024, the Company recognized impairment loss amounting to ₱359.8 million on land and improvements. No impairment loss was recognized in 2025.

The fair value of the investment properties amounting to ₱48,096.1 million and ₱48,139.2 million as at December 31, 2025 and 2024, respectively, were determined by an accredited and independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The fair value represents the price that would be received when the investment properties are sold in an orderly transaction between market participants at the measurement date. The valuation approach used in the appraisal is the market data approach. The fair value of investment properties is categorized under Level 3 as these were based on unobservable inputs with price adjustments ranging from 5.0% to 10.0%.

Rent income from investment properties amounted to ₱1,519.3 million and ₱1,529.1 million in 2025 and 2024, respectively. The corresponding direct operating expenses amounted to ₱675.8 million and ₱794.6 million in 2025 and 2024, respectively.

The Company has no restriction on the realizability of its investment properties.

13. Other Noncurrent Assets

This account consists of:

	2025	2024
Creditable tax certificates	₱1,737,230,085	₱1,712,735,632
Derivative assets (Note 26)	1,050,987,306	228,263,857
Bonds and deposits	362,539,308	535,569,233
Escrow fund (Note 25)	130,000,000	130,000,000
Refundable deposits (Note 25)	39,827,330	39,881,849
	₱3,320,584,029	₱2,646,450,571

- Bonds and deposits include advances made by the Company to various suppliers and other parties relative to various construction projects and service contracts.
- Escrow fund pertains to funds deposited in the account of an escrow agent as required by the SEC, in connection with the corporate restructuring in 2013.
- Interest income earned from escrow fund is disclosed in Note 20.



14. Accounts Payable and Other Current Liabilities

This account consists of:

	2025	2024
Subscriptions payable	₱1,966,477,148	₱1,966,477,148
Accrued interest (Notes 16 and 21)	1,087,875,572	1,160,019,385
Payables to suppliers	786,603,779	668,199,602
Payables to government agencies	400,355,175	513,320,299
Accrued expenses	348,875,285	335,691,141
Advance rentals and deposits	219,026,323	211,117,055
Derivative liabilities (Notes 25 and 26)	73,581,770	99,343,594
Payables to related parties (Note 21)	56,580,754	56,580,754
Lease liabilities (Notes 21 and 24)	51,658,444	40,975,587
	₱4,991,034,250	₱5,051,724,565

The terms and conditions of the above liabilities follow:

- Subscriptions payable pertains to the unpaid subscriptions of shares of certain companies which are due and demandable.
- Accrued interest pertains to unpaid interest on long-term debt, which is normally settled quarterly or semi-annually.
- Payables to suppliers primarily represent amounts due to supplier and contractors. These do not bear interest and are generally settled within 30 to 60 days.
- Payables to government agencies mainly consist of VAT liability which is normally settled within the next financial year.
- Accrued expenses pertain to costs and expenses incurred in the normal course of business and are normally settled within the next financial year. This account consists of accrual for personnel cost, repairs and maintenance, communication, utilities, taxes and licenses, dues and subscriptions and others.
- Advance rentals and deposits pertain substantially to the advance rental payments from various lessees for the rental of space in the Company's investment properties. The lease agreements provide that the advance rental payments will be applied to rentals within the next financial year. Advance rental is not remeasured at amortized cost.
- The terms and conditions of payable to related parties are discussed in Note 21.

15. Provisions

Provisions are amounts appropriated for potential obligations of the Company. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, has not been disclosed as it may prejudice the Company's negotiations with third parties.



16. Long-term Debt

This account consists of:

	Availability	Maturity	Security	Interest Rate/Term	2025	2024
U.S. dollar-denominated:						
US\$80.0 million four-year term loans*	June 7, 2023	September 7, 2025	Unsecured	Floating ROP reference rate + margin; quarterly	₱ -	₱ 4,627,600,000
US\$400.0 million ten-year term loans** (Note 21)	July 25, 2024	July 24, 2034	Unsecured	Fixed 5.4%; semi-annual	23,516,000,000	23,138,000,000
US\$70.0 million nine-year term loans** (Note 21)	February 12, 2025	July 24, 2034	Unsecured	Fixed 5.4%; semi-annual	4,115,300,000	-
US\$57.6 million seven-year term loans*	April 21, 2025	April 21, 2032	Unsecured	Fixed 4.9%; quarterly	3,388,768,559	-
G.B. pound-denominated						
GB£48.2 million two-year term loans*	April 17, 2023	April 21, 2025	Unsecured	Fixed 4.2%; quarterly	-	3,476,146,549
GB£42.5 million five-year term loans*	July 26, 2023	July 26, 2028	Unsecured	Fixed 5.3%; quarterly	3,304,198,625	3,065,066,978
Peso-denominated:						
Fixed rate retail bonds						
Series I Bonds						
Series J Bonds	February 18, 2022	February 18, 2025	Unsecured	Fixed 3.6%; semi-annual	-	7,500,000,000
Other Peso bank loans (Note 21)	February 18, 2022	February 18, 2027	Unsecured	Fixed 4.8%; semi-annual	7,500,000,000	7,500,000,000
	April 2, 2020 to	March 28, 2025 to	Unsecured	Fixed 4.0% to 5.2% and two-year	20,736,000,000	30,574,500,000
	March 6, 2023	May 14, 2031		PHP BVAL + margin; quarterly		
Less debt issue cost						
					62,560,267,184	79,881,313,527
					297,969,450	351,605,951
Less current portion						
					62,262,297,734	79,529,707,576
					4,170,698,780	14,839,100,660
					₱58,091,598,954	₱64,690,606,916

ROP – Republic of the Philippines

BVAL – Bloomberg Valuation

* Hedged against interest rate and foreign exchange risks using cross-currency swap contracts (see Notes 25 and 26)

** Hedged against foreign exchange risk using principal-only swap contracts (see Notes 25 and 26)



Interest expense incurred on long-term debt is disclosed in Note 20.

Debt Issue Cost

The movements in unamortized debt issue cost follow:

	2025	2024
Balance at beginning of year	₱351,605,951	₱386,153,322
Additions	55,288,079	212,805,000
Amortization (Note 20)	(75,959,630)	(189,774,386)
Prepayments (Note 20)	(35,796,260)	(58,643,481)
Foreign exchange movement	2,831,310	1,065,496
Balance at end of year	₱297,969,450	₱351,605,951

The amortization of debt issue cost is recognized in profit or loss under “Interest expense”.

Repayment Schedule

The repayment schedule of long-term debt as at December 31, 2025 follows:

	Gross Debt	Debt Issue Cost	Net
Within one year	₱4,173,603,998	₱2,905,218	₱4,170,698,780
Over one year to five years	22,986,033,054	68,316,789	22,917,716,265
Over five years	35,400,630,132	226,747,443	35,173,882,689
	₱62,560,267,184	₱297,969,450	₱62,262,297,734

Covenants

The long-term debt of the Company is covered with certain covenants including adherence to debt-equity ratio not to exceed 80:20 and certain restrictions with respect to material change in ownership or control. As at December 31, 2025 and 2024, the Company is in compliance with the terms of its debt covenants.

17. Equity

Capital Stock

a. Common stock

	Number of Shares	
	2025	2024
Authorized – ₱10 par value per share	2,790,000,000	2,790,000,000
Subscribed and issued		
At beginning of year	1,226,114,578	1,226,114,578
Issuance	7,039,562	–
At end of year	1,233,154,140	1,226,114,578
Treasury stock		
At beginning of year	4,091,220	4,091,220
Share buyback	6,935,790	–
At end of year	11,027,010	4,091,220
Outstanding at end of year	1,222,127,130	1,222,023,358

As at December 31, 2025 and 2024, the Company is compliant with the minimum public float required by the Philippine Stock Exchange.



In February 2025, the Company issued 7,039,562 new common shares to ICDC in exchange for land valued at ₱6,200.0 million (see Note 10). This property-for-share swap transaction between the Company and ICDC, a wholly-owned subsidiary, was approved by the BOD in August 2024. The valuation of subject properties was approved by the SEC in February 2025.

Information on the Company's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
March 22, 2005		105,000,000	₱250
November 6, 2007		56,000,000	218
June 14, 2007	100,000,000		10
April 25, 2007 (4.3% stock dividends)		25,023,038	10
October 4, 2010 to March 13, 2012 Conversion of convertible bonds		2,851,582	453
September 24, 2012		9,100,000	700
January 23, 2013 to July 5, 2013 Conversion of convertible bonds		7,651,851	781
June 14, 2013	500,000,000		10
June 24 and July 12, 2013 (25.0% stock dividends)		157,657,314	10
July 18, 2013 to November 1, 2013 Conversion of convertible bonds		738,483	625
August 1, 2013		7,250,000	900
August 27, 2014 Conversion of convertible bonds		68,378	625
January 15, 2015 to April 9, 2015 Conversion of convertible bonds		6,714,759	625
July 15, 2016	1,600,000,000		10
July 20, 2016 (50.0% stock dividends)		401,527,462	10
August 1, 2022 (merger)		21,531,471	904
August 3, 2022		240	10
February 28, 2025 (property-for-share swap)		7,039,562	881

The total number of shareholders of the Company is 1,253 and 1,258 as at December 31, 2025 and 2024, respectively.

b. Redeemable preferred shares

	Number of Shares	
	2025	2024
Authorized - ₱10 par value per share	10,000,000	10,000,000

There are no issued and subscribed preferred shares as at December 31, 2025 and 2024.



c. Treasury Stock

In February 2025, the BOD approved the creation and implementation of a share buyback program involving up to ₱60.0 billion worth of the Company's common shares.

As at December 31, 2025, the Company purchased 6,935,790 of its common shares at an average price of ₱740.21, totaling ₱5.1 billion. As at December 31, 2025 and 2024, the Company held 11,027,010 and 4,091,220 treasury shares, respectively.

Retained Earnings

a. Appropriated

Following are the appropriations approved by the BOD:

	Date of BOD Approval	Amount
Addition	November 10, 2021	37,000,000,000
Reversal	November 13, 2024	(37,000,000,000)
Addition	November 13, 2024	30,000,000,000

Retained earnings appropriated as at December 31, 2025 is intended for new investments for the years 2026 to 2027.

b. Unappropriated

The Company's cash dividend declarations in 2025 and 2024 follow:

Declaration Date	Record Date	Payment Date	Per Share	Total
<i>Regular</i>				
April 30, 2025	May 16, 2025	May 29, 2025	₱11.00	₱13,514,879,620
April 24, 2024	May 9, 2024	May 23, 2024	9.00	10,998,210,222
<i>Special</i>				
April 30, 2025	May 16, 2025	May 29, 2025	₱2.00	₱2,457,250,840

The retained earnings of the Company available for dividend declaration amounted to ₱72,692.1 million and ₱54,891.3 million as at December 31, 2025 and 2024, respectively.

18. **Royalty and Service Fees**

The disaggregation of royalty and service fees follows:

	2025	2024
Retail	₱6,905,045,568	₱6,419,974,296
Property	259,042,373	192,155,180
Banking and portfolio investments	213,095,166	168,472,475
	₱7,377,183,107	₱6,780,601,951



19. Costs and Expenses

This account consists of:

	2025	2024
Personnel cost (Note 21)	₱1,998,872,977	₱1,884,966,174
Provisions (Note 15)	1,700,000,000	3,800,000,000
Outside services	617,620,361	578,777,771
Repairs and maintenance	607,747,376	431,564,089
ECL on receivables (Note 7)	601,904,463	-
Depreciation and amortization (Notes 11, 12 and 24)	410,444,872	396,428,316
Dues and subscription	383,766,997	379,535,502
Communication	283,779,390	271,019,495
Utilities	219,241,729	234,254,173
Taxes and licenses	208,463,586	153,554,547
Donations and contributions	120,392,452	97,391,133
Entertainment, amusement and recreation	83,088,892	75,778,134
Advertising and promotions	81,581,697	65,027,204
Management and service fees (Note 21)	51,783,024	55,271,912
Insurance	16,788,364	14,681,110
Commissions	12,001,919	3,294,107
Others	299,100,029	270,078,339
	7,696,578,128	8,711,622,006
Various reimbursements	(1,121,537,274)	(859,352,781)
	₱6,575,040,854	₱7,852,269,225

Personnel cost consists of:

	2025	2024
Salaries and wages (Note 21)	₱1,854,191,845	₱1,740,927,050
Pension benefits (Notes 21 and 22)	68,776,792	89,310,648
Other employee benefits	75,904,340	54,728,476
	₱1,998,872,977	₱1,884,966,174

20. Interest Income and Expense

The sources of interest income and interest expense follow:

	2025	2024
Interest income on:		
Cash and cash equivalents (Notes 5 and 21)	₱247,456,188	₱208,891,724
Time deposits (Notes 6 and 21)	2,821,655	356,081,133
Notes receivable (Notes 7 and 21)	1,566,667	-
Others (Note 13)	5,760,516	6,297,561
	₱257,605,026	₱571,270,418



	2025	2024
Interest expense on:		
Long-term debt (Notes 16 and 21)	₱4,004,916,497	₱4,836,137,516
Debt issue cost (Note 16)	111,755,890	248,417,867
Lease liabilities (Notes 21 and 24)	40,681,652	43,329,175
Bank loans (Note 21)	2,595,833	151,561,833
Others	9,048,747	7,392,327
	₱4,168,998,619	₱5,286,838,718

21. Related Party Disclosures

Parties are considered related if one party has the ability, directly and indirectly, to control or exercise significant influence over the other party in making financial and operating decisions, or if they are subject to common control. The Company has a policy requiring that related party transactions which exceed specified thresholds and/or are not conducted in the ordinary course of business be reviewed and approved by the Related Party Transactions Committee under the BOD.

The significant transactions with related parties follow:

a. Dividend Income

The Company earns dividend income from its subsidiaries and associates.

b. Rent

The Company has existing lease agreements for land and office space with subsidiaries and other related companies (retail subsidiaries, bank associates and other affiliates).

The Company has a lease agreement with SM Prime (as lessor) over two parcels of land, where the Company's principal offices are located. Rent payable by the Company is fixed per square meter per month. The Company has the right to construct a commercial building and other improvements on the leased property. SM Prime has the obligation to pay the real estate taxes on the leased property whereas the Company has the obligation to pay the real estate taxes on the improvements (see Note 24).

c. Royalty and Service Fees

The Company pays service fees to SM Prime, Shopping Center Management Corporation (a subsidiary of SM Prime) and SM Retail for the management of its office premises and of its various commercial properties (see Note 19).

The Company also provides consultancy services and access to the SM Business System, including its human, relational and structural capital. In consideration for these services, the Company earns royalty and service fees based on a specified percentage of the related companies' net sales, as provided under the respective contracts (see Note 18).

d. Cash Placements and Loans

The Company maintains bank accounts, short-term placements and time deposits with BDO and China Bank that earn interest at prevailing rates (see Notes 5 and 6).



The Company has a notes receivable from a subsidiary (see Note 7).

The Company also has long-term debt with BDO, China Bank and SMIC SG which bears interest at prevailing rates (see Note 16).

The Company has guaranteed the long-term debt of a related party. No liability is expected to arise from such guarantee.

e. Others

The Company, in the normal course of business, has outstanding receivables from and payables to related parties which are unsecured and normally settled in cash.

The related party transactions and outstanding balances follow:

Category	Year	Transaction Amount	Outstanding Amount	Terms	Conditions
<i>(In Thousands)</i>					
Subsidiaries					
Dividend income	2025	₱21,890,551	₱-	Noninterest-bearing	Unsecured, no impairment
	2024	16,118,846	4,861,095		
Royalty and service fee income	2025	5,045,711	704,611	Noninterest-bearing, 30 to 180 days terms	Unsecured, no impairment
	2024	4,732,288	339,870		
Rent income	2025	741,168	86,805	Noninterest-bearing, 30 day terms	Unsecured, no impairment
	2024	732,605	73,741		
Service fee expense	2025	42,330	3,449	Noninterest-bearing	Unsecured
	2024	52,898	2,831		
Interest expense	2025	1,336,710	643,579	Fixed 5.4% 180 day terms	Unsecured
	2024	535,468	535,468		
Interest expense on lease liabilities (Notes 20 and 24)	2025	40,682	-	Noninterest-bearing	Unsecured
	2024	43,329	-		
Receivable from related parties (Note 7)	2025	-	14,462,836	Noninterest-bearing	Unsecured, with impairment of ₱491.5 million as at December 31, 2025
	2024	-	14,897,135		
Payable to related parties (Note 14)	2025	-	56,581	Noninterest-bearing	Unsecured
	2024	-	56,581		
Notes receivable (Note 7)	2025	-	3,100,000	Interest-bearing, 4.0%	Unsecured, no impairment
	2024	-	-		
Interest income on notes receivables	2025	1,567	1,567	Interest-bearing, 4.0%	Unsecured, no impairment
	2024	-	-		
Long-term debt (Note 16)	2025	-	27,631,300	Interest-bearing, 5.4%	Unsecured
	2024	-	23,138,000		
Lease liabilities (Note 24)	2025	-	475,401	Noninterest-bearing	Unsecured
	2024	-	516,376		
Associates					
Dividend income	2025	11,738,813	296,334	Noninterest-bearing	Unsecured, no impairment
	2024	10,289,355	190,334		
Royalty and service fee income	2025	2,307,336	1,698,747	Noninterest-bearing, 30 day to 1 year terms	Unsecured, no impairment
	2024	1,993,291	2,095,117		
Rent income	2025	64,954	15,753	Noninterest-bearing, 30 day terms	Unsecured, no impairment
	2024	63,319	10,748		
Interest income	2025	247,456	-		Unsecured, no impairment
	2024	562,049	120		
Interest expense	2025	752,601	46,739	Fixed 4.0% to 4.3%, 90 day terms	Unsecured
	2024	1,240,786	87,805		
Cash and cash equivalents	2025	-	4,902,068	Interest-bearing,	Unsecured, no impairment
	2024	-	7,831,096		
Long-term debt	2025	-	11,976,000	Interest-bearing, fixed 4.0% to 4.3%	Unsecured
	2024	-	15,282,000		



Terms and Conditions of Transactions with Related Parties

Outstanding balances at yearend are unsecured and are normally settled in cash. The Company recognized provision for ECL relating to amounts owed by related parties amounting to ₱491.5 million and nil in 2025 and 2024, respectively.

Compensation of Key Management Personnel

The aggregate compensation and benefits relating to key management personnel of the Company in 2025 and 2024 consist of short-term employee benefits amounting to ₱672.5 million and ₱657.9 million, respectively, and post-employment benefits amounting to ₱57.0 million and ₱74.5 million, respectively.

22. Pension Benefits

The Company has a funded defined benefit pension plan covering all regular and permanent employees. The benefits are based on employees' projected salaries and years of service. An actuarial valuation was performed for the December 31, 2025 reporting date.

Changes in defined benefit asset in 2025 follow:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Defined Benefit Asset
As at December 31, 2024	₱1,466,974,797	₱1,612,176,480	(₱145,201,683)
Net benefit expense in profit or loss (Note 19):			
Current service cost	81,291,725	-	81,291,725
Net interest	88,898,673	101,413,606	(12,514,933)
	170,190,398	101,413,606	68,776,792
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	-	(32,792,763)	32,792,763
Actuarial changes arising from:			
Changes in financial assumptions	(1,932,179)	-	(1,932,179)
Changes in demographic assumptions	4,662,050	-	4,662,050
Experience adjustment	48,489,305	-	48,489,305
Effect of the asset ceiling	-	(3,641,142)	3,641,142
	51,219,176	(36,433,905)	87,653,081
Actual contributions	-	182,759,284	(182,759,284)
Benefits paid	(58,915,244)	(58,915,244)	-
Transfer from the plan	(1,213,296)	(1,213,296)	-
As at December 31, 2025	₱1,628,255,831	₱1,799,786,925	(₱171,531,094)

Changes in defined benefit liability (asset) in 2024 follow:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Defined Benefit Liability (Asset)
As at December 31, 2023	₱1,507,064,786	₱1,470,787,245	₱36,277,541
Net benefit expense in profit or loss (Note 19):			
Current service cost	89,729,048	-	89,729,048
Net interest	94,492,962	94,911,362	(418,400)
Total (Carried Forward)	184,222,010	94,911,362	89,310,648



	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Defined Benefit Liability (Asset)
Total (Brought Forward)	₱184,222,010	₱94,911,362	₱89,310,648
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	–	(26,458,120)	26,458,120
Actuarial changes arising from:			
Changes in financial assumptions	(78,805,494)	–	(78,805,494)
Changes in demographic assumptions	(17,917,164)	–	(17,917,164)
Experience adjustment	(56,755,833)	–	(56,755,833)
Effect of the asset ceiling	–	(12,965,184)	12,965,184
	(153,478,491)	(39,423,304)	(114,055,187)
Actual contributions	–	156,734,685	(156,734,685)
Benefits paid	(82,961,347)	(82,961,347)	–
Transfer to the plan	12,127,839	12,127,839	–
As at December 31, 2024	₱1,466,974,797	₱1,612,176,480	(₱145,201,683)

The Company expects to contribute ₱208.5 million to its Pension Plan in 2026.

The principal assumptions used in determining the Company's pension obligation follow:

	2025	2024
Discount rate	6.1%	6.1%
Future salary increases	6.0%	6.0%

The assets of the Plan are held by a trustee bank, BDO, a related party. The investing decisions of the Plan are made by the Board of Trustees of the Plan. The carrying amounts, which approximate the estimated fair values of the Plan assets, follow:

	2025	2024
Cash and cash equivalents	₱89,433,931	₱50,870,630
Investment in debt and other securities	96,279,791	112,133,110
Investment in common trust funds	658,082,090	600,384,842
Investment in government securities	942,097,400	836,358,375
Others	13,893,713	12,429,523
	₱1,799,786,925	₱1,612,176,480

- Cash and cash equivalents include regular savings and time deposits.
- Investments in debt and other securities, consisting of both short-term and long-term corporate loans, notes and bonds, bear interest ranging from 5.0% to 7.8% and 4.8% to 7.8% in 2025 and 2024, respectively. These have maturities from October 2026 to December 2029 and October 2025 to December 2029 in 2025 and 2024, respectively.
- Investment in common trust funds consists of unit investment trust fund placements.
- Investment in government securities consists of retail treasury bonds that bear interest ranging from 3.6% to 9.3% and 3.4% and 8.6% in 2025 and 2024, respectively. These have maturities from February 2026 to April 2035 and February 2026 to January 2034 in 2025 and 2024, respectively.
- Others pertain to accrued interest income on cash deposits and debt securities held by the Plan.



The outstanding balances and transactions of the Pension Plan with BDO follow:

	2025	2024
Balances:		
Cash and cash equivalents	₱89,433,931	₱50,870,630
Investment in common trust funds	668,082,090	600,384,842
Transactions:		
Interest income from cash and cash equivalents	3,151,393	1,141,949
Net income from investment in common trust funds	64,181,981	63,182,681

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2025 and 2024, assuming all other assumptions were held constant:

		Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
2025	Discount rates	100	(₱45,849,502)
		(100)	50,793,040
	Future salary increases	100	50,343,168
		(100)	(46,406,014)
	No attrition rate	-	53,957,278
2024	Discount rates	100	(₱38,943,685)
		(100)	43,058,470
	Future salary increases	100	42,660,601
		(100)	(39,317,691)
	No attrition rate	-	52,812,622

The average duration of the defined benefit obligation as at December 31, 2025 and 2024 is 3 years.

The maturity analysis of the undiscounted benefit payments follows:

	2025	2024
Year 1	₱927,569,347	₱907,843,684
Year 2	89,476,528	61,215,652
Year 3	100,152,545	79,314,460
Year 4	219,110,810	92,181,030
Year 5	125,791,303	171,273,674
Year 6–10	653,143,015	616,167,107

The Plan assets are not matched to any specific defined benefit obligation.



23. Income Tax

The provision for current income tax in 2025 and 2024 represents MCIT.

The details of the Company's deferred tax liabilities follow:

	2025	2024
ROU assets	₱101,025,534	₱112,046,624
Cross-currency and principal-only swaps	132,545,880	74,011,251
Debt issue cost amortization	58,011,025	65,189,675
Defined benefit asset	42,882,773	36,300,421
Cumulative excess of rent income over lease payments	37,313,958	46,359,650
Unamortized deferred rent income, net of accretion on tenants' deposits	780,117	810,494
Net unrealized foreign exchange gain	-	2,790,771
	₱372,559,287	₱337,508,886

The Company did not recognize any deferred tax assets as management believes that taxable profit will not be available in future periods against which these deductible temporary differences, and carryforward benefits of excess MCIT over RCIT and unused NOLCO may be applied.

The deductible temporary differences and carryforward benefits of NOLCO and MCIT for which no deferred tax assets have been recognized follow:

	2025	2024
NOLCO	₱2,104,860,534	₱7,170,034,713
Allowance for impairment losses and ECL	5,147,023,181	4,178,518,718
Remeasurement loss on defined benefit asset/obligation	778,629,499	690,976,418
MCIT	475,449,908	374,274,461
Lease liabilities	475,400,814	516,376,402
Unamortized past service cost	421,842,882	416,286,531
Nonrefundable advance rentals	217,661,054	209,751,785
Net unrealized foreign exchange loss	9,838,505	-

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱2,764.3 million and ₱3,669.8 million as at December 31, 2025 and 2024, respectively.

As at December 31, 2025, the Company's NOLCO which can be claimed as deduction from its regular taxable income, follow:

Year Incurred	Availment Period	Amount	Applied in Previous Years	Expired	Applied in the Current Year	Unapplied
2020	2021-2025	₱3,570,422,401	₱-	₱2,466,306,147	₱1,104,116,254	₱-
2021	2022-2026	333,096,627	-	-	-	333,096,627
		3,903,519,028	-	2,466,306,147	1,104,116,254	333,096,627
2022 onwards						
2022	2023-2025	1,494,751,778	-	1,494,751,778	-	-
2023	2024-2026	1,369,327,746	-	-	-	1,369,327,746
2024	2025-2027	402,436,161	-	-	-	402,436,161
		3,266,515,685	-	1,494,751,778	-	1,771,763,907
		₱7,170,034,713	₱-	₱3,961,057,925	₱1,104,116,254	₱2,104,860,534



The carryforward benefits of unused MCIT which may be claimed as tax credit against future regular income tax payable, follow:

Year Incurred	Availment Period	Amount	Applied in Previous Years	Expired	Applied in the Current Year	Unapplied
2022	2022-2025	₱78,748,348	₱-	₱78,748,348	₱-	₱-
2023	2023-2026	117,952,650	-	-	-	117,952,650
2024	2024-2027	177,573,463	-	-	-	177,573,463
2025	2025-2028	179,923,795	-	-	-	179,923,795
		₱554,198,256	-	₱78,748,348	-	₱475,449,908

The reconciliation between the statutory tax rate and the Company's effective tax rate follows:

	2025	2024
Statutory income tax rate	25%	25%
Income tax effects of reconciling items:		
Dividends exempt from income tax	(26)	(30)
Change in unrecognized deferred tax assets	-	2
Interest income subjected to final tax	-	(1)
Other nondeductible expenses	1	5
Effective income tax rate	0%	1%

24. Lease Agreements

The Company as a Lessor

The Company's lease agreements with its tenants are generally granted for a term of one to twenty-five years. Upon inception of the lease agreement, tenants are required to pay certain amounts of deposits. Tenants likewise pay a fixed monthly rent which is calculated with reference to a fixed sum per square meter of area leased except for few tenants which pay either a fixed monthly rent or a percentage of gross sales, whichever is higher.

The minimum lease receivables under these noncancellable operating leases as at December 31 follow:

	2025	2024
Within one year	₱1,371,072,270	₱1,467,589,847
Over one year to five years	2,214,141,999	2,462,686,742
Over five years	25,609,826	545,400
	₱3,610,824,095	₱3,930,821,989

Deferred rent income is recognized initially as the difference between the principal amount and the present value of the deposits at lease inception dates and amortized using the straight-line method over the lease term. Deferred rent income amounted to ₱23.0 million and ₱27.2 million as at December 31, 2025 and 2024, respectively.

The Company as a Lessee

The Company has lease contracts for office space and land use rights. Leases of office space generally have lease terms between 3 and 5 years, while land use rights generally have lease terms between 14 and 19 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.



The Company also has certain leases of office equipment with low value. The Company applies the 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of ROU assets follow:

	Land Use Rights	Office Space	Total
Cost			
As at December 31, 2023	₱606,412,468	₱6,747,086	₱613,159,554
Additions	41,863,969	–	41,863,969
As at December 31, 2024	648,276,437	6,747,086	655,023,523
Retirement	–	(6,747,086)	(6,747,086)
As at December 31, 2025	₱648,276,437	₱–	₱648,276,437
Accumulated Depreciation			
As at December 31, 2023	₱156,714,751	₱6,747,086	₱163,461,837
Depreciation (Note 19)	43,375,190	–	43,375,190
As at December 31, 2024	200,089,941	6,747,086	206,837,027
Depreciation (Note 19)	44,084,361	–	44,084,361
Retirement	–	(6,747,086)	(6,747,086)
As at December 31, 2025	₱244,174,302	₱–	₱244,174,302
Net Book Value			
As at December 31, 2025	₱404,102,135	₱–	₱404,102,135
As at December 31, 2024	448,186,496	–	448,186,496

The following are the amounts recognized in profit or loss:

	2025	2024
Interest expense on lease liabilities (Notes 20 and 21)	₱40,681,652	₱43,329,175
Depreciation expense on ROU assets (Note 19)	44,084,361	43,375,190
Rent expense related to leases on low-value assets	6,191,054	4,840,325
	₱90,957,067	₱91,544,690

The rollforward analysis of lease liabilities follows:

	2025	2024
Balance at beginning of year	₱516,376,402	₱506,470,742
Additions	–	41,863,969
Interest expense (Notes 20 and 21)	40,681,652	43,329,175
Payments	(81,657,240)	(75,287,484)
Balance at end of year (Note 21)	475,400,814	516,376,402
Less current portion (Notes 14 and 21)	51,658,444	40,975,587
Noncurrent portion	₱423,742,370	₱475,400,815

The Company has lease contracts that include extension and termination options, negotiated to provide flexibility in managing its leased asset portfolio.

Management applies significant judgment in assessing whether these extensions and termination options are reasonably certain to be exercised.



Shown below is the maturity analysis of the undiscounted lease payments:

	2025	2024
Within one year	₱88,602,327	₱81,657,240
Over one year to five years	277,258,157	299,188,568
Over five years	323,494,914	390,166,830
	₱689,355,398	₱771,012,638

25. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents, time deposits, financial assets at FVOCI, long-term debt and lease liabilities. The Company also has receivables and accounts payable and other current liabilities arising directly from operations.

The Company enters into derivative transactions, principally cross-currency swaps, principal-only swaps and nondeliverable forwards and swaps, used primarily for risk management, consistent with the Company's risk management policies.

The main risks arising from the Company's financial instruments follow:

- *Interest rate risk.* Fixed-rate instruments are subject to fair value interest rate risk, while floating rate instruments are subject to cash flow risk arising from changes in interest rates. Floating-rate instruments are typically repriced every three or six months.
- *Foreign currency risk.* The Company is exposed to foreign currency risk as the Company has significant investments and debt that are denominated in U.S. dollars (US\$).
- *Liquidity risk.* The risk that the Company may encounter difficulties in raising funds to meet commitments arising from financial instruments.
- *Credit risk.* The risk of loss if a counter party fails to meet its contractual obligations.
- *Equity price risk.* Exposure arises from investments in quoted equity shares classified as equity investments at FVOCI in the parent company balance sheet; values are affected by movements in equity indices and individual stock prices.

The Board is apprised of the Company's risks as part of the Company Risk Management Strategy. Treasury and risk policies are set and implemented by management.

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt obligations (see Note 16).



The Company maintains a conservative financing strategy and has preference for longer tenor credit with fixed interest rate that matches the nature of its investments. To manage this mix in a cost-efficient manner, the Company enters into cross-currency swaps in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed notional amount. The cross-currency swaps were designated by the Company under cash flow hedge accounting.

As at December 31, 2025 and 2024, after considering the effect of the swaps, approximately 100.0% and 92.5%, respectively, of the Company's borrowings are kept at fixed interest rates.

Interest Rate Risk Sensitivity Analysis. The sensitivity analysis for a reasonably possible change in interest rates, with all other variables held constant, of the Company's floating rate financial liabilities, follows.

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax <i>(In Millions)</i>
2024	100	(₱60.2)
	50	(30.1)
	(100)	60.2
	(50)	30.1

As at December 31, 2025, the Company has no outstanding floating rate financial liabilities.

Fixed rate debts, although subject to fair value interest rate risk, are not included in the sensitivity analysis as these are carried at amortized costs. The assumed movement in basis points for interest rate sensitivity analysis is based on currently observable market environment.

Foreign Currency Risk

The Company aims to reduce foreign currency risks by employing on-balance sheet hedges and derivatives such as cross-currency swaps, principal-only swaps and nondeliverable forwards and swaps.

The Company's foreign currency-denominated financial assets and liabilities and their Peso equivalents follow:

	2025		2024	
	US\$	PhP	US\$	PhP
Current assets:				
Cash and cash equivalents	\$94,574	₱5,559,995	\$1,751,360	₱101,307,438
Receivables	-	-	2,080	120,341
Total assets	94,574	5,559,995	1,753,440	101,427,779
Current liabilities:				
Accounts payable	12,589,146	740,115,884	10,645,486	615,788,145
Noncurrent liability:				
Long-term debt-net of current portion	14,190,822	834,278,412	14,439,392	835,246,639
Total liabilities	26,779,968	1,574,394,296	25,084,878	1,451,034,784
Net	(\$26,685,394)	(₱1,568,834,301)	(\$23,331,438)	(₱1,349,607,005)

As at December 31, 2025 and 2024, approximately 54.9% and 42.9%, respectively, of the Company's borrowing are denominated in foreign currency.

The Company recognized ₱13.2 million and ₱15.0 million net foreign exchange loss in 2025 and 2024, respectively. This resulted from the movements of the U.S. dollar against the Philippine Peso. As at December 31, 2025 and 2024, the U.S. dollar to Philippine Peso exchange rate is ₱58.79 and ₱57.845, respectively.



Foreign Currency Risk Sensitivity Analysis. The sensitivity analysis for a reasonably possible change in U.S. dollar to Philippine Peso exchange rate, with all other variables held constant, follow:

	Appreciation (Depreciation) of Peso	Effect on Income Before Income Tax <i>(In Millions)</i>
2025	₱1.50	₱40.0
	1.00	26.7
	(1.50)	(40.0)
	(1.00)	(26.7)
2024	1.50	₱35.0
	1.00	23.3
	(1.50)	(35.0)
	(1.00)	(23.3)

Liquidity Risk

The Company manages its liquidity to ensure adequate financing of capital expenditures and debt service. Financing consists of internally generated funds, proceeds from debt and equity issues and sales of certain assets.

The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund raising initiatives including bank loans, debt capital and equity market issues. The Company has available credit facilities wherein funds can be withdrawn in case an immediate settlement is demanded on its current obligations.

The Company's financial assets, which have maturities of less than 12 months and used to meet short-term liquidity needs, include the following:

	2025	2024
Cash and cash equivalents (excluding cash on hand)	₱4,902,090,094	₱7,831,117,878
Time deposits	80,997,964	76,998,054

The maturity profile of the Company's financial liabilities follows:

	2025			Total
	Within 1 Year	1 Year to 5 Years	More than 5 Years	
Accounts payable and other current liabilities*	₱4,246,412,538	₱-	₱-	₱4,246,412,538
Provisions	13,652,891,550	-	-	13,652,891,550
Long-term debt, including interest	4,061,821,029	24,747,721,073	50,678,814,235	79,488,356,337
Derivative liabilities	73,581,770	1,693,741	-	75,275,511
Lease liabilities	88,602,327	277,258,157	323,494,914	689,355,398
Tenants' deposits and others**	-	268,018,722	-	268,018,722
	₱22,123,309,214	₱25,294,691,693	₱51,002,309,149	₱98,420,310,056

*Excluding payables to government agencies, and advance rentals and deposits amounting to ₱619.4 million as at December 31, 2025, the amounts of which are not considered as financial liabilities.

**Excluding deferred rent income amounting to ₱23.0 million as at December 31, 2025, the amounts of which are not considered as financial liabilities.



	2024			Total
	Within 1 Year	1 Year to 5 Years	More than 5 Years	
Accounts payable and other current liabilities*	₱4,186,968,030	₱-	₱-	₱4,186,968,030
Provisions	12,147,899,890	-	-	12,147,899,890
Long-term debt, including interest	14,865,211,258	42,214,957,901	41,201,314,917	98,281,484,076
Derivative liabilities	99,343,594	6,289,644	-	105,633,238
Lease liabilities	81,657,240	299,188,568	390,166,830	771,012,638
Tenants' deposits and others**	-	272,303,639	-	272,303,639
	₱31,381,080,012	₱42,792,739,752	₱41,591,481,747	₱115,765,301,511

*Excluding payables to government agencies, and advance rentals and deposits amounting to ₱724.4 million as at December 31, 2024, the amounts of which are not considered as financial liabilities.

**Excluding deferred rent income amounting to ₱27.2 million as at December 31, 2024, the amounts of which are not considered as financial liabilities.

Credit Risk

The Company trades only with recognized, creditworthy related and third parties. The Company policy requires customers who wish to trade on credit terms to undergo credit verification. In addition, receivable balances are monitored on a regular basis to keep exposure to bad debts at the minimum. Given the Company's diverse customer base, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from the other financial assets of the Company which consist of cash and cash equivalents, time deposits, notes receivable, financial assets, escrow fund and refundable deposits, the Company's credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

As at December 31, 2025 and 2024, the financial assets, except for certain receivables, are generally viewed by management as good and collectible considering the credit history of the counterparties. Past due or impaired financial assets are very minimal in relation to the Company's total financial assets.

Credit Quality of Financial Assets

The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High Quality. This pertains to a counterparty who is not expected to default in settling its obligations, thus credit risk is minimal. This normally includes large prime financial institutions, companies, government agencies and related parties.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.

	2025		Total
	High Quality	Standard Quality	
Cash and cash equivalents (excluding cash on hand)	₱4,902,090,094	₱-	₱4,902,090,094
Time deposits	80,997,964	-	80,997,964
Financial assets at FVOCI	10,920,046,211	3,908,500	10,923,954,711
Receivables*	21,638,611,307	460,512,092	22,099,123,399
Other noncurrent assets:			
Escrow fund	130,000,000	-	130,000,000
Refundable deposits	-	39,827,330	39,827,330
	₱37,671,745,576	₱504,247,922	₱38,175,993,498

*Excluding past due receivables amounting to ₱33.7 million and nonfinancial other receivables amounting to ₱46.2 million as at December 31, 2025.



	2024		
	High Quality	Standard Quality	Total
Cash and cash equivalents (excluding cash on hand)	₱7,831,117,878	₱-	₱7,831,117,878
Time deposits	76,998,054	-	76,998,054
Financial assets at FVOCI	12,351,260,940	3,908,500	12,355,169,440
Receivables*	23,691,324,890	320,058,152	24,011,383,042
Other noncurrent assets:			
Escrow fund	130,000,000	-	130,000,000
Refundable deposits	-	39,881,849	39,881,849
	₱44,080,701,762	₱363,848,501	₱44,444,550,263

*Excluding past due receivables amounting to ₱25.5 million and nonfinancial other receivables amounting to ₱62.8 million as at December 31, 2024.

Equity Price Risk

Management closely monitors the equity securities in its investment portfolio. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

The sensitivity analysis for a reasonably possible change in equity indices, with all other variables held constant, of the Company's investments in listed shares of stock follows:

	Change in Equity Price	Effect on Equity After Income Tax (In Millions)
2025	+1.28%	₱128.3
	-1.28%	(128.3)
2024	+1.08%	₱114.2
	-1.08%	(114.2)

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and make appropriate adjustments based on changes in economic conditions. Accordingly, the Company may adjust the dividend payments to shareholders, secure new and/or pay-off existing debts, return capital to shareholders or issue new shares.

The Company monitors its capital gearing by maintaining its net debt at no higher than 50.0% of the sum of net debt and equity.

Net Gearing Ratio

	2025	2024
Long term debt (including current portion)	₱62,262,297,734	₱79,529,707,576
Less:		
Cash and cash equivalents (excluding cash on hand)	(4,902,090,094)	(7,831,117,878)
Time deposits	(80,997,964)	(76,998,054)
Total net interest-bearing debt (a)	57,279,209,676	71,621,591,644
Total equity	186,100,340,126	170,394,415,305
Total net interest-bearing debt and equity (b)	₱243,379,549,802	₱242,016,006,949
Gearing ratio (a/b)	24%	30%



Gross Gearing Ratio

	2025	2024
Long term debt (including current portion) (a)	₱62,262,297,734	₱79,529,707,576
Total equity	186,100,340,126	170,394,415,305
Total interest-bearing debt and equity (b)	₱248,362,637,860	₱249,924,122,881
Gearing ratio (a/b)	25%	32%

26. Financial Instruments

The Company's financial assets and liabilities by category and by class, except for those with carrying amounts that are reasonable approximation of fair values, follow:

	2025				
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Thousands)</i>					
Assets Measured at Fair Value					
Financial Asset at FVTPL					
Derivative assets	₱1,124,569	₱1,124,569	₱-	₱1,124,569	₱-
Financial Assets at FVOCI:					
Listed shares of stock	10,891,296	10,891,296	10,891,296	-	-
Club shares	28,750	28,750	-	28,750	-
	₱12,044,615	₱12,044,615	₱10,891,296	₱1,153,319	₱-
Liabilities Measured at Fair Value					
Financial Liability at FVTPL:					
Derivative liabilities	₱75,275	₱75,275	₱-	₱75,275	₱-
Liabilities for which Fair Values are Disclosed					
Other Financial Liabilities:					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	58,091,599	62,409,919	-	-	62,409,919
Tenants' deposits and others*	268,019	269,274	-	-	269,274
	58,359,618	62,679,193	-	-	62,679,193
	₱58,434,893	₱62,754,468	₱-	₱75,275	₱62,679,193

*Excluding nonfinancial liabilities of ₱23.0 million.

	2024				
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In Thousands)</i>					
Assets Measured at Fair Value					
Financial Asset at FVTPL					
Derivative assets	₱607,387	₱607,387	₱-	₱607,387	₱-
Financial Assets at FVOCI:					
Listed shares of stock	12,323,161	12,323,161	12,323,161	-	-
Club shares	28,100	28,100	-	28,100	-
	₱12,958,648	₱12,958,648	₱12,323,161	₱635,487	₱-
Liabilities Measured at Fair Value					
Financial Liability at FVTPL:					
Derivative liabilities	₱105,633	₱105,633	₱-	₱105,633	₱-
Liabilities for which Fair Values are Disclosed					
Other Financial Liabilities:					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	64,690,607	66,024,965	-	-	66,024,965
Tenants' deposits and others*	272,304	270,287	-	-	270,287
	64,962,911	66,295,252	-	-	66,295,252
	₱65,068,544	₱66,400,885	₱-	₱105,633	₱66,295,252

*Excluding nonfinancial liabilities of ₱27.2 million.



There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at December 31, 2025 and 2024.

Due to minimal amount of the unlisted shares of stock, the fair value approximates the carrying amount as at December 31, 2025 and 2024.

The estimated fair value of the following financial instruments is based on the discounted value of future cash flows using the prevailing interest rates. Discount rates used follow:

	<u>2025</u>	<u>2024</u>
Tenants' deposits and others	4.7%-5.8%	5.7%-6.2%

Long-term Debt. The fair value of long-term debt is estimated based on the following assumptions:

<u>Debt</u>	<u>Fair Value Assumptions</u>
Fixed Rate	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used range from 3.3% to 5.8% and 4.1% to 6.2% as at December 31, 2025 and 2024, respectively.
Variable Rate	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

Derivative Instruments. The fair value of cross-currency swaps, principal-only swaps and nondeliverable forwards and swaps are based on quotes obtained from counterparties.

Derivative Instruments Designated as Accounting Hedges

As at December 31, 2025, the Company has outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign-currency denominated debt. Details follow:

	<u>Notional Amount</u>	<u>Agreed Equivalent</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Foreign Exchange Rate</u>	<u>Maturity</u>
Cross-currency swap	GB£42,500,000	₱2,995,893,000	₱465,988,288	5.8%	₱70.4916	2028
Cross-currency swap	US\$57,641,921	3,300,000,000	154,793,131	6.1%	57.25	2032
Principal-only swap	US\$100,000,000	5,845,000,000	(1,693,741)	0.8%	58.45	2027
Principal-only swap	US\$352,700,000	20,703,265,000	430,205,887	0.4% - 0.8%	58.14 - 59.00	2029

As the terms of the swaps have been negotiated to match the terms of the hedged loan, the hedges were assessed to be highly effective.

Other Derivative Instruments Not Designated as Accounting Hedges

Nondeliverable Forwards and Swaps. The Company recognized derivative assets and derivative liabilities amounting to ₱73.6 million and ₱39.1 million as at December 31, 2025 and 2024, respectively from the outstanding forward and swap contracts. The net fair value on settled forward and swap contracts amounted to ₱44.9 million and ₱8.3 million gain in 2025 and 2024, respectively.



Fair Value Changes on Derivatives

The movements in the fair value of derivative instruments follow:

	2025	2024
Balance at beginning of year	₱501,753,603	₱1,210,699,077
Net changes in fair value during the year	427,997,984	795,224,722
Fair value on settled derivatives	119,541,978	(1,504,170,196)
Balance at end of year	₱1,049,293,565	₱501,753,603

The net changes in fair value on derivatives accounted for as cash flow hedges amounted to ₱383.1 million and ₱786.9 million mark-to-market gain in 2025 and 2024, respectively, which is included under the “Net unrealized gain on financial assets at FVOCI and others” account. In 2025 and 2024, the mark-to-market gain on derivatives not designated as hedges amounting to ₱44.9 million and ₱8.3 million, respectively, which is included under the “Gain from fair value changes of derivatives - net” account.

27. Change in Liabilities Arising from Financing Activities

	2025		
	Bank Loans	Long-term Debt (Note 16)	Lease Liabilities (Note 24)
Balance at beginning of year	₱-	₱79,529,707,576	₱516,376,402
Availments	2,500,000,000	7,318,000,249	-
Payments	(2,500,000,000)	(25,465,664,481)	(81,657,240)
Debt issue cost amortization	-	111,755,890	-
Foreign exchange movement	-	11,416,129	-
Others	-	757,082,371	40,681,652
Balance at end of year	₱-	₱62,262,297,734	₱475,400,814

	2024		
	Bank Loans	Long-term Debt (Note 16)	Lease Liabilities (Note 24)
Balance at beginning of year	₱4,615,275,000	₱106,334,379,708	₱506,470,742
Availments	12,821,426,000	28,161,195,000	-
Payments	(17,436,701,000)	(56,026,079,032)	(75,287,484)
Debt issue cost amortization	-	248,417,867	-
Foreign exchange movement	-	(5,409,052)	-
Others	-	817,203,085	85,193,144
Balance at end of year	₱-	₱79,529,707,576	₱516,376,402

There are no noncash changes in dividends payable and accrued interest. Others include cumulative translation adjustment on cash flow hedges, interest expense on lease liabilities and debt accretion.

28. Noncash Transactions

In 2025, the Company recognized significant noncash transactions. As part of financing activities, the Company entered into a property-for-share swap arrangement with ICDC, issuing new common shares in exchange for land (see Note 17). The land acquired through this transaction was subsequently contributed, as part of investing activities, to an unincorporated joint venture with



SMDC for the development of a mixed-use project, predominantly residential, consisting of several phases (see Note 10).

29. Supplementary Information Required Under RR No. 15-2010

The BIR has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to financial statements. The Company included the required supplementary tax information as an attachment to its annual income tax return.

