



SM INVESTMENTS

**Notice of Annual Stockholders' Meeting
April 29, 2026 at 2:30 p.m.
Saffron Grand Ballroom, Lanson Place Mall of Asia,
Block 12, Palm Coast Avenue corner Seaside Boulevard,
Mall of Asia Complex, Pasay City**

To all Stockholders:

The 2026 Annual Stockholders' Meeting (**ASM**) of **SM INVESTMENTS CORPORATION** (the **Company** or **SMIC**) will be held on **April 29, 2026 (Wednesday), 2:30 p.m.** at Saffron Grand Ballroom, Lanson Place Mall of Asia, Block 12, Palm Coast Avenue corner Seaside Boulevard, Mall of Asia Complex, Pasay City, and will be livestreamed for stockholders participating remotely. The agenda of the meeting is set forth below:

A G E N D A

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Annual Meeting of Stockholders held on April 30, 2025
4. Approval of Annual Report for 2025 (Open Forum)
5. Ratification of the Acts of the Board of Directors, Board Committees and the Management From the Date of the Last Annual Stockholders' Meeting up to the Date of This Meeting
6. Election of Members of the Board of Directors for 2026-2027
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

Attached are the rationale for the above agenda items for reference.

The Board of Directors has fixed the end of trading hours of The Philippine Stock Exchange, Inc. (**PSE**) on **March 30, 2026** as the record date for the determination of Stockholders entitled to notice of, to participate, and to vote *in absentia*, at such meeting and any adjournment thereof.

Stockholders who wish to participate in the meeting remotely must register at the SMIC 2026 ASM registration portal <<https://asmportal.sminvestments.com/SM/Registration>> and submit the required information on or before **April 20, 2026**. All information received will be subject to verification by the Company.

Stockholders who wish to appoint a proxy may accomplish the attached proxy form (which need not be notarized) and submit the original to the Office of the Corporate Secretary on or before **April 17, 2026** at Unit 1105 Tower 2 High Street South Corporate Plaza, 26th Street Bonifacio Global City, Taguig City, 1634, as provided in the By-laws. Validation of proxies will be conducted on **April 22, 2026** at the Office of the Corporate Secretary.

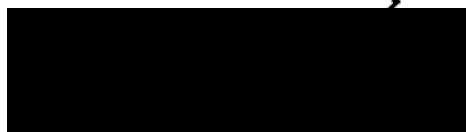
Stockholders participating remotely can then cast their votes in *absentia* through the Company's secure online voting facility and will be provided access to the live streaming of the meeting. For the detailed registration and voting procedures, please refer to the "***Guidelines for Remote Participation and Voting in Absentia***" appended to the Information Statement to be posted on the Company's website and PSE EDGE.

A copy of the Information Statement, Management Report, Annual Report (once available), with the Audited Financial Statements of the Company for the period ended December 31, 2025 and other pertinent materials related to the 2026 ASM shall be posted on the Company's website and PSE EDGE.

For further information, please visit www.sminvestments.com/asm.

Thank you.

BY THE ORDER OF THE BOARD OF DIRECTORS



ELMER B. SERRANO^{ms}
Corporate Secretary
SM INVESTMENTS CORPORATION

Rationale for Agenda Items:

Agenda Item 3: Approval of the Minutes of the Annual Stockholders' Meeting (ASM) held on April 30, 2025.

The minutes were also posted on the website of SM Investments Corporation (**SMIC**) within the period prescribed by pertinent rules and regulations. The Board of Directors recommends that the stockholders consider subject minutes for approval on April 29, 2026.

Agenda Item 4: Approval of the Annual Report of the Company for 2025.

The Company's 2025 performance results have been duly summarized in the Annual Report which includes the Audited Financial Statements (**AFS**) of the Company for the year ended 2025. The AFS, which have been audited by the external auditors who expressed an unqualified opinion thereon, have been reviewed and recommended for approval by the Audit Committee and the Board of Directors. Any stockholder who would like to receive a hard copy of the 2025 Annual Report may request for a copy from the Investor Relations Office.

Agenda Item 5: Ratification of all the acts of the Board of Directors, Board Committees and Management from the date of the last ASM to the date of this meeting.

The Company's performance in 2025, as detailed in the Annual Report, is attributed to the strategic directions and key policies set by the Board of Directors and the Board Committees which were effectively executed and complied with by Management in conformity with good corporate governance and ethical best practices. The ratification of the acts undertaken by the Board of Directors, Board Committees, and Management is sought for this meeting.

Agenda Item 6: Election of the Members of the Board of Directors for 2026 to 2027.

Qualifications of the nominated Directors have been reviewed and the nominated Directors were determined to be qualified and are being recommended by the Company's Corporate Governance and Sustainability Committee for election. The nominees' proven competence, expertise, and qualifications based on current regulatory standards and the Company's own norms, will help sustain the Company's solid performance for the benefit of all its stockholders.

Agenda Item 7: Appointment of External Auditor.

Based on the recommendation of the Audit Committee, the Board approved the reappointment of SyCip Gorres Velayo & Co. (**SGV & Co.**) as the Company's external auditor for 2026. SGV & Co. is one of the top auditing firms in the country duly accredited by the Securities and Exchange Commission.

Agenda Item 8: Other Matters.

The Chairman will take up agenda items received from stockholders on or before March 30, 2026 in accordance with existing laws, rules and regulations of the Securities and Exchange Commission and the Company's internal guidelines.

Taguig City, March 19, 2026.

(SAMPLE PROXY FORM FOR INDIVIDUALS)

PROXY

The undersigned stockholder of SM Investments Corporation (the **Company**) appoints _____ or in his/her absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote _____ shares registered in his/her name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on April 29, 2026 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous annual stockholders' meeting

___ Yes ___ No ___ Abstain

2. Approval of 2025 Annual Report

___ Yes ___ No ___ Abstain

3. Ratification of all acts and resolutions of the Board of Directors, Board Committees and Management

___ Yes ___ No ___ Abstain

4. Election of Directors

___ a) Vote for all nominees listed below:

- 1. Amando M. Tetangco, Jr.
(Independent)
- 2. Teresita T. Sy
- 3. Henry T. Sy, Jr.
- 4. Harley T. Sy
- 5. Frederic C. DyBuncio
- 6. Robert G. Vergara (Independent)
- 7. Ramon M. Lopez (Independent)
- 8. Lily K. Gruba (Independent)
- 9. Marife B. Zamora (Independent)

___ b) Withhold authority for all nominees listed above

___ c) Withhold authority to vote for the nominees listed below:

5. Appointment of SyCip Gorres Velayo & Co. as external auditor for 2026

___ Yes ___ No ___ Abstain

6. At their discretion, the proxies named above are authorized to vote upon such other matters as may be properly come before the meeting

___ Yes ___ No ___ Abstain

Printed Name of Stockholder

Signature of Stockholder/ Authorized Signatory

Date

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE APRIL 17, 2026 (FRIDAY), THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED 'FOR' THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

(SAMPLE PROXY FORM FOR CORPORATIONS)

SECRETARY'S CERTIFICATE

I, _____, Filipino, of legal age and with office address at _____, certify that:

1. I am the duly appointed Corporate Secretary of _____ (the **Company**), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at _____;
2. As _____ of record date, _____ the Company holds _____ (_____) shares in SM Investments Corporation;
3. Based on the records, during the lawfully convened meeting of the Board of Directors of the Company held on _____, the following resolution was passed and approved:

“RESOLVED, That _____ be authorized and appointed, as he/she is hereby authorized and appointed, as the Company’s proxy (the **Proxy**) to attend all meetings of the stockholders of SM Investments Corporation (**SMIC**) whether the meeting is regular or special, or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Company held in SMIC and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and stead of the Company.

“RESOLVED, FINALLY, That SMIC be furnished with a certified copy of this resolution and SMIC may rely on the continuing validity of this resolution until receipt of written notice of its revocation.”

4. The foregoing resolution has not been modified, amended or revoked in accordance with the records of the Company presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in _____ on _____.

Printed Name and Signature of
the Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on _____ in _____ Affiant exhibited to me his/her Competent Evidence of Identity by way of _____ issued on _____ at _____.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of _____.



SM INVESTMENTS

2026 ANNUAL STOCKHOLDERS' MEETING **April 29, 2026 at 2:30 pm**

Guidelines for Remote Participation and Voting *in Absentia*

Registration

Stockholders who intend to attend the meeting remotely must notify the Corporate Secretary no later than **April 20, 2026**, by registering at **<<https://asmportal.sminvestments.com/SM/Registration>>** and uploading the following supporting documents and/or information, subject to verification and validation by the Corporate Secretary:

- Individual Stockholders
 1. Copy of valid government-issued ID of Stockholder (and proxy, if applicable)
 2. Number of shares registered under the name of the Stockholder
 3. If appointing a proxy, copy of proxy form duly signed by Stockholder (need *not* be notarized)
 4. Email address and contact number of Stockholder (or proxy, if applicable)
- Multiple Stockholders or joint owners
 1. Proof of authority of Stockholder casting the votes for the shares signed by the other registered Stockholder/s, for shares registered in the names of multiple Stockholders (need *not* be notarized)
 2. Number of shares registered under the name of the Stockholder
 3. Copy of valid government-issued IDs of all registered Stockholders
 4. Email address and contact number of authorized representative
- Corporate Stockholders
 1. Secretary's Certification of Board resolution appointing and authorizing the authorized representative or proxy to participate in the ASM
 2. Valid government-issued ID of the authorized representative or proxy
 3. Number of shares registered under the name of the Stockholder
 4. Email address and contact number of authorized representative or proxy
- Stockholders with Shares under broker account
 1. Certification from broker as to the number of shares owned by Stockholder
 2. Valid government-issued ID of Stockholder (and proxy, if applicable)
 3. If appointing a proxy, copy of proxy form duly signed by Stockholder (need *not* be notarized)

4. Email address and contact number of Stockholder (or proxy, if applicable)

Important Reminder: Please refrain from sending duplicate and inconsistent information and/or documents as this can result in failed registration. All documents and/or information shall be subject to verification and validation by the Company's Corporate Secretary.

An active/valid email address is required for the registration. Any single email address can be used to register up to five (5) times for multiple shareholdings with SMIC under different classifications, i.e., single, joint, multiple/joint, corporate and under broker account. If you have exceeded this number of allowable requests, please contact the Company's Corporate Governance Team at (02) 8857-0100 or via e-mail at asm@sminvestments.com.

Online Voting

Stockholders who have successfully registered their intention to attend the meeting remotely pursuant to the Guidelines set forth shall be notified via email of their unique voting link for the secure online voting portal. Stockholders can then cast their votes real-time for specific items in the agenda until meeting adjournment, as follows:

1. Access the secure online voting portal by clicking the link received through the email address provided by the Stockholder to the Company.
2. Upon accessing the portal, the Stockholder can cast his/her vote on each agenda item. A brief description of each item for Stockholders' approval is appended as **Annex A** to the Notice of Meeting.
 - 2.1 A Stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.
 - 2.2 For the election of directors, the Stockholder has the option to vote for all nominees, withhold vote for any of the nominees (abstain), or vote for certain nominees only.

Note: A Stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he/she may cumulate said shares and give one candidate as many votes as the number of directors to be elected (nine [9] directors for SMIC) multiplied by the number of his/her shares shall equal, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the Stockholder.

Example: A Stockholder who has one hundred (100) shares in the Company will have nine hundred (900) votes (one hundred shares multiplied by nine directors to be elected) to distribute among the candidates. Thus, the Stockholder may 1) divide all votes among all candidates equally; or 2) allocate all votes to one or some candidates in any manner so long as the total number of votes does not exceed nine hundred (900).

Note: Email reminders will be sent every three days to successful registrations if there are no votes received in the voting portal during the voting period.

3. Once the Stockholder has finalized his/her vote, he/she can proceed to submit the vote by clicking the "Submit" button.
4. The Stockholder can still change and re-submit votes real-time until meeting adjournment, provided, such new votes are submitted using the same voting link. Previous votes will be automatically overwritten and replaced by the system with the new votes cast.

ASM Livestream

The ASM will be broadcasted live and Stockholders who have successfully registered online can participate via remote communication. Details of the meeting will be sent to Stockholders via the email addresses provided to the Company. Instructions on how to access the livestream will also be posted at <https://www.sminvestments.com/asm>.

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating Stockholders upon request.

Open Forum

During the meeting, the Company will have an Open Forum, during which, the meeting's moderator will read, and representatives of the Company shall endeavor to answer, as many of the questions and comments received from Stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "**ASM 2026 Open Forum**" to asm@sminvestments.com no later than **April 27, 2026**. A section for Stockholder comments/questions or "chatbox" shall also be available during the livestream of the meeting.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company's Investor Relations team.

For any queries or concerns regarding this Guidelines, please contact the Company's Corporate Governance Team at (02) 8857-0100 or via email at asm@sminvestments.com.

For complete information on the ASM, please visit <https://www.sminvestments.com/asm>.

**PROFILES OF THE NOMINEES FOR ELECTION TO
THE BOARD OF DIRECTORS FOR 2026-2027**

AMANDO M. TETANGCO, JR.

Chairman & Independent Director



Chairman, Corporate Governance
and Sustainability Committee
Member, Audit Committee
Member, Compensation Committee
Member, Risk Management Committee

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.

EDUCATION / EXPERIENCE

BOARD ATTENDANCE	100%; 9 of 9 meetings
DATE OF FIRST APPOINTMENT	June 2023
NO. OF YEARS ON THE BOARD	2 years
DIRECTORSHIP/S IN OTHER REPORTING COMPANIES	SM Prime Holdings, Inc. Vice Chairman / Independent Director Converge ICT Solutions, Inc. Independent Director Shell Pilipinas Corporation Independent Director
OTHER INFORMATION	No material legal dispute in the past five (5) years; No conflict of interest transactions in the past year.

TERESITA T. SY
Vice Chairperson of the Board



Chairperson, Compensation Committee
Chairperson, Executive Committee

**EDUCATION /
EXPERIENCE**

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.

**BOARD
ATTENDANCE
DATE OF
FIRST
APPOINTMENT**

100%; 9 of 9 meetings

**NO. OF YEARS ON
THE BOARD**

47 years

**DIRECTORSHIP/S
IN OTHER
REPORTING
COMPANIES**

BDO Unibank, Inc.

Chairperson of the Board

**OTHER
INFORMATION**

No legal dispute in the past five (5) years; No conflict of interest transactions in the past year.

HENRY T. SY, JR.
Vice Chairman of the Board



**EDUCATION /
EXPERIENCE**

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.

**BOARD
ATTENDANCE
DATE OF
FIRST
APPOINTMENT**

100%; 9 of 9 meetings

**NO. OF YEARS ON
THE BOARD**

47 years

**DIRECTORSHIP/S
IN OTHER
REPORTING
COMPANIES**

SM Prime Holdings, Inc.
Synergy Grid & Development
Phils, Inc.

Chairman of the Board
Chairman of the Board

**OTHER
INFORMATION**

No legal dispute in the past five (5) years; No conflict of interest transactions in the past year.

FREDERIC C. DYBUNCIO
President/CEO



Member, Executive Committee

**EDUCATION /
EXPERIENCE**

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.

**BOARD
ATTENDANCE
DATE OF
FIRST
APPOINTMENT
NO. OF YEARS ON
THE BOARD**

100%; 9 of 9 meetings

April 2017

9 years

**DIRECTORSHIP/S
IN OTHER
REPORTING
COMPANIES**

Atlas Consolidated Mining
and Development Corporation

Chairman of the Board

**OTHER
INFORMATION**

No legal dispute in the past five (5) years; No conflict of interest transactions in the past year.

HARLEY T. SY
Executive Director



Member, Executive Committee

**EDUCATION /
EXPERIENCE**

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.

**BOARD
ATTENDANCE
DATE OF
FIRST
APPOINTMENT
NO. OF YEARS ON
THE BOARD**

100%; 9 of 9 meetings

May 1993

33 years

**DIRECTORSHIP/S
IN OTHER
REPORTING
COMPANIES**

China Banking Corporation

Director

**OTHER
INFORMATION**

No legal dispute in the past five (5) years; No conflict of interest transactions in the past year.

ROBERT G. VERGARA
Independent Director



Chairperson, Risk Management Committee
 Member, Corporate Governance and Sustainability Committee
 Member, Related Party Transaction Committee

**EDUCATION /
 EXPERIENCE**

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 also currently serves as Director of SEA Crest Fund. He is also Chairman and Director of Cabanatuan Electric Corporation. 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.

**BOARD
 ATTENDANCE**

100%; 9 of 9 meetings

**DATE OF
 FIRST
 APPOINTMENT**

April 2019

**NO. OF YEARS
 ON THE BOARD**

7 years

**DIRECTORSHIP/S
 IN OTHER
 REPORTING
 COMPANIES**

STI Education Systems Holdings, Inc. Independent Director

**OTHER
 INFORMATION**

No legal dispute in the past five (5) years; No conflict of interest transactions in the past year.

RAMON M. LOPEZ
Independent Director



Chairman, Related Party Transaction Committee
 Member, Corporate Governance and Sustainability Committee
 Member, Audit Committee

Mr. 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 was recently appointed as 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.

**EDUCATION /
 EXPERIENCE**

**BOARD
 ATTENDANCE**

100%; 9 of 9 meetings

**DATE OF
 FIRST
 APPOINTMENT
 NO. OF YEARS ON
 THE BOARD**

August 2022

3 years

**DIRECTORSHIP/S
 IN OTHER
 REPORTING
 COMPANIES**

Monde Nissin Corporation

Independent Director

**OTHER
 INFORMATION**

No legal dispute in the past five (5) years; No conflict of interest transactions in the past year.

LILY K. GRUBA
Independent Director



Chairperson, Audit Committee
 Member, Compensation Committee
 Member, Corporate Governance and Sustainability Committee
 Member, Risk Management Committee

**EDUCATION /
 EXPERIENCE**

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 Advincola 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 2001, Director of Overseas Workers Welfare Administration from 1999 to 2001, 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.

**BOARD
 ATTENDANCE
 DATE OF
 FIRST
 APPOINTMENT**

100%; 9 of 9 meetings
 June 10, 2024

**NO. OF YEARS ON
 THE BOARD
 DIRECTORSHIP/S
 IN OTHER
 REPORTING
 COMPANIES**

1 year
 Asia United Bank Corporation Director
 Cosco Capital, Inc. Director

**OTHER
 INFORMATION**

No legal dispute in the past five (5) years; No conflict of interest transactions in the past year.

MARIFE B. ZAMORA
Independent Director



Member, Audit Committee
 Member, Related Party Transaction Committee
 Member, Risk Management Committee

Marife B. Zamora was first elected as Independent Director of SM Investments Corporation in April 2025. Ms. Zamora is also a Director of Smart Communications, Inc., Digital Philippines and MediaQuest Holdings Inc. She is also Chairman of the Board of Willis Towers Watson Insurance and Reinsurance Brokers Philippines, Inc. She is likewise an Independent Director of Pru Life Insurance Corporation of U.K. She is also a member of the Board of Trustees of FTW (For The Women) Foundation and Co-Founder of the Filipina CEO Circle. 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.

EDUCATION / EXPERIENCE

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 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.

BOARD ATTENDANCE	100%; 6 of 6 meetings
DATE OF FIRST APPOINTMENT	April 2025
NO. OF YEARS ON THE BOARD DIRECTORSHIP/S IN OTHER REPORTING COMPANIES	10 months None
OTHER INFORMATION	No legal dispute in the past five (5) years; No conflict of interest transactions in the past year.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- [] Preliminary Information Statement
[] Definitive Information Statement

2. Name of Registrant as specified in its charter: **SM INVESTMENTS CORPORATION**

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

4. SEC Identification Number: **0000016342**

5. BIR Tax Identification Code: **000-169-020-000**

6. Address of principal office: **10th Floor, OneE-com Center, Harbor Drive
Mall of Asia Complex, Pasay City**
Postal Code: **1300**

7. Registrant's telephone number, including area code: **(632) 8857-0100 /
(632) 8857-0132 (Fax)**

8. Date, time, and place of the meeting of security holders: **April 29, 2026, 2:30 p.m.**
The meeting shall be held at Saffron Grand Ballroom, Lanson Place Mall of Asia, Blk. 12, Palm Coast Ave. corner Seaside Blvd., Mall of Asia Complex, Pasay City, with livestreaming via Zoom for stockholders participating remotely.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **March 23, 2026**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the:

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
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Common shares	1,219,605,430
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11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes No

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

The Philippine Stock Exchange, Inc.

Common shares

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. BUSINESS AND GENERAL INFORMATION

ITEM 1. Date, Time, and Place of Meeting of Security Holders

- (a) Date : April 29, 2026
- Time : 2:30 p.m.
- Place : The meeting will be held at Saffron Grand Ballroom, Lanson Place Mall of Asia, Blk. 12, Palm Coast Ave. corner Seaside Blvd., Mall of Asia Complex, Pasay City, with livestreaming via Zoom for stockholders participating remotely.
- Mailing : SM Investments Corporation
- Address of Registrant : 10th Floor, OneE-com Center
Harbor Drive, Mall of Asia Complex
Pasay City 1300

- (b) The approximate date on which the Information Statement will be sent or given to the stockholders is on March 23, 2026.

This complies with Section 49 of the Revised Corporation Code (the **Revised Corporation Code**), SEC Memorandum Circular No. 3, Series 2020 and Notice dated 12 March 2025 which requires distribution and publication of notice of regular meeting to stockholders of record at least twenty-one (21) calendar days prior to the date of the annual meeting.

Statement that proxies are not solicited

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY.

Voting Securities

As of February 28, 2026, the total number of common shares outstanding and entitled to vote in the stockholders' meeting is 1,221,002,360 shares. Out of the aforesaid outstanding common shares, 398,872,568 shares or 32.67% are held by foreigners. Each share is entitled to notice of and to one vote at the Annual Stockholders' Meeting.

ITEM 2. Dissenters' Right of Appraisal

SM Investments Corporation (**SMIC** or the **Company**) respects the inherent rights of stockholders under the law. SMIC recognizes that all stockholders should be treated fairly and equally whether they be controlling, majority or minority, local or foreign.

Pursuant to Section 80 of the Revised Corporation Code of the Philippines, a stockholder has the right to dissent and demand payment of the fair value of his shares in the following instances:

- (a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any shares of any class, or of extending or shortening the term of corporate existence.

- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
- (c) In case of merger or consolidation; and,
- (d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The procedure for the exercise by a dissenting stockholder of his/her appraisal right is as follows:

- (a) A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.
- (b) The dissenting stockholder shall make a written demand on the corporation within 30 days after the date on which the vote was taken for payment for the fair value of his shares. The failure of the stockholder to make the demand within the 30-day period shall be deemed a waiver on his appraisal right;
- (c) If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of corresponding certificate(s) of stock within 10 days after demanding payment for his shares (Sec. 85), the fair value thereof; and
- (d) Upon payment of the agreed or awarded price, the stockholder shall transfer his share to the corporation.

No matter will be presented for stockholders' approval during the stockholders' meeting that may give rise to the exercise of the right of appraisal.

ITEM 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director or officer of the Company since the beginning of the last fiscal year, nominee for election as director, or associate of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.
- (b) No director of the Company has informed in writing that he/she intends to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and Principal Holders Thereof

(a) Voting Securities

As of February 28, 2026, the total number of common shares outstanding and entitled to vote in the stockholders' meeting is 1,221,002,360 shares. Out of the aforesaid outstanding common shares, 398,872,568 shares or 32.67% are held by foreigners. Each share is entitled to notice of and to one vote at the Annual Stockholders' Meeting.

(b) Record Date

The record date for purposes of determining the stockholders entitled to notice and to vote is March 30, 2026.

(c) Voting Rights

Each stockholder holding common shares as of Record Date (each, a **Voting Share**) shall have one vote for each share of stock entitled to vote and recorded in the stockholder's name in the books of the Corporation except in the election of directors where one share is entitled to as many votes as there are directors to be elected. Such stockholder shall be entitled to cumulate his/her votes in the manner prescribed by Title III, Section 23 of the Revised Corporation Code of the Philippines.

Stockholders may nominate directors, subject to prequalification by the Corporate Governance and Sustainability Committee, within the period of nomination set forth in the Company's By-laws and relevant regulations. Stockholders as of Record Date may then vote for nominees in accordance with the above rule.

At all meetings of the stockholders, all elections and all questions shall be decided by the plurality of vote of stockholders present in person, by proxy, through remote communication or *in absentia* and entitled to vote thereat, a quorum being present, except in cases where a greater number is required by law.

Unless required by law or demanded by a stockholder present in person or by proxy at any meeting and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his/her name, by proxy, if there be by proxy, and shall state the number of shares voted by him/her.

The Company, through its Board of Directors, has adopted a resolution to allow stockholders to participate remotely and to vote *in absentia* if unable to attend physically. SMIC maintains a secure online voting facility where registered stockholders can cast their votes.

Stockholders of record who intend to participate in the meeting remotely and to vote *in absentia* are required to register at the SMIC 2026 ASM registration portal <https://asmportal.sminvestments.com/SM/Registration> on or before April 20, 2026, subject to the verification and validation by the Corporate Secretary. Stockholders who participate in the meeting through remote communication or *in absentia* shall be deemed present for purposes of quorum for the meeting.

Stockholders of Record Date who wish to appoint a proxy may accomplish the proxy form (which need not be notarized) and submit the originals to the Office of the Corporate Secretary at No. 1105 Tower 2 High Street South Corporate Plaza, 26th Street Bonifacio Global City, Taguig City 1634 on or before April 17, 2026 pursuant to the By-laws.

The detailed guidelines for participation and voting for this meeting are set forth in the "Guidelines for Remote Participation and Voting in Absentia" appended to this Information Statement.

Voting procedures are further detailed in Item 19.

(d) Security Ownership of Certain Record and Beneficial Owners as of February 28, 2026

(i) As of February 28, 2026, 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	Citizen ship	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	7.27%
-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%
-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	7.43%
-do-	Hans T. Sy (Stockholder of Issuer) Forbes Park, Makati City	Same as the Record Owner	Filipino	75,839,761	26,112,139 ⁴	101,951,900	8.35%
-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	6.07%
-do-	PCD Nominee Corp. (Filipino)	Various PCD Participants ¹	Filipino	See Note ⁷		267,357,957	21.68%
-do-	PCD Nominee Corp. (Non-Filipino)	Various PCD Participants ¹	Foreign	See Note ⁷		398,619,827	32.33%

(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 February 28, 2026

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	P 887,194,620.00 D / I	Filipino	7.27%
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	7.43%
Common	Amando M. Tetangco, Jr.	1,000.00 D	Filipino	0.00%
Common	Frederic C. DyBuncio	100.00 D	Filipino	0.00%
Common	Robert G. Vergara	1,000.00 D	Filipino	0.00%
Common	Ramon M. Lopez	11,800.00 D	Filipino	0.00%
Common	Lily K. Gruba	10.00 D	Filipino	0.00%
Common	Marife B. Zamora	6,100.00 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%
Common	Vicky L. Salas	0.00	Filipino	0.00%
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		P 2,591,031,100.00		21.22%

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

(ii) 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 5. 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

Officers	Name	Age	Citizenship
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 MediaQuest Holdings, Inc., Smart Communications, Inc., and Digital Telecommunications Philippines Incorporated (DIGITEL). She is also currently an independent board member of 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. Converge ICT Solutions, Inc. Shell Pilipinas Corporation	Vice Chairman/ Independent Director Independent Director Independent Director
Teresita T. Sy	BDO Unibank, Inc.	Chairperson
Henry T. Sy, Jr.	SM Prime Holdings, Inc. Synergy Grid & Development Phils. Inc.	Chairman Chairman
Frederic C. DyBuncio	Atlas Consolidated Mining and Development Corporation	Chairman
Harley T. Sy	China Banking Corporation	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.

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.

The Corporate Governance and Sustainability Committee created by the Board under its Manual on Corporate Governance has reviewed the credentials of, and qualified the following nominees for election to the Board of Directors at the forthcoming Annual Stockholders' Meeting:

1. Amando M. Tetangco, Jr. (Independent Director)
2. Teresita T. Sy
3. Henry T. Sy, Jr.
4. Frederic C. DyBuncio
5. Harley T. Sy
6. Robert G. Vergara (Independent Director)
7. Ramon M. Lopez (Independent Director)
8. Lily K. Gruba (Independent Director)
9. Marife B. Zamora (Independent Director)

Tony O. King nominated the following stockholders for inclusion in the Final List of Candidates for Independent Director:

1. Amando M. Tetangco, Jr.
2. Robert G. Vergara
3. Ramon M. Lopez
4. Lily K. Gruba
5. Marife B. Zamora

Tony O. King, Amando M. Tetangco, Jr., Robert G. Vergara, Ramon M. Lopez, Lily K. Gruba and Marife B. Zamora are **not** related either by consanguinity or affinity, nor has any other professional/business dealings with each other.

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) |

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.

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 6. 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 Unnamed	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

*Ms. Marife B. Zamora was elected as Independent Director on 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.

Pension 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)

**Atty. Lily F. Gruba was appointed as member on April 24, 2024, effective on June 10, 2024.*

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 7. 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 30 April 2025. Atty. Lily K. Gruba was appointed Chairperson of the Audit Committee, succeeding Ms. Lipana effective 30 April 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 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.

ITEM 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. Authorization or Issuance of Securities Other than for Exchange

No action will be presented for stockholders' approval at this year's annual meeting which involves authorization or issuance of any securities.

ITEM 10. Modification or Exchange of Securities

No action will be presented for stockholders' approval at this year's annual meeting which involves the modification of any class of SMIC's securities, or the issuance of one class of SMIC's securities in exchange for outstanding securities of another class.

ITEM 11. Financial and Other Information

The Management Report and 2025 Audited Financial Statements of SMIC are incorporated herein by reference.

Representatives of SMIC's external auditor, SGV & Co., will be present at the annual 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 from the stockholders. SMIC has had no material disagreement with SGV & Co. on any matter of accounting principle or practices or disclosures in SMIC's financial statements.

ITEM 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be presented for stockholders' approval at this year's annual meeting in respect of (1) the merger or consolidation of SMIC into or with any other person, or of any other person into or with SMIC, (2) acquisition by SMIC or any of its stockholders of securities of another person, (3) acquisition by SMIC of any other going business or of the assets thereof, (4) the sale or transfer of all or any substantial part of the assets of SMIC, or (5) liquidation or dissolution of SMIC.

ITEM 13. Acquisition or Disposition of Property

No action will be presented for stockholders' approval at this year's annual meeting in respect of any acquisition or disposition of property of SMIC.

ITEM 14. Restatement of Accounts

No action will be presented for stockholders' approval at this year's annual meeting which involves the restatement of any of SMIC's assets, capital or surplus account.

D. OTHER MATTERS

ITEM 15. Action with Respect to Reports

There is no action to be taken with respect to any report of SMIC or of its directors, officers, or committees, except for the approval of the minutes of the previous annual meeting of SMIC.

The following matters with respect to minutes of the stockholders' meeting of the Company and resolutions adopted by its Board of Directors will be presented for approval during the stockholders' meeting:

- a) Minutes of the annual meeting of stockholders held on April 30, 2025, appended to this Information Statement as **Annex "A"**. These minutes fully reflect the proceedings during the meeting in accordance with Section 49 of the Revised Corporation Code, including:
 - 1) a description of the voting and vote tabulation procedures used in the previous meeting, including the engagement and presence of external auditor SGV & Co., which was especially engaged as third-party validator for the meeting;
 - 2) a description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given;
 - 3) the matters discussed and resolutions reached;
 - 4) a record of the voting results for each agenda item; and
 - 5) the list of directors and officers and a description of stockholders who participated in the meeting, duly certified to by the Corporate Secretary, verified by the Company's Stock Transfer Agent, BDO Stock Transfer, and validated by SGV & Co.

These minutes were posted in the Company's website within twenty-four (24) hours from adjournment of the meeting. In compliance with the rules of the SEC, the Company's Definitive Information Statement (DIS) for the 2024 Annual Meeting were uploaded via PSE EDGE on March 25, 2024 and posted on the Company's website and published in the Business Sections of the Daily Tribune and BusinessWorld, in print and online formats prior to the 2024 Annual Meeting. The DIS contained detailed discussions on the material information on the current stockholders, and their voting rights. The same information is found in this Information Statement on Item 1 (Voting Securities), Item 4 (Voting Securities and Principal Holders Thereof), and Item 19 (Voting Procedures).

The office of the Corporate Secretary has in its custody the full list and names of stockholders who participated in the 2024 Annual Stockholders' Meeting. The list of stockholders entitled to vote at the upcoming Meeting will also be available for inspection at the Company's principal office on business days within reasonable hours.

- b) General approval and ratification of the acts of the Board of Directors, its Committees, and the Management during their term of office commencing from the date of the last annual stockholders' meeting up to the date of this year's meeting.

These are covered by Resolutions of the Board of Directors and were entered into or made in the ordinary course of business, the significant acts or transactions which are covered by appropriate disclosures with the Securities and Exchange Commission and The Philippine Stock Exchange, Inc., including:

- 1) Approval of projects;
- 2) Property-for-Share Swap with Intercontinental Development Corporation;
- 3) Appointment and Promotion of officers;
- 4) Treasury matters related to opening of accounts and transactions with banks;
- 5) Appointments of signatories and amendments thereof.

There are no other matters that would require approval of the stockholders.

For the period ended December 31, 2025, there were no self-dealings or related party transactions by any director which require disclosure.

There is likewise no material information on the current stockholders and their voting rights requiring disclosure.

All stockholders as of Record Date are entitled to vote *in absentia* for this meeting by registering and voting through the Company's secure online voting facility. For the detailed discussion of stockholders' voting rights and voting procedures, please refer to Item 19 (Voting Procedures) and the "***Guidelines for Remote Participation and Voting in Absentia***" appended to this Information Statement.

ITEM 16. Matters Not Required To Be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

ITEM 17. Amendment of Charter, By-Laws or Other Documents

There is no action to be taken with respect to any amendment of charter, by-laws or other documents required to be submitted to a vote of the stockholders.

ITEM 18. Other Proposed Action

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposed to be taken at the annual meeting.

ITEM 19. Voting Procedures

Vote required for approval

At each stockholders' meeting, holders of a majority of SMIC's issued and outstanding voting shares that are present in person, through remote communication, by proxy or voted *in absentia*, shall constitute a quorum for the transaction of business, except where otherwise provided by law. A majority of votes shall decide any matter submitted to the stockholders at the meeting, except in those cases where the law requires a greater number.

In the election of directors, the stockholders are entitled to cumulate their votes as discussed in Part I. B, Item 4(c) of this Information Statement.

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person, by proxy, by remote communication, or *in absentia* and entitled to vote thereat, a quorum being present.

Methods by which votes will be cast and counted

SMIC's By-Laws does not prescribe a specific manner of voting. However, election of directors may be conducted by ballot if so requested by voting stockholders.

In the election of directors, the stockholders are entitled to cumulate their votes as discussed in Part B, Item 4(c) of this Information Statement.

Stockholders may vote by personally attending the meeting or through their proxies.

Proxies

Pursuant to the Company's By-Laws, duly accomplished proxy forms must be submitted to the Corporate Secretary at least seven (7) business days before the date of the stockholder's meeting, or until April 21, 2025, at the Office of the Corporate Secretary at Unit 1105 Tower 2 High Street South Corporate Plaza, 26th Street Bonifacio Global City, Taguig City, 1634. A sample format of the proxy form for individual and corporate stockholders are here attached and are also available at the Company website at <https://www.sminvestments.com/asm2026>.

Voting in Absentia

Stockholders may also vote *in absentia* and pre-cast their votes through the Company's secure online voting facility for this meeting. *The detailed guidelines for participation and voting for this meeting are set forth in the "Guidelines for Remote Participation and Voting in Absentia" appended to this Information Statement.*

Stockholders as of Record Date who have successfully registered their intention to participate remotely and to vote *in absentia*, duly verified and validated by the Company, shall be provided with a unique voting link to securely access the Company's voting portal. Stockholders or their proxies can then cast their votes on specific matters for approval via the online voting portal, including the election of directors.

Tabulation of Votes

SMIC's Corporate Secretary is tasked and authorized to validate, count and tabulate votes on any matter properly brought to the vote of the stockholders. The external auditor of the Company, SGV & Co., has been appointed to independently count and validate the tabulation of stockholder votes for this meeting. Pre-casted votes will be automatically tabulated and counted at the close of registration and *in absentia* voting period until meeting adjournment.

The Corporate Secretary will lead the validation of proxies, in coordination with SMIC's stock and transfer agent, and attended by SGV & Co. as independent validator and tabulator of votes. Any questions and issues relating to the validity and sufficiency of proxies, both as to form and substance, shall be resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the meeting.

Stockholders holding SMIC common shares as of March 30, 2026 are entitled to vote on the following matters which are also indicated in the Notice and Agenda included in this Information Statement:

1. Approval of the minutes of the Annual Meeting of Stockholders held on April 30, 2025

The stockholders' approval of the minutes of the meeting held on April 30, 2025 will be sought at this year's annual meeting. The following was the agenda of the said meeting.

- Call to Order
- Certification of Notice and Quorum
- Approval of Minutes of the Annual Meeting of Stockholders held on April 24, 2024
- Approval of Annual Report for 2024 (Open Forum)
- Ratification of the acts of the Board of Directors, Board Committees and the Management from the date of the last annual Stockholders' meeting up to the date of this meeting
- Election of Members of the Board of Directors for 2025-2026
- Appointment of External Auditor
- Other Matters
- Adjournment

Required vote for amendment of Articles of Incorporation: A vote of stockholders representing at least 2/3 of the outstanding capital stock present or represented at the meeting.

Required vote for all other matters: A majority vote of stockholders present or represented at the meeting.

2. Approval of 2025 Annual Report and Audited Financial Statements as of December 31, 2025

SMIC's Audited Financial Statements as of December 31, 2025 is attached as **Annex "B"** to this Information Statement for review of the stockholders. This will enable the stockholders to assess the financial performance of SMIC for the period covered by said financial statements. Stockholders' approval of the financial statement will be sought at this year's annual meeting.

Required vote: A majority vote of stockholders present or represented at the meeting.

3. Approval and ratification of acts of the Board of Directors, Board Committees and Management during their term of office

During their term, the Board approved resolutions and authorized actions in connection with their mandate to direct, manage and supervise the affairs and operations of SMIC. The acts of the Board of Directors, its Committees and management listed in Part D, Item 15, during their term of office, will be presented to the stockholders for approval and ratification. In compliance with the PSE Disclosure Rules, the Securities Regulation Code and its implementing rules, and in keeping with the policy on transparency as embodied in SMIC's Manual on Good Corporate Governance, SMIC regularly and promptly discloses actions taken by its Board and management. While stockholders' approval of such acts is not required under the Revised Corporation Code and regulatory issuances, SMIC believes it to be sound corporate governance to present these to the stockholders for approval and ratification.

Required vote: A majority vote of stockholders present or represented at the meeting.

4. Election of Directors

At the annual meeting, stockholders will be asked to elect the directors for the ensuing year. As stated in Section 3 of Article IV of the Company's By-Laws, "At each meeting of the stockholders for the election of directors, at which a quorum is present, the persons receiving the highest number of votes of the stockholders present in person or by proxy and entitled to vote shall be the directors."

Section 23 of the Revised Corporation Code of the Philippines states that "At all elections of directors or trustees, there must be present, either in person or by representative authorized to act by written proxy, the owners of a majority of the outstanding capital stock... entitled to vote".

Required vote: Candidates receiving the highest number of votes shall be declared elected.

5. Appointment of External Auditor

Pursuant to SMIC's By-laws, Manual on Corporate Governance, and Audit Committee Charter, the Board, upon the recommendation of the Board Audit Committee, shall recommend to the stockholders, appointment of an external auditor to undertake independent audit and provide objective assurance that the Company's financial reports are in compliance with pertinent accounting standards and regulatory requirements.

At the annual meeting, the stockholders will be requested to approve the re-appointment of SGV & Co. as external auditor of SMIC for the ensuing fiscal year.

Required vote: A majority vote of stockholders present or represented at the meeting.

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Taguig City on March 19, 2026.

By: **SM INVESTMENTS CORPORATION**

A black rectangular redaction box covering the signature of Elmer B. Serrano.

ELMER B. SERRANO
Corporate Secretary

MANAGEMENT REPORT

A.i Audited Consolidated Financial Statements

The Group's audited consolidated financial statements for the year ended December 31, 2025 are incorporated herein by reference.

A.ii Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with the Group's independent auditors on accounting and financial matters.

A.iii 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.

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 ₱20.9 billion Net income on Revenues of ₱434.5 billion.

The SM Stores reported Sales of ₱108.0 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 ₱249.6 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 ₱176.5 billion at 5% growth, and Alfamart with ₱34.1 billion at 20% growth.

The Specialty Stores reported Sales of ₱91.7 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 ₱45.6 billion *Net income* on *Revenues* of ₱140.4 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 ₱82.0 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 ₱3.2 trillion with growth across all market segments.

Total deposits increased 6% to ₱3.8 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 ₱24.8 billion *Net income*, 13% higher than 2023. *Net interest income* increased 19% to ₱63.5 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	P 383.8	P 359.5	6.8%
Noncurrent Assets	1,315.3	1,226.7	7.2%
Total Assets	P 1,699.1	P 1,586.2	7.1%
Current Liabilities	P 343.2	P 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	P 1,699.1	P 1,586.2	7.1%

Total *Assets* and *Liabilities* increased 7.1% to P1,699.1 billion and 2.3% to P832.7 billion, respectively.

Assets

Current Assets increased 6.8% to P383.8 billion.

Cash and Cash Equivalents increased 8.5% to P112.5 billion: P107.6 billion cash generated from operations, partially offset by P53.8 billion used for financing activities and P45.1 billion used for investments in property, plant and equipment, investment properties and others.

Receivables and Contract Assets increased 16.5% to P92.3 billion attributable mainly to receivables from real estate buyers and tenants.

Inventories increased 1.9% to P119.7 billion attributable mainly to Retail's merchandise inventory which increased by P3.1 billion to P42.0 billion.

Noncurrent Assets increased 7.2% to P1,315.3 billion.

Investments in Associate Companies and Joint Ventures increased 10.6% to P399.5 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 P57.4 billion attributable mainly to additions to vessels in operation, machinery and equipment and leasehold improvements.

Time Deposits (current and noncurrent) decreased 86% to P3.3 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	₱ 359.5	₱ 361.5	-0.6%
Noncurrent Assets	1,226.7	1,117.9	9.7%
Total Assets	₱ 1,586.2	₱ 1,479.4	7.2%
Current Liabilities	₱ 330.8	₱ 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	₱ 1,586.2	₱ 1,479.4	7.2%

Total *Assets* and *Liabilities* increased by 7.2% to ₱1,586.2 billion and 3.4% to ₱814.0 billion, respectively.

Assets

Current Assets slightly decreased by 0.6% to ₱359.5 billion.

Cash and Cash Equivalents decreased by 2.6% to ₱103.7 billion: ₱52.3 billion used for financing activities, ₱41.4 billion used for investments in property, plant and equipment, investment properties and others, partially offset by ₱90.9 billion cash generated from operations.

Receivables and Contract Assets decreased by 6.1% to ₱79.2 billion due mainly to collections of receivables from real estate buyers, tenants, and shipping and logistics services.

Inventories increased by 10.4% to ₱117.5 billion. SM Prime's real estate inventory increased by ₱7.4 billion to ₱77.9 billion and Retail's merchandise inventory increased by ₱4.2 billion to ₱38.9 billion.

Other Current Assets increased by 4.9% to ₱57.7 billion due mainly to higher input tax and receivable from banks.

Noncurrent Assets increased by 9.7% to ₱1,226.7 billion.

Financial Assets at FVOCI (current and noncurrent) increased by 4.5% to ₱27.1 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 ₱361.3 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 by 10.4% to ₱52.9 billion attributable mainly to additions to machinery and equipment and leasehold improvements.

Time Deposits (current and noncurrent) decreased by 30% to ₱22.9 billion as these were used to pay maturing obligations.

Investment Properties increased by 10.5% to ₱537.1 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 ₱138.0 billion attributable mainly to receivable from real estate buyers.

Liabilities

Interest-bearing Debt decreased by 0.8% to ₱501.7 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 ₱200.2 billion due mainly to the increase in trade and nontrade payables.

Deferred Tax Liabilities increased by 7.9% to ₱18.1 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 ₱58.0 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 ₱772.2 billion.

Equity Attributable to Owners of the Parent increased by 12.0% to ₱556.6 billion due mainly to the ₱67.8 billion addition in Retained Earnings representing the ₱77.0 billion net income offset by the ₱9.2 billion dividend declaration in 2023, and the ₱4.0 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 ₱215.6 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.

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		1.2
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.

A.iv Brief Description of the General Nature and Scope of the Company's Business, Its Subsidiaries and Associates

Business Development

SM Investments Corporation 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.

A.v Company's Directors and Executive Officers

Please refer to Item 5 of the Information Statement for the discussion on the identity of each of the Company's directors and executive officers including their principal occupation or employment, name and principal business of any organization by which such persons are employed.

A.vi Market Price, Stockholder and Dividend Information

Market Information

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

	2025				2024			
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

3rd Quarter		905.0		732.0		996.0		828.0
4 th Quarter		755.0		677.0		1000.0		875.0

As of March 18, 2026, the closing price of the Company's shares of stock is ₱627.00/share.

Stockholder and Dividend Information

The number of stockholders of record as of February 28, 2026 was 1,259. 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 February 28, 2026 are as follows:

	<u>Name</u>	<u>No. of Shares Held</u>	<u>% to Total</u>
1	PCD NOMINEE CORP. (NON-FILIPINO)	398,619,827	32.325
2	PCD NOMINEE CORP. (FILIPINO)	267,357,957	21.681
3	HARLEY T SY	87,604,771	7.104
4	HERBERT T. SY	86,753,008	7.035
5	HANS T. SY	75,839,675	6.150
6	SYNTRIX HOLDINGS, INC.	47,032,000	3.814
7	ELIZABETH TAN SY	36,073,463	2.925
8	TANSMART HOLDINGS, INC.	27,285,000	2.213
9	SYSMART CORPORATION	26,681,954	2.164
10	TERESITA T. SY	25,440,508	2.063
11	HENRY SY FOUNDATION INC.	22,500,000	1.825
12	GREEN DOE HOLDINGS, INC.	15,000,000	1.216
13	RAVEN GREY HOLDINGS, INC.	15,000,000	1.216
14	WATER FRY HOLDINGS, INC.	15,000,000	1.216
15	FELICIDAD T. SY FOUNDATION INC.	11,250,000	0.912
16	BERNESE MD CORPORATION	10,000,000	0.811
17	CANTIBLEU CORPORATION	10,000,000	0.811
18	COMAN HOLDINGS CORPORATION	10,000,000	0.811
19	NLC HOLDINGS, INC.	8,730,000	0.708
20	MLC HOLDINGS, INC.	8,480,000	0.688

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.

A.vii Corporate Governance

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 material, non-public information (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.

A.viii Undertaking to provide without charge a copy of the Company's Annual Report

The Company will provide, without charge, a copy of the Company's Annual Report or SEC Form 17-A to its stockholders upon receipt of a written request addressed to the Investor Relations Department at 10th Floor, OneE-com Center, Harbor Drive, Mall of Asia Complex, Pasay City 1300.



SM INVESTMENTS

Note: Pending stockholders' approval at the 2026 Annual Stockholders' Meeting

MINUTES OF THE ANNUAL MEETING OF THE
STOCKHOLDERS

SM INVESTMENTS CORPORATION

On April 30, 2025, 2:30 p.m.
Held In-Person at Forbes Ballroom 1 and 2, Conrad Manila
Seaside Blvd. corner Coral Way, Mall of Asia Complex, Pasay City
with Livestreaming via Zoom

PRESENT:

DIRECTORS

AMANDO M. TETANGCO, JR.	Chairman and Independent Director Member, Audit Committee Member, Risk Management Committee Member, Compensation Committee Member, Related Party Transaction Committee
TERESITA T. SY	Vice-Chairperson Chairperson, Executive Committee Chairperson, Compensation Committee
HENRY T. SY, JR. HARLEY T. SY	Vice-Chairman Executive Director
FREDERIC C. DYBUNCIO	Member, Executive Committee President and Chief Executive Officer
TOMASA H. LIPANA	Member, Executive Committee Independent Director Chairperson, Audit Committee Member, Corporate Governance and Sustainability Committee
ROBERT G. VERGARA	Independent Director Chairman, Risk Management Committee Member, Corporate Governance and Sustainability Committee
RAMON M. LOPEZ	Member, Related Party Transaction Committee Independent Director Chairman, Corporate Governance and Sustainability Committee Chairman, Related Party Transaction Committee
ATTY. LILY K. GRUBA	Member, Audit Committee Member, Risk Management Committee Independent Director Member, Compensation Committee Member, Corporate Governance and Sustainability Committee Member, Risk Management Committee

ALSO PRESENT:

ELIZABETH T. SY	Adviser to the Board
HANS T. SY	Adviser to the Board
HERBERT T. SY	Adviser to the Board
GREGORY L. DOMINGO	Adviser to the Board
ROBERTO G. MANABAT	Independent Adviser
ERWIN G. PATO	Treasurer and EVP – Treasury, Finance & Planning
ELIZABETH ANNE C. UYCHACO	EVP – Corporate Services / Chief Risk Officer and Compliance Officer

FRANKLIN C. GOMEZ
ATTY. ARTHUR A. SY

SHIELA P. ALARCIO
ATTY. ELMER B. SERRANO
RICO M. HIZON
MARIFE B. ZAMORA

EVP – Finance / Corporate Information Officer
SVP – Legal / Assistant Corporate Secretary / Alternate
Corporate Information Officer
Chief Audit Officer
Corporate Secretary
SVP – Corporate Relations
Nominee for Independent Director

Stockholders Present or Represented 1,077,555,070 common shares (87.38% of
Outstanding Common Shares) *Please see List of
Stockholders Present or Represented attached as
Annex A*

1. Call to Order

The meeting opened with an invocation followed by the Philippine National Anthem. The host, Mr. Rico M. Hizon, Senior Vice President for Corporate Relations, acknowledged the presence of all directors and key officers of SM Investments Corporation (**SMIC** or the **Company**). The host then introduced Mr. Amando M. Tetangco, Jr., the Chairman of the Board.

The Chairman welcomed the stockholders and guests to the 2025 Annual Stockholders' Meeting (**ASM**) of the Company, held in-person at Conrad Manila and streaming live. The Chairman then called the meeting to order and presided over the proceedings. Atty. Elmer B. Serrano, Corporate Secretary, recorded the minutes of meeting.

2. Certification of Notice and Quorum

Before proceeding with the meeting, the Chairman requested the Corporate Secretary to certify to the posting and publication of notice and existence of a quorum.

The Corporate Secretary certified that, in compliance with the rules issued by the Securities and Exchange Commission, notice of the meeting, the Definitive Information Statement, along with the Company's "Guidelines for Remote Participation and Voting *in Absentia*" were uploaded via PSE EDGE and posted on the Company's website beginning March 24, 2025. In addition, the notice of meeting was published on March 24 and 25, 2025, both in print and online formats, in the Business Section of The Philippine Daily Inquirer and BusinessWorld.

The Corporate Secretary also certified that based on the record of registration, the stockholders participating in this meeting in person, virtually and by proxy represent **1,077,555,070** common shares of the Company, representing **87.38%** of the total outstanding capital stock of the Company as of record date, March 31, 2025. He then certified that a quorum was present for the transaction of business by the stockholders.

The Corporate Secretary then announced that SyCip Gorres Velayo & Co. (**SGV**), the Company's external auditor, are present and has been engaged as third-party tabulator to validate all votes in accordance with the voting procedures provided in the Company's Definitive Information Statement and *Guidelines for Remote Participation and Voting in Absentia*.

The Corporate Secretary also informed participants that the meeting will be recorded and for good order, the open forum will be conducted at the end of the meeting.

3. Approval of Minutes of the Annual Stockholders' Meeting held on April 24, 2024

The Chairman proceeded to the next item in the agenda which is the approval of the minutes of the annual meeting of stockholders held on April 24, 2024. A copy of the minutes was posted on the Company's website soon after last year's annual meeting adjourned. The minutes have also been appended to the Definitive Information Statement posted on PSE EDGE and the Company's website <www.sminvestments.com> and were made available to the shareholders for downloading. The minutes reflect the proceedings of the last annual meeting, including resolutions adopted and approved, with corresponding tabulation of votes.

The votes cast and received were as follows:

In Favor		Against		Abstain	
No. of Shares	% Out of Total Number of Shares Represented at the Meeting	No. of Shares	% Out of Total Number of Shares Represented at the Meeting	No. of Shares	% Out of Total Number of Shares Represented at the Meeting
1,077,555,070	100.00%	0	0.00%	0	0.00%

Thereafter, there being no objection and upon motion duly made and seconded, with majority of the stockholders present and represented in the meeting in favor of approval, the following resolution was passed and adopted:

"RESOLVED, that the minutes of the annual meeting of stockholders of SM Investments Corporation held on April 24, 2024 are approved."

4. Approval of 2024 Annual Report and Audited Financial Statements

The Chairman then requested Mr. Frederic C. DyBuncio, President and CEO, to render his report on the results of operations for 2024:

"Good afternoon, our dear shareholders. It is my honor to present the highlights of SM Investments' performance in 2024. We are grateful for your continued support and engagement, and we are excited to share how the SM Group, braced by the Philippines' macroeconomic fundamentals and resilient consumer spending, achieved another record year of growth.

Allow me to walk you through the milestones and achievements we reached in the past year.

The Philippine Gross Domestic Product grew by 5.7% in 2024, with consumer spending as a key driver. The economy's resilience was further demonstrated by a low unemployment rate of 3.8%, a steady rise in overseas Filipino worker remittances by 3.0%, and a lower inflation rate that averaged 3.2% for the year. These indicators reflected a strong and optimistic consumer market, setting the stage for continued growth and confidence in the Philippine economy.

Against this backdrop, SM Investments' 2024 performance was anchored on strong contributions from our core businesses. Our consolidated revenues increased by 6% reaching PHP654.8 billion, and earnings grew by 7% to PHP82.6 billion. Despite inflationary pressures, our core businesses flourished, supported by the strong country story and healthy consumer sentiment. Our 2024 FY earnings were driven by our three core businesses – with banking contributing 49%, Property 26% and Retail 18%. Meanwhile our investments in emerging portfolio companies delivered the balance of 7%. Total assets of SM Investments increased 7% to PHP1.7 trillion, while the group maintained a strong and conservative balance sheet, with 31% net debt to 69% equity ratio, ensuring financial flexibility and resilience.

To support our growth strategy, and a highlight of the year, SM Investments launched in the second quarter the Philippines' first joint Euro Medium Term Note program together with SM Prime, allowing us to issue up to USD 3 billion between the two companies. In July of last year, we successfully priced a USD 500 million bond issuance under the program. This marks the largest bond issuance since 2014, giving us greater flexibility in the face of market volatility. The transaction was recognized as the "Philippines Capital Market Deal of the Year" by International Financing Review Asia, underscoring global investor confidence in SM's financial strength.

Our banks accounted for 49% of group earnings. BDO Unibank delivered earnings growth of 12%, while Chinabank achieved 13% earnings growth, both supported by the broad strength of their respective business franchises. Both banks delivered strong double-digit loan

growth and improvements in asset quality, reinforcing our leadership in the Philippine banking space.

SM Prime, our second largest contributor at 26%, posted growth of 14% in consolidated earnings, driven largely by the strong performance of its mall business. I am happy to report that our property arm made substantial progress in its 360-hectare Integrated Property Development project in Pasay City, Manila Bay, with 60% of the land development completed in 2024. This is expected to be fully completed in the near term to enable horizontal development to begin in 2027.

Retail made up 18% of the group's earnings. Total revenues and earnings in the retail sector grew by 5%, fueled by increased consumer spending. Among discretionary categories, health and beauty led the way, followed by fashion. Alfamart, our minimart chain, marked a significant milestone, reaching 2,092 stores on its 10th anniversary. In this favorable environment, we pursued strategic expansion for our core businesses across the nation and, at the same time, continued to invest in high-growth sectors that create additional synergies with our existing business ecosystem.

Overall, we continued to meet the diverse needs of our many customers. In banking, we championed customer-centricity and financial inclusion across all market segments. In our malls, we continued to expand our footprint, introducing inclusive spaces and new concepts, while providing mallgoers with unforgettable mall experiences. Our retail businesses offer a broad spectrum of lifestyle choices, ensuring accessibility and relevance to consumers of all economic classes.

In 2024, we expanded our footprint with the opening of 618 new retail stores, 73 bank branches, and two malls in North Caloocan and Mandaue City, Cebu. Over 85% of these developments were outside Metro Manila, reflecting our geographic expansion strategy to tap into high-growth provincial markets and provide new growth opportunities as we serve more Filipinos. Our strategic investments in the high growth sectors of renewable energy, logistics and tourism to enhance synergies across our business ecosystem, exemplify our commitment to purposeful growth. From a position of market leadership, all of our businesses are following a strategy of expansion, investing in footprint to create larger markets and serving more Filipinos, especially in the provinces.

Our portfolio companies contributed 7% of consolidated earnings with a medium-term goal to increase this into the mid-teens. As mentioned earlier, these companies continue to build synergies within the SM Group and to add growth and returns to the parent company. Through Philippine Geothermal Production Company (PGPC), we produce 300 MW of geothermal steam supply and aim to add capacity for another 300 MW to support the Department of Energy's 50% renewable energy goal by 2040. Our one-stop logistics solutions provider 2GO launched two new ships, MV Masigla and MV Masikap, enabling us to connect to more localities, bringing more goods and people across 19 ports nationwide.

Our founder, Henry Sy, Sr., believed that business growth and social progress are intrinsically linked. Guided by this principle, in 2024, we continued our efforts to support over 100,000 MSMEs among tenants and suppliers, foster workplace inclusivity for our over 142,000 employees, and contribute to the nation's social and economic development. Through SM Foundation, we have granted 6,619 college scholarships, built 110 school buildings, trained 32,359 farmers, served 1,314,118 patients through medical missions and improved 216 health and wellness centers to date.

We undertook many initiatives to reduce our environmental impact, outlined in detail in our 2024 Sustainability Report. Our partnership with the Department of Science and Technology (DOST) to advance sustainable plastic materials and improve plastic waste management strategies is one of several environmental initiatives we undertook in 2024. We jointly hosted a forum where both organizations agreed to collaborate on essential and sustainable plastics initiatives, including joint research and development, training programs, and conferences. Our retail and mall teams have taken steps to reduce plastic usage, with campaigns like Waste-Free Future and a standardized waste segregation policy called RDC (Recyclable, Disposable and Compostable). Retail also continues to champion sustainable retail choices through its Green

Finds Program, which now includes over 20 thousand products. Additionally, SM Prime Holdings partnered with the Japanese company GUUN to develop infrastructure for waste management and resource recovery, further contributing to a circular economy. The technology converts non-recyclable and hard-to-recycle packaging into alternative fuel.

We are honored to receive numerous prestigious awards in 2024, including recognition as one of the World's Best Companies by TIME Magazine and inclusion in the Fortune 500 Southeast Asia list. These accolades reflect our continued excellence in governance, sustainability, finance, and corporate communication. In 2024, your Board made a significant decision to expand the number of Independent Directors to 5 out of 9 Directors overall. This move makes the Board of Directors controlled by independents. This is a notable move to align with the highest levels of governance globally. Because of this and other good practices, SM was awarded 5 Golden Arrows by the Institute of Corporate Directors (ICD). Of the only five companies in the country to achieve this top level of governance, four were SM Group companies – SM Prime Holdings, Inc. (SM Prime), BDO Unibank, China Banking Corporation (China Bank), as well as SM Investments.

Last March 24, 2025, we commemorated our 20th IPO anniversary, which marked two decades of transformative growth as a publicly-listed company on the Philippine Stock Exchange. Since listing on the PSE on March 22, 2005, with an adjusted price of PHP 123.27 per share. Our shares have grown 549% compared to the March 21, 2025, closing price of PHP800 per share. Over the course of 20 years, SM's assets grew by 900 percent, delivering a compounded annual growth of 12 percent. Since its IPO in 2005, the company has paid PHP133 billion in cash dividends to stockholders and distributed PHP6 billion in stock dividends, at par value.

SM Investments has generated incredible returns for investors in the last 20 years. We recently announced a share buyback program of PHP60 billion intended to generate returns for our shareholders and highlight the value opportunity in our current share price. We support our shareholders and believe our stock is significantly undervalued. This is SM Investments' first buyback program and the largest announced in Philippine corporate history.

Looking forward, we intend to continue this journey of growth. Our focus on consumer growth mirrors the over 70% of GDP driven by consumer spending. We are a strong group with leading businesses, a trusted brand and heritage, with a very conservative balance sheet and we have well-regarded leadership. Our geographic expansion strategy of serving more communities and customers follows the growth of the country. And it is supported by strategic investments in portfolio companies that add synergies to our ecosystem and higher growth potential for the parent company.

As we approach 2025, we remain committed to driving purposeful growth, confident that moderation in inflation and a robust economy will unlock new opportunities for the country's consumer-driven economy.

In closing, I extend our heartfelt gratitude to all of you -- our stakeholders, shareholders, employees, customers, and partners. Your trust and support have been instrumental in our continued success. Together, we will build on what we've accomplished in 2024 and continue to grow with purpose in 2025 and beyond.

Thank you for your continued confidence in SM Investments!"
The votes cast and received were as follows:

In Favor		Against		Abstain	
No. of Shares	% Out of Total Number of Shares Represented at the Meeting	No. of Shares	% Out of Total Number of Shares Represented at the Meeting	No. of Shares	% Out of Total Number of Shares Represented at the Meeting
1,075,780,496	99.83%	297,585	0.03%	1,476,989	0.14%

Thereafter, there being no objection and upon motion duly made and seconded, with majority of the stockholders present and represented in the meeting in favor of approval, the following resolution was passed and adopted:

"RESOLVED, that the 2024 Annual Report and Audited Financial Statements of SM Investments Corporation are approved."

5. Announcement of Cash Dividends

The Chairman then announced that at the recently adjourned regular meeting of the Board of Directors, the Board approved a cash dividend amounting to approximately Fifteen Billion Eight Hundred Eighty Six Million Pesos (Php15,886,000,000.00) or Thirteen Pesos (Php13.00) per share, composed of Eleven Pesos (P11.00) per share in regular dividends and Two Pesos (P2.00) per share in special dividends, in favor of all stockholders of record as of May 16, 2025, payable on May 29, 2025.

6. Approval and Ratification of the Acts of the Board of Directors, Board Committees and Management

The next item in the agenda is the ratification of all acts, proceedings and resolutions made and adopted by the Board of Directors, the Board Committees, and carried out by Management during their terms of office, or from the date of the last annual stockholders' meeting up to this meeting. The collective efforts of the Board, its Committees and Management are the key success factors to the Company's 2024 performance. A summary of these acts is found in the Company's Definitive Information Statement.

The votes cast and received were as follows:

In Favor		Against		Abstain	
No. of Shares	% Out of Total Number of Shares Represented at the Meeting	No. of Shares	% Out of Total Number of Shares Represented at the Meeting	No. of Shares	% Out of Total Number of Shares Represented at the Meeting
1,076,380,359	99.89%	8,190	0.00%	1,166,521	0.11%

Thereafter, upon motion duly made and seconded, with majority of the stockholders present and represented in the meeting in favor of approval, the following resolution was passed and adopted:

"RESOLVED, that the acts and proceedings of the Board of Directors, Board Committees and Management during their terms of office or from the date of the last annual stockholders' meeting up to this meeting are ratified and approved."

7. Election of Directors for 2025-2026

The next item in the agenda is the election of directors for the year 2025-2026. The Chairman noted that in accordance with the Corporation's By-Laws, the Corporate Governance and Sustainability Committee has pre-screened and short-listed all candidates qualified and nominated to the Board of Directors. The Chairman requested Mr. Ramon M. Lopez, Chairman of the Corporate Governance and Sustainability Committee, to present the nominees qualified to be elected to the Board.

Mr. Lopez stated that the Corporate Governance and Sustainability Committee has pre-screened and qualified the nominees for election to the Board of Directors. He then announced the names of the following qualified nominees to the Board for 2025-2026:

1. Mr. Amando M. Tetangco, Jr. as Independent Director
2. Ms. Teresita T. Sy
3. Mr. Henry T. Sy, Jr.
4. Mr. Harley T. Sy
5. Mr. Frederic C. DyBuncio
6. Mr. Robert G. Vergara as Independent Director
7. Mr. Ramon M. Lopez as Independent Director
8. Ms. Lily K. Gruba as Independent Director
9. Ms. Marife B. Zamora as Independent Director

The votes cast and received by each of the nominees were as follows:

Nominee	In Favor	Against	Abstain
Mr. Amando M. Tetangco, Jr.	1,074,646,254	634,892	2,273,924
Ms. Teresita T. Sy	1,033,643,160	7,809,822	36,102,088
Mr. Henry T. Sy, Jr.	1,072,652,666	46,780	4,855,624
Mr. Harley T. Sy	1,077,027,602	46,780	480,688
Mr. Frederic C. DyBuncio	1,065,312,195	46,780	12,196,095
Mr. Robert G. Vergara	1,077,508,290	46,780	0
Mr. Ramon M. Lopez	1,076,698,053	296,785	560,232
Ms. Lily K. Gruba	1,077,508,290	46,780	0
Ms. Marife B. Zamora	1,077,555,070	0	0

Thereafter, upon motion duly made and seconded, with all nominees having obtained sufficient votes for election, the following resolutions were passed and adopted:

“RESOLVED, that following are elected to the Board of Directors of SM Investments Corporation for 2025-2026, to serve as such directors until their successors have been duly qualified and elected:

1. Mr. Amando M. Tetangco, Jr. as Independent Director,
2. Ms. Teresita T. Sy,
3. Mr. Henry T. Sy, Jr.,
4. Mr. Harley T. Sy,
5. Mr. Frederic C. DyBuncio,
6. Mr. Robert G. Vergara as Independent Director,
7. Mr. Ramon M. Lopez as Independent Director,
8. Ms. Lily K. Gruba as Independent Director, and
9. Ms. Marife B. Zamora as Independent Director.

8. Appointment of External Auditor

The next item in the agenda is the appointment of the Company's external auditor for 2025. The Corporate Secretary informed the stockholders that the Audit Committee processed and pre-screened the nominees for external auditor and recommended, as confirmed by the Board of Directors, the appointment of SyCip, Gorres, Velayo & Co. or SGV as external auditor for 2025.

The votes cast and received were as follows:

In Favor		Against		Abstain	
No. of Shares	% Out of Total Number of Shares Represented at the Meeting	No. of Shares	% Out of Total Number of Shares Represented at the Meeting	No. of Shares	% Out of Total Number of Shares Represented at the Meeting
1,075,610,518	99.82%	1,944,552	0.18%	0	0.00%

Thereafter, upon motion duly made and seconded, with majority of the stockholders present and represented in the meeting in favor of approval, the following resolution was passed and adopted:

"RESOLVED, that the appointment of SyCip, Gorres, Velayo & Co. as external auditor of SM Investments Corporation for 2025 is approved."

9. Open Forum

The Chairman then proceeded with the Question-and-Answer portion of the meeting. The host explained that the floor will be first open to persons attending in-person. He then added that all stockholders of record were allowed to submit questions via email to <asm@sminvestments.com> not later than April 28, 2025. Shareholders were also allowed to send their questions or comments through the chat box of the livestream.

A stockholder asked "What was the main reason for the buyback program? How much shares have been repurchased since the launch?"

The Chairman requested Mr. DyBuncio to answer the question. Mr. DyBuncio answered that the main reason why the Company did a buyback program was that it felt the value of the Company's shares, as it was traded in the Philippine Stock Exchange, does not reflect the value of the Company as a whole, and so it was a good investment for the Company to buy back its own shares. It will also increase the earnings per share of each of the shareholders. He added that since the buyback has been announced, the Company bought back roughly about 345 Million Pesos worth of shares, which translates to about 0.04% of the Company's outstanding common stock.

The next question was "What would be the impact of US Tariffs on the company?"

The Chairman answered that the Philippine economy continues to show sound fundamentals despite growing global complexity. Domestic demand remains robust, supported by resilient household consumption, steady remittances, and favorable demographics. Inflation remains manageable and is actually declining. Trade with the United States accounts for about 17% of the Philippines' total goods exports. However, a large part of the country's external earnings comes from services like business process outsourcing and remittances, which are not subject to goods tariffs. Thus, we do not expect a major direct impact from recent goods tariff measures, but we are mindful that the environment is evolving.

The Chairman added that in order to stay resilient, we need to be flexible with shifting conditions and protect long-term growth. We look to sharpen our ability to anticipate trends, strengthen operational flexibility, and build strategic buffers where needed. Investing in better predictive capabilities and creating redundancy in critical areas will be important. At SM, the Chairman noted that its core businesses — retail, banking, and property — are closely tied to the domestic economy and the everyday needs of Filipinos. These sectors continue to show stability and relevance even as market conditions change. As consumption patterns continue to evolve, we are positioning ourselves to meet new demands while preserving the strengths that have anchored our Group over the decades. Our focus is to remain agile, maintain financial discipline, and stay well-positioned for sustainable long-term growth.

The host thanked the Chairman and the President for answering the questions and thanked the stockholders for their questions.

10. Other Matters

The Chairman then inquired if there were other matters that could properly be taken up at the meeting. The Corporate Secretary confirmed that there were none.

11. Adjournment

There being no further business to transact, the Chairman thanked everyone who participated in the meeting and invited everyone to partake refreshments prepared for the occasion. Thereafter, the meeting was adjourned.

CERTIFIED CORRECT:



ELMER B. SERRANO
Corporate Secretary

ATTESTED BY:

AMANDO M. TETANGCO, JR.
Chairman

DRAFT

Annex A
List of Stockholders Present or Represented
at the Annual Stockholders' Meeting¹

Total number of voting shares outstanding 1,228,797,920
Total number of shares present or represented by proxy 1,077,555,070

Attendance percentage 87.38%

CLASSIFICATION	NAME OF STOCKHOLDER
INDIVIDUAL STOCKHOLDERS	TERESITA T. SY
	HENRY T. SY, JR.
	HARLEY T. SY
	JOSE T. SIO
	AMANDO M. TETANGCO, JR.
	FREDERIC C. DYBUNCIO
	TOMASA H. LIPANA
	ROBERT G. VERGARA
	RAMON M. LOPEZ
	LILY K. GRUBA
	MARIFE B. ZAMORA
	FRANKLIN C. GOMEZ
	HANS T. SY
	HERBERT T. SY
	ELIZABETH T. SY
	GODOFREDO L. RAMOS
	MYRA P. VILLANUEVA
	CARMELYNE YU BOLUS
CORPORATE STOCKHOLDERS	WATER FRY HOLDINGS, INC.
	TANSY HOLDINGS INC.
	TANSMART HOLDINGS, INC.
	SYSMART CORP.
	SYNTRIX HOLDINGS, INC.
	SM PRIME HOLDINGS, INC.
	RAVEN GREY HOLDINGS, INC.
	MULTI REALTY DEV. CORP.
	HENRY SY FOUNDATION INC,
	GREEN DOE HOLDINGS, INC.
	FELICIDAD T. SY FOUNDATION INC.
	COMAN HOLDINGS CORP.
	CANTIBLEAU CORP.
	BERNESE MD CORP.
INTERCONTINENTAL DEVELOPMENT CORPORATION	
BROKERS	REGINA CAPITAL DEVELOPMENT CORPORATION
	THE HONGKONG AND SHANGHAI BANKING CORP. LTD - CLIENTS' ACCT.*
	CHINA BANKING CORPORATION – TRUST GROUP*
	BDO SECURITIES CORPORATION*

¹In compliance with SEC Memorandum Circular No.11, Series of 2024.

CLASSIFICATION	NAME OF STOCKHOLDER
BROKERS	CITIBANK, N.A.*
	LUCKY SECURITIES, INC.*
	COL FINANCIAL GROUP, INC.*
	BPI SECURITIES CORPORATION*
	ANSALDO, GODINEZ & CO., INC.*
	STANDARD CHARTERED BANK*
	DEUTSCHE BANK MANILA-CLIENTS A/C *
	OPTIMUM SECURITIES CORPORATION
	CAMPOS LANUZA & CO. INC.

*PCD Participants

DRAFT



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

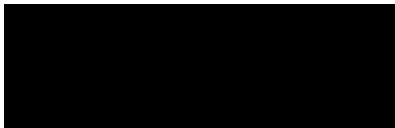
The management of SM Investments Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at December 31, 2025 and 2024, and for each of the three years in the period ended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

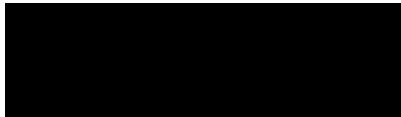
In preparing the consolidated financial statements, management assesses the Group's ability to continue operating in the foreseeable future, discloses any relevant matters affecting this assessment, and applies the going concern basis of accounting unless it intends to liquidate the Group or cease operations, or has no realistic alternative but to do so.

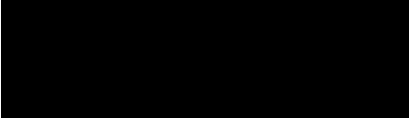
The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

SM INVESTMENTS

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

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

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p	l	e	x	,		C	B	P	-	1	A	,		P	a	s	a	y		C	i	t	y		1	3	0	0		

Form Type	Department requiring the report	Secondary License Type, If Applicable													
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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
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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
	₱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
	₱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 (Note 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)

	Equity Attributable to Owners of the Parent Company													Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of 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	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total		
As at January 1, 2025	₱12,261	₱71,752	(₱41)	(₱6,949)	(₱25)	₱1,821	₱557	₱9,899	(₱2,100)	(₱11,772)	₱30,000	₱521,901	₱627,304	₱239,121	₱866,425
Net income	–	–	–	–	–	–	–	–	–	–	–	90,482	90,482	33,290	123,772
Other comprehensive income (loss)	–	–	–	–	–	1,141	(374)	(2,043)	311	665	–	–	(300)	11	(289)
Total comprehensive income	–	–	–	–	–	1,141	(374)	(2,043)	311	665	–	90,482	90,182	33,301	123,483
Realized gain on disposal of financial assets at FVOCI (Note 9)	–	–	–	–	–	–	–	(726)	–	–	–	726	–	–	–
Issuance of common shares (Note 20)	70	6,130	–	–	(6,200)	–	–	–	–	–	–	–	–	–	–
Purchase of treasury shares (Note 20)	–	–	(5,134)	–	–	–	–	–	–	–	–	–	(5,134)	–	(5,134)
Transactions with non-controlling interests (Note 20)	–	(1,215)	–	–	–	–	–	–	–	–	–	–	(1,215)	(153)	(1,368)
Cash dividends - ₱13.00 per share (Note 20)	–	–	–	–	–	–	–	–	–	–	–	(15,879)	(15,879)	–	(15,879)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(12,023)	(12,023)
Net change in non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	131	131
As at December 31, 2025	₱12,331	₱76,667	(₱5,175)	(₱6,949)	(₱6,225)	₱2,962	₱183	₱7,130	(₱1,789)	(₱11,107)	₱30,000	₱597,230	₱695,258	₱260,377	₱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	–	–	–	–	–	–	–	–	–	–	–	82,609	82,609	32,044	114,653
Other comprehensive income (loss)	–	–	–	–	–	234	(252)	(1,176)	1,051	(396)	–	–	(539)	(35)	(574)
Total comprehensive income	–	–	–	–	–	234	(252)	(1,176)	1,051	(396)	–	82,609	82,070	32,009	114,079
Effect of business combination (Note 5)	–	–	–	(289)	–	–	–	–	–	–	–	–	(289)	–	(289)
Transactions with non-controlling interests	–	(85)	–	–	–	–	–	–	–	–	–	–	(85)	9	(76)
Cash dividends - ₱9.00 per share (Note 20)	–	–	–	–	–	–	–	–	–	–	–	(10,997)	(10,997)	–	(10,997)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(9,279)	(9,279)
Reversal of appropriations - net	–	–	–	–	–	–	–	–	–	–	(7,000)	7,000	–	–	–
Net change in non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	786	786
As at December 31, 2024	₱12,261	₱71,752	(₱41)	(₱6,949)	(₱25)	₱1,821	₱557	₱9,899	(₱2,100)	(₱11,772)	₱30,000	₱521,901	₱627,304	₱239,121	₱866,425



Equity Attributable to Owners of the Parent Company

	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Common Shares Held by Parent Company 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 Loss of Associates – Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2023	₱12,261	₱75,839	(₱41)	(₱6,660)	(₱25)	₱2,103	₱1,610	₱11,823	(₱1,722)	(₱10,763)	₱37,000	₱375,464	₱496,889	₱195,301	₱692,190
Net income	–	–	–	–	–	–	–	76,989	–	–	–	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	–	(4,002)	–	–	–	–	–	–	–	–	–	–	(4,002)	174	(3,828)
Cash dividends - ₱7.50 per share (Note 20)	–	–	–	–	–	–	–	–	–	–	–	(9,164)	(9,164)	–	(9,164)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(7,460)	(7,460)
Net change in non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	473	473
As at December 31, 2023	₱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

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 (included under "Financial assets at FVOCI" in the consolidated balance sheets) 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, respective, of which ₱15.2 billion, ₱19.6 billion and ₱9.3 billion pertain to 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.

Income from forfeitures, except accounts covered by Maceda Law, 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, 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% and 4% in 2025 and 2024, respectively. A reasonably possible decrease of 2% in 2025 and 1% 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
Waltermart 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) Waltermart 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:

	Land	Buildings and Improvements	Store Equipment and Improvements	Data Processing Equipment	Furniture, Fixtures and Office Equipment	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Vessels in Operation	Containers and Reefer Vans	Construction in Progress	Total
<i>(In Millions)</i>												
Cost												
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	8,505	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% to an increase of 30%. 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	Amount
	<i>(In Millions)</i>				
Parent Company					
U.S. dollar-denominated*	April 2025	April 2032	Fixed 4.9%; quarterly	₱3,389	₱4,628
GBP-denominated*	July 2023	July 2028	Fixed 5.3%; quarterly	3,304	6,541
Peso-denominated	March 2021 - February 2022	June 2026 - May 2031	Fixed 4.0%-4.8%; semi-annual and quarterly	28,236	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
Dividends receivable	—	—	—	—	—
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
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
	2,223	568	1,655
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
	(1,336)	(100)	(1,236)
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
	1,906	493	1,413
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
	(631)	(269)	(362)
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\$	Ph₱	US\$	Ph₱
	<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			Total
	Less than 1 Year	1 to 5 Years	More than 5 Years	
<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)**	₱20,139	₱-	₱20,139	₱28,755	₱-	₱28,755
Escrow fund	1,035	-	1,035	822	-	822
Derivative assets (including noncurrent portion)	4,710	-	4,710	5,378	-	5,378
	₱180,865	₱12,074	₱192,939	₱189,786	₱12,577	₱202,363

*Excluding non-financial assets of ₱137.8 billion and ₱133.5 billion as at December 31, 2025 and 2024, respectively.

**Excluding non-financial assets of ₱137.0 million and ₱172.6 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%	₱379.9
	-1.28%	(379.9)
2024	+1.09%	₱357.5
	-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	₱24,027	₱24,027	₱24,027	₱-	₱-
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	-
	₱35,648	₱35,732	₱24,027	₱8,605	₱3,100
Liabilities Measured at Fair Value					
Derivative liabilities	₱156	₱156	₱-	₱156	₱-
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
	₱414,891	₱401,506	₱-	₱156	₱401,350

*Excluding nonfinancial liabilities of ₱22.0 billion and noncurrent derivative liabilities of ₱56.7 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.



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. 

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
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, One E-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 reporting period	₱61,848
Prior year outstanding reconciling items, net of tax	
Actuarial loss at January 1, 2013 recorded as retirement expense	49
Unappropriated Retained Earnings, beginning of reporting period as adjusted	61,897
Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(15,972)
Unappropriated Retained Earnings, as adjusted	45,925
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)	(₱5,134)
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)
Sub-total	(5,145)
Total Retained Earnings, end of the reporting period available for dividend declaration	₱72,692

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	Interest and 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	Interest and 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	Interest and Dividend Income Received and Accrued
Club Shares				
Cebu Golf & Country Club	1 share	₱18	₱18	₱–
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		₱27,854	₱23,676	₱939

**Excluding cash on hand and in banks.*

**SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)**

Not Applicable

**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 beginning of year	Additions	Amounts collected	Amounts written off/ Others	Current	Non current	Balance at end of 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)	–	–	–	–
Goldilocks 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							
Belleshare 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
Belleshare 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	₱5	₱13,167	(₱13,172)	₱-	₱-	₱-	₱-
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	₱5	₱21,984	(₱21,989)	₱-	₱-	₱-	₱-

SCHEDULE D – LONG-TERM DEBT
(Amounts in Millions)

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
<i>Parent Company</i>						
U.S. dollar-denominated	\$58	₱34	₱3,355	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
		100,940	392,432			
Less debt issue cost		543	1,593			
		₱100,397	₱390,839			

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES

Not Applicable

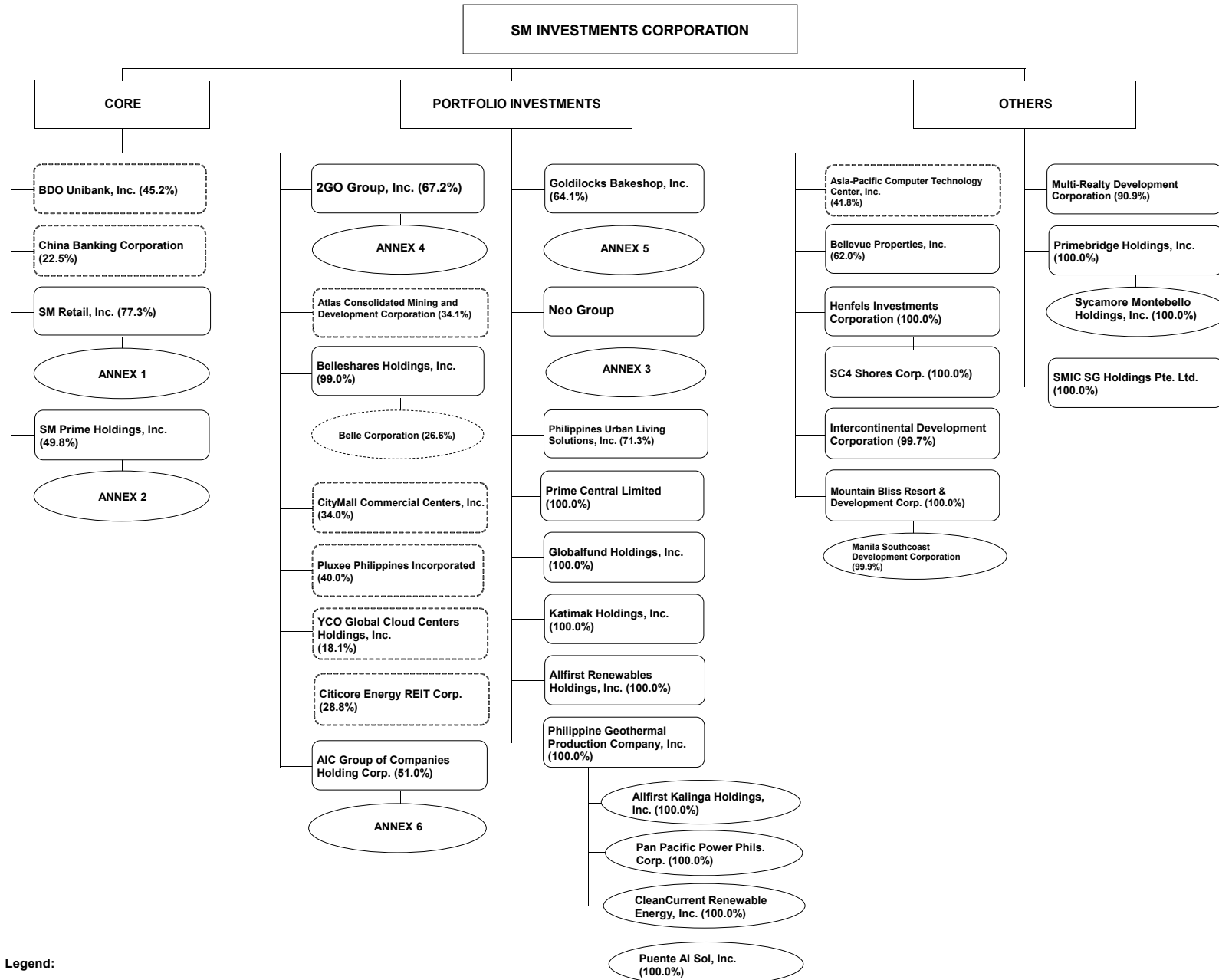
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS

Not Applicable

SCHEDULE G - CAPITAL STOCK

Title of Issue	Number of Shares Authorized	Number of Shares Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held by		
				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

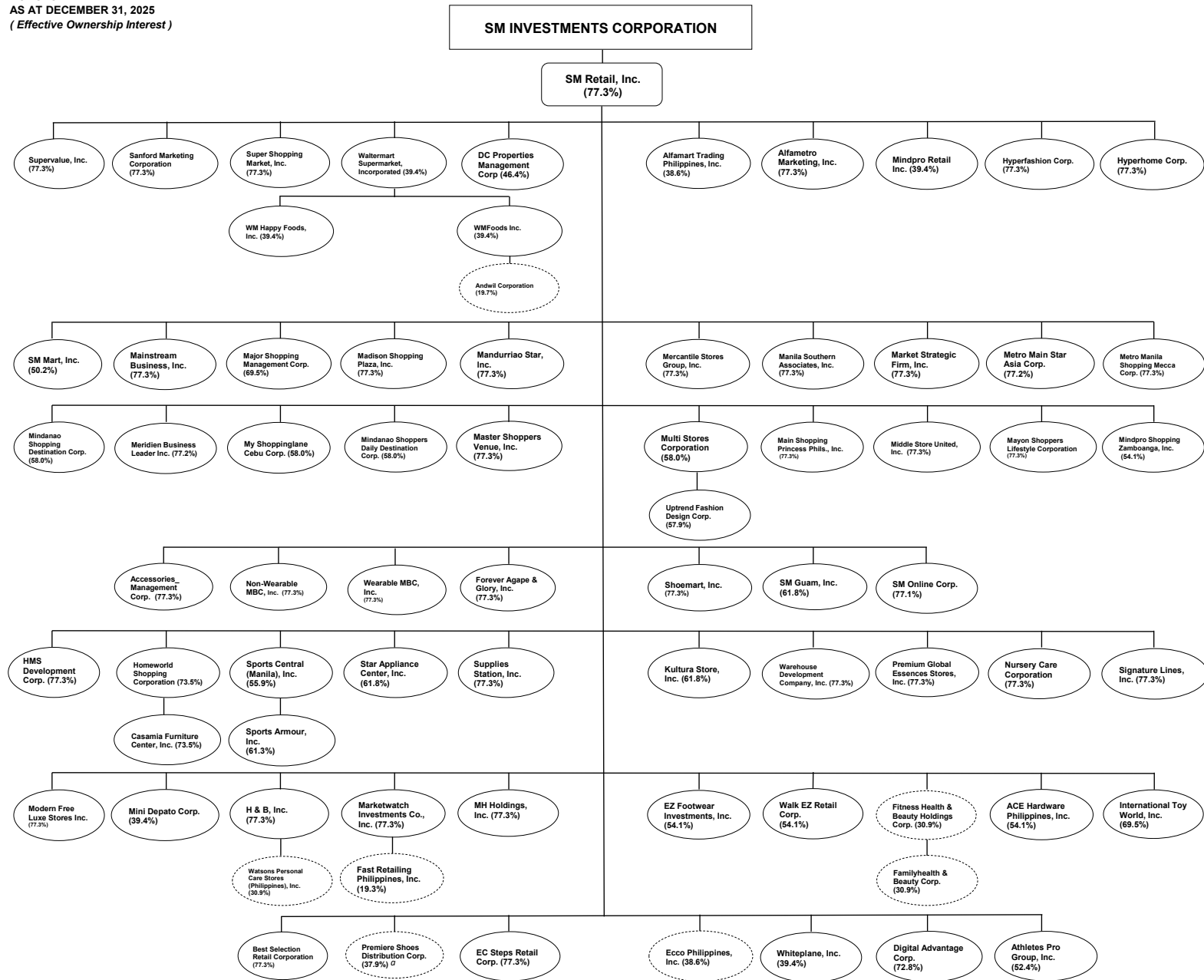
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)



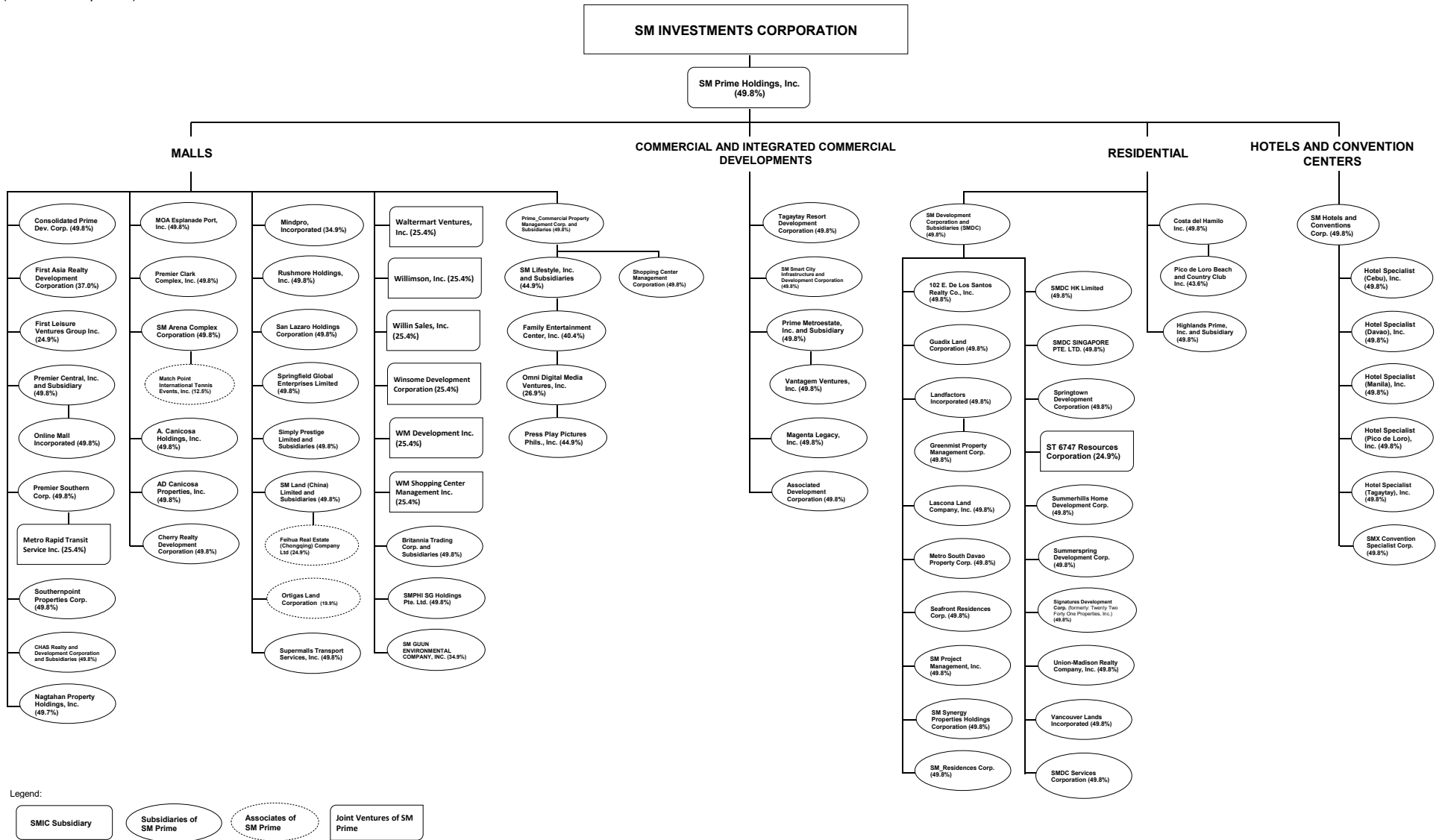
Legend:



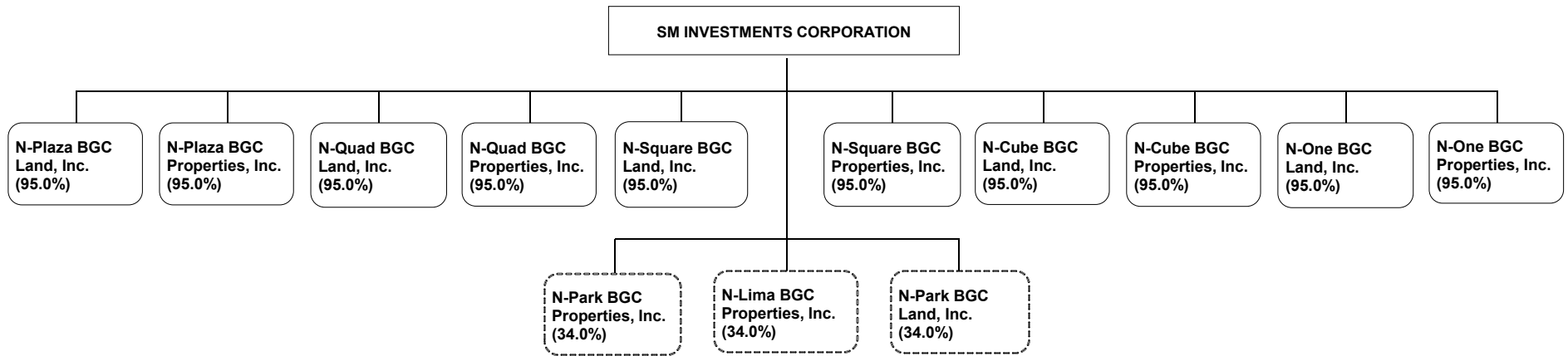
**SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)**



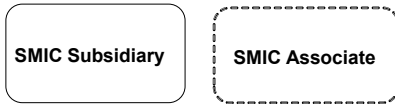
◊ Corporate life ended effective November 30, 2023; pending return of capital



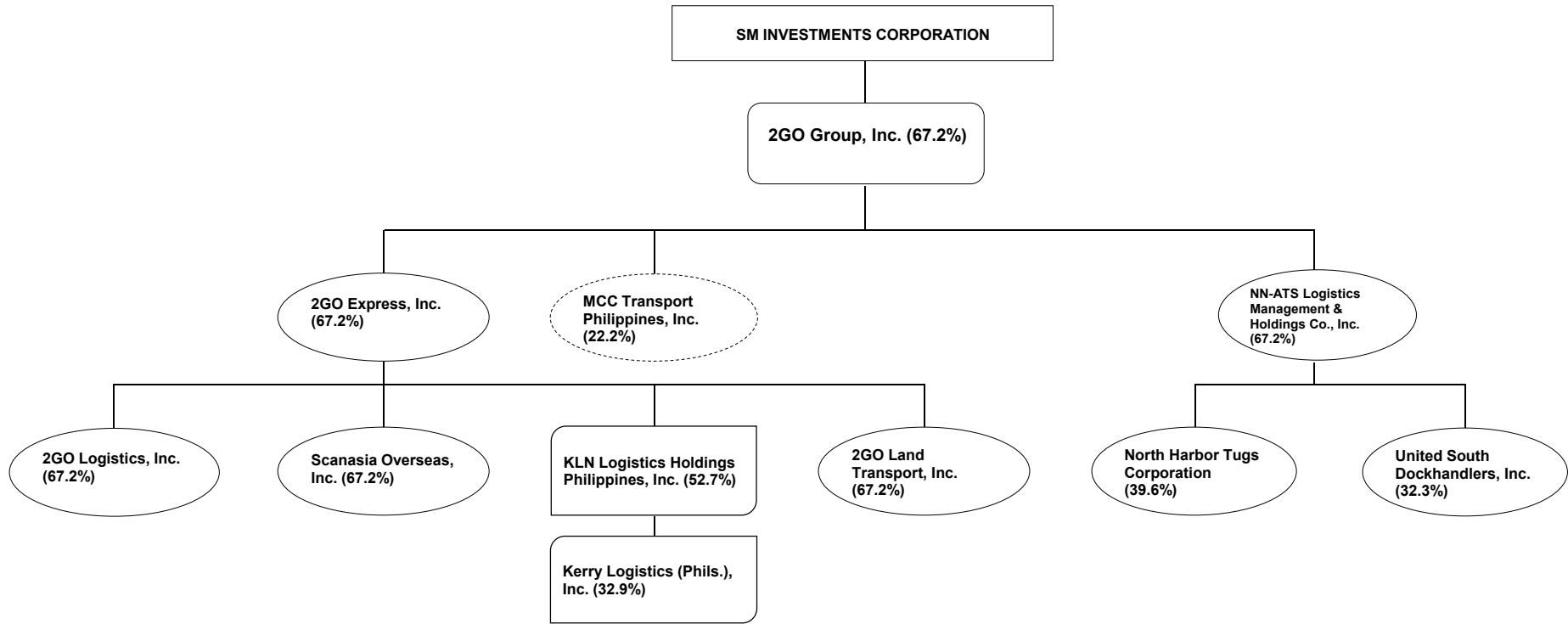
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)



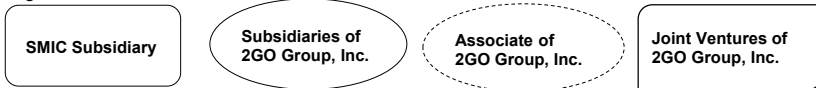
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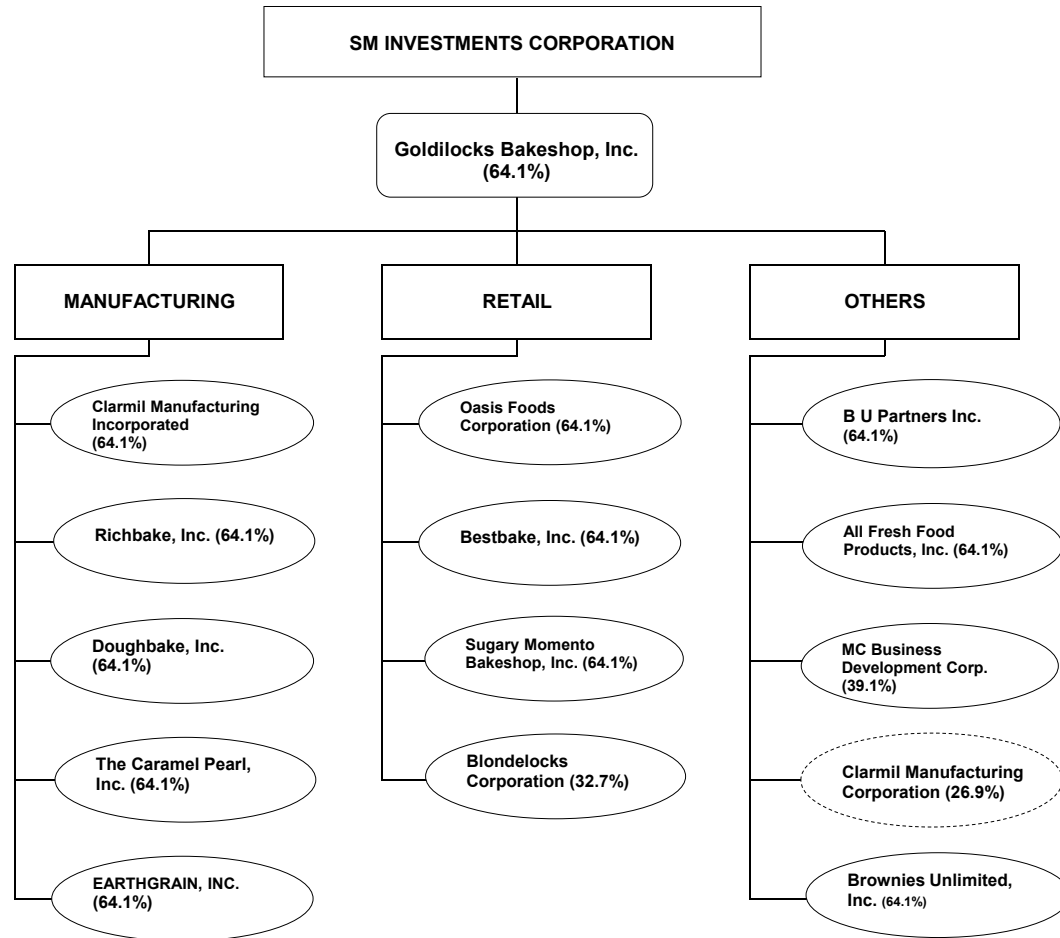
**SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)**



Legend:



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
 CONGLOMERATE MAP
 AS AT DECEMBER 31, 2025
 (Effective Ownership Interest)



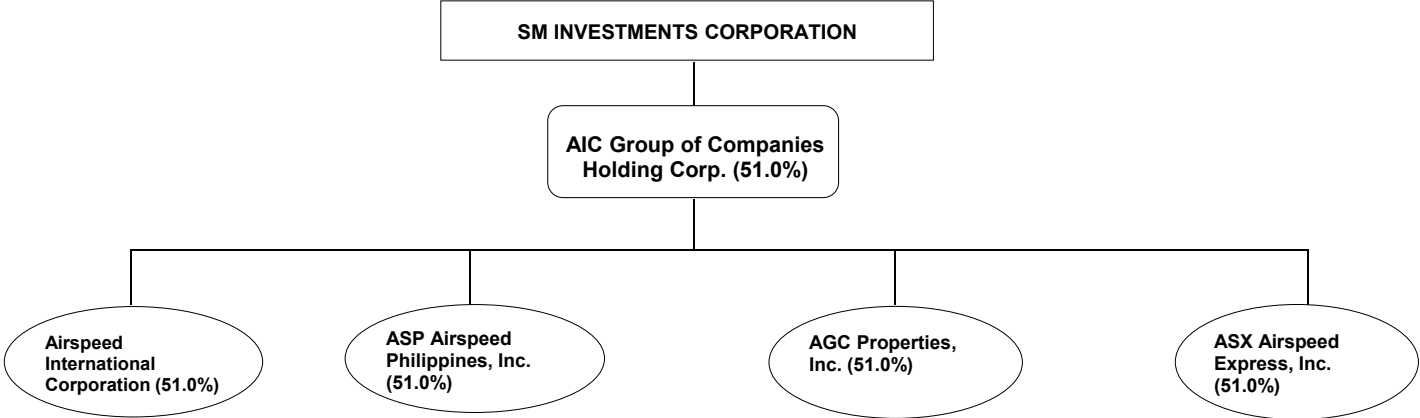
Legend:

SMIC Subsidiary

Subsidiaries of Goldilocks Bakeshop, Inc.

Associates of Goldilocks

**SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)**



Legend:



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 Hu

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

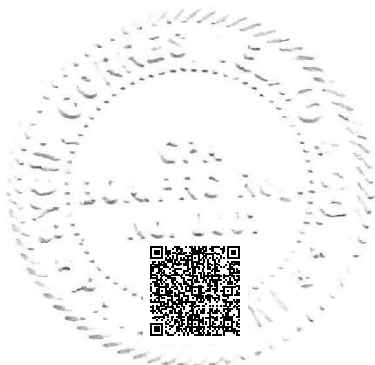
SEC Firm Accreditation No. 0001-SEC (Group A)

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)

		<u>2025</u>		<u>2024</u>		
1.	Current ratio	Total current assets	361,402	1.07 : 1	383,800	1.12 : 1
		Total current liabilities	337,254		343,168	
2.	Acid test ratio	Total current assets less inventories and other current assets	199,880	0.6 : 1	205,812	0.6 : 1
		Total current liabilities	337,254		343,168	
3.	Solvency ratio	Net income after tax + Depreciation and amortization	151,469	17.7%	141,161	17.0%
		Total liabilities	856,166		832,627	
4.	Debt-to-equity ratio	Total interest-bearing debt	511,459	35 : 65	500,574	37 : 63
		Total equity + Total interest-bearing debt	1,467,094		1,366,999	
	Net debt-to-equity ratio	Total interest-bearing debt less cash and cash equivalents (excluding cash on hand), time deposits	404,275	30 : 70	386,925	31 : 69
		Total equity + Total interest-bearing debt less cash and cash equivalents (excluding cash on hand), time deposits	1,359,910		1,253,350	
5.	Asset to equity ratio	Total assets	1,811,801	1.90	1,699,052	1.96
		Total equity	955,635		866,425	
6.	Return on assets (annualized)	Net income after tax	123,772	7.1%	114,653	7.0%
		Average assets	1,753,835		1,638,347	
7.	Return on equity (annualized)	Net income attributable to equity holders of the parent	90,482	13.5%	82,609	13.8%
		Average equity attributable to equity holders of the parent	667,859		599,257	
8.	Interest rate coverage ratio	Income from operations + Depreciation and amortization	188,050	8.63	178,334	7.52
		Interest expense	21,778		23,710	
9.	Net profit margin	Net income after tax	123,772	18.2%	114,653	17.5%
		Total revenue	681,733		654,777	

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