LT GROUP, INC.

President's Report
Full Year 2025

LT Group, Inc.'s (LTG) consolidated attributable net income for 2025 reached a new record high of Php30.98 billion surpassing 2024's Php28.92 billion by 7%. This marks the fourth consecutive year of record earnings for the company.

Business segments' contributions were as follows:

	LTG's Share in Net Income (In Php Millions)					
					Y-o-Y Change	
Segment	FY25	% to total	FY24	% to total	Inc/(Dec)	%
PNB	14,262	46%	11,887	41%	2,375	20%
FTC	11,241	36%	12,716	44%	(1,475)	(12%)
TDI	3,105	10%	2,141	7%	964	45%
ABI	867	4%	836	3%	31	4%
Eton	762	2%	211	1%	551	261%
VMC	354	1%	492	2%	(138)	(28%)
Others	385	1%	638	2%	(253)	40%
Total	30,976	100%	28,921	100%	2,055	7%

LTG paid out a total of Php13.53 billion in dividends to its shareholders in 2025, representing a 46.8% pay-out rate. This included regular and special dividends totaling Php1.25 per share declared in March, June, August and November.

As of December 31, 2025, the company's Debt-to-Equity Ratio was 3.14:1 with the Bank and 0.09:1 without the Bank. The parent company held a cash balance of Php2.67 billion.

Philippine National Bank (PNB)

The banking segment's net income was Php25.34 billion in 2025, 20% higher than the Php21.18 billion in 2024. This represents PNB's fourth straight year of record earnings, a consistent achievement when excluding significant one-time gains.

Gross interest income in the current period of Php69.68 billion was higher by 3% y-o-y driven by higher loan volume and yields on investment securities. Gross interest expense decreased by 5% at Php17.13 billion due primarily to lower interest cost of deposit liabilities. This resulted in a net interest income of Php52.55 billion, 6% higher y-o-y. Net interest margin was at 4.5% in 2025 and 2024.

Net service fees and commission income increased by Php316 million or 6% at Php5.83 billion for 2025, mainly due to higher fees from bancassurance, interchange fees, deposits and trust-related products.

Trading and investment securities and net foreign exchange gains were higher at Php3.0 billion in 2025 compared to 2024's Php1.82 billion due to higher trading and investment securities profit.

Other income was higher at Php3.89 billion for 2025 compared to Php3.10 billion for 2024 primarily driven by increased ROPA sale gains.

Operating expenses decreased by 1% to Php33.05 billion in 2025 from Php33.50 billion in the prior period, mainly due to lower provisions for impairment and credit losses resulting from the bank's improved loan portfolio credit quality.

Fortune Tobacco Corporation (FTC)

In 2025, FTC reported net income of Php11.29 billion, a 12% y-o-y decrease from Php12.77 billion in 2024. This decrease primarily reflects lower dividend income from PMFTC, partially offset by higher equitized earnings recorded in 2025. Equity in net earnings amounted to Php8.73 billion in 2025, 15% higher than 2024's Php7.57 billion.

The total cigarette industry volume for 2025 reached 46.4 billion sticks, a 3% increase from 2024's 44.9 billion sticks. PMFTC exceeded this market growth, increasing its volume by 4% to 22.0 billion sticks, compared to 21.1 billion sticks in 2024. This volume growth, combined with price increases implemented in November 2024, boosted PMFTC's income. As a result, PMFTC's market share rose to 47.3% in 2025, up from 46.9% in 2024. These price adjustments were made to account for the higher excise taxes, which increased to Php66.15 per pack of 20 cigarettes on January 1, 2025.

In November 2025, PMFTC introduced its new product *IQOS ILUMA I* featuring advancements like pause mode, *FlexPuff* and *FlexBattery.* These were adaptive technologies designed to transform how consumers use heated tobacco.

Tanduay Distillers, Inc. (TDI)

TDI posted a net income of Php3.12 billion for 2025, a substantial 45% surge compared to the Php2.15 billion achieved in 2024. This marks TDI's 6th consecutive year of record-breaking profits. This was driven by higher net revenues at Php34.00 billion in 2025, higher than the Php33.85 billion reported in 2024. This, coupled with better pricing and lower production costs, compensated the lower sales volume in both liquor and bioethanol.

Cost of sales declined to Php28.12 billion in 2025 compared to Php28.92 billion in 2024, reflecting the impact of lower sales volume. This, coupled with higher selling prices and cost reduction programs, led to higher gross profit margin to 17% in 2025, up from 15% in 2024.

Operating expenses were lower at Php2.02 billion in 2025 compared to Php2.12 billion in 2024 due primarily to lower advertising, promotion and other expenses incurred.

TDI expanded its market presence in 2025, capturing 39.5% of the national market, an increase from the 34.2% in the previous year. The company maintained its strong leadership position in the Visayas and Mindanao, commanding substantial market shares of 70.4% and 82.9% in those regions, respectively.

Asia Brewery, Inc. (ABI)

ABI's net income was higher at Php877 million for 2025 from Php841 million in 2024.

Revenues of the beverage segment were at Php17.93 billion in the current period, 2% lower than 2024, as sales volume decreased for Cobra Energy Drinks. Cost of sales decreased by 4% at Php13.56 billion for 2025 driven by lower sales volume, packaging optimization efforts and refined product formulations. As a result, gross profit margin improved to 24% from 22% due primarily to favorable sales mix, reduction in discounts offered to distributors and decrease in manufacturing costs.

Operating expenses increased to Php3.02 billion in 2025 from Php2.85 billion in 2024 due to higher advertising expenses and personnel costs.

In 2025, Cobra Energy Drink captured 45% of the market share, securing the *second* largest position in the energy drink sector. Absolute and Summit bottled water collectively held 15%, establishing them as the third most popular local water brand.

Eton Properties Philippines, Inc. (Eton)

Eton reported a net income of Php765 million for 2025, higher than the Php212 million for 2024 on account of one-time gains and lower operating expenses.

Leasing revenues, representing 73% of total revenues declined by 5% to Php1.92 billion in 2025, compared to Php2.03 billion in 2024. Real estate sales grew by 46% to Php731 million, from Php501 million in 2024, driven by continued sales of remaining inventory in the 68 Roces (Quezon City) and Eton City (Laguna) projects.

Operating expenses decreased to Php790 million due to lower taxes and licenses and other general and administrative expenses. Other income was higher due mainly to the right of way compensation received from the local government and higher marketing fees.

Eton has a total of 262,800 square meters of leasable space, with about 189,000 square meters dedicated for office space.

LT GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	**₱221,048,843**	₱223,583,790
Financial assets at fair value through profit or loss (FVTPL)	**34,652,714**	17,956,162
Financial assets at fair value through other comprehensive income (FVTOCI)	**85,216,910**	125,189,186
Financial assets at amortized cost	**9,062,675**	19,097,106
Loans and receivables - net	**370,117,621**	312,406,599
Inventories	**14,427,761**	13,328,520
Due from related parties	**1,418,498**	1,889,364
Other current assets	**12,601,951**	12,658,175
Total Current Assets	**748,546,973**	726,108,902
Noncurrent Assets		
Financial assets at FVTOCI	**90,866,234**	66,179,663
Financial assets at amortized cost	**118,913,311**	94,776,887
Loans and receivables - net of current portion	**395,188,341**	349,063,956
Investments in associates and joint ventures	**19,185,743**	18,382,496
Property, plant and equipment:		
At appraised values	**58,923,401**	57,248,391
At cost	**10,890,345**	11,671,107
Investment properties	**39,200,697**	38,979,404
Deferred income tax assets - net	**7,716,173**	7,448,142
Other noncurrent assets	**4,467,045**	4,470,911
Total Noncurrent Assets	**745,351,290**	648,220,957
TOTAL ASSETS	**₱1,493,898,263**	₱1,374,329,859

LIABILITIES AND EQUITY		
Current Liabilities		
Deposit liabilities	**₱1,021,100,020**	₱940,057,144
Financial liabilities at FVTPL	**285,562**	924,053
Bills and acceptances payable	**10,742,748**	20,208,451
Accounts payable and accrued expenses	**21,787,947**	20,655,439
Short-term debts	**3,700,000**	3,700,000
Current portion of long-term debts	**1,672,443**	1,926,643
Income tax payable	**375,373**	333,355
Due to related parties	**50,000**	64,001
Other current liabilities	**8,428,939**	11,372,824
Total Current Liabilities (Carried Forward)	**1,068,143,032**	999,241,910

	December 31	
	2025	2024
Total Current Liabilities (Brought Forward)	**₱1,068,143,032**	₱999,241,910
Noncurrent Liabilities		
Deposit liabilities - net of current portion	**10,179,561**	5,290,562
Long-term debts - net of current portion	**38,552,987**	23,622,689
Net retirement benefits liability	**764,935**	710,000
Deferred income tax liabilities - net	**8,840,708**	8,475,269
Other noncurrent liabilities	**6,673,577**	6,777,227
Total Noncurrent Liabilities	**65,011,768**	44,875,747
Total Liabilities	**1,133,154,800**	1,044,117,657
Equity		
Attributable to equity holders of the Company:		
Capital stock	**10,821,389**	10,821,389
Capital in excess of par	**35,906,231**	35,906,231
Other comprehensive income, net of deferred income tax effect	**14,285,346**	13,327,515
Other equity reserves	**(2,954,800)**	(4,188,092)
Retained earnings	**193,029,365**	175,231,056
Shares of stock of the Company held by subsidiaries	**(12,519)**	(12,519)
	251,075,012	231,085,580
Non-controlling interests	**109,668,451**	99,126,622
Total Equity	**360,743,463**	330,212,202
TOTAL LIABILITIES AND EQUITY	**₱1,493,898,263**	₱1,374,329,859

LT GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except for Basic/Diluted Earnings Per Share)

	Years Ended December 31		
	2025	2024	2023
REVENUE			
Banking	**₱79,069,186**	₱75,068,040	₱66,550,969
Distilled spirits	**33,930,360**	33,773,423	29,884,821
Beverage	**16,847,684**	17,193,576	16,414,006
Property development	**2,931,195**	2,930,483	2,449,140
	132,778,425	128,965,522	115,298,936
COST OF GOODS SOLD AND SERVICES	**61,008,669**	62,729,762	55,537,664
GROSS INCOME	**71,769,756**	66,235,760	59,761,272
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	**9,991,814**	8,866,605	11,924,732
	81,761,570	75,102,365	71,686,004
OPERATING EXPENSES			
Selling expenses	**2,623,866**	2,641,879	2,516,285
General and administrative expenses	**36,012,292**	36,811,271	36,886,503
	38,636,158	39,453,150	39,402,788
OPERATING INCOME	**43,125,412**	35,649,215	32,283,216
OTHER INCOME (CHARGES)			
Foreign exchange gains - net	**1,455,446**	1,453,699	1,289,740
Finance costs	**(528,206)**	(607,760)	(691,456)
Finance income	**527,872**	251,569	84,958
Others - net	**6,560,040**	8,410,776	6,267,239
	8,015,152	9,508,284	6,950,481
INCOME BEFORE INCOME TAX	**51,140,564**	45,157,499	39,233,697
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	**8,108,533**	7,336,125	5,665,437
Deferred	**725,552**	(686,358)	(447,620)
	8,834,085	6,649,767	5,217,817
NET INCOME	**₱42,306,479**	₱38,507,732	₱34,015,880

	Years Ended December 31		
	2025	2024	2023
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Company	**₱30,975,731**	₱28,920,989	₱25,421,454
Non-controlling interests	**11,330,748**	9,586,743	8,594,426
	₱42,306,479	₱38,507,732	₱34,015,880
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Company	**₱2.86**	₱2.67	₱2.35