

LT GROUP, INC.

MANAGEMENT REPORT

ITEM 1. BUSINESS

1.1. CORPORATE HISTORY

LT Group, Inc. (“LTG” or the “Company”), originally incorporated on 25 May 1937 as “The Manila Wine Merchants, Inc.”, a trading company, is now a holding company with principal office at the 11th Floor, Unit 3 Bench Tower, 30th St. Corner Rizal Drive Crescent Park West 5 Bonifacio Global City, Taguig City. It has been listed with the Philippine Stock Exchange (“PSE”) since 1947 and was granted an extension of its corporate life for another 50 years in 1987. In 1995, it changed its corporate name to “Asian Pacific Equity Corporation” and its primary purpose to that of a holding company.

In 1999, the Company acquired Twin Ace Holdings Corporation (now known as “Tanduay Distillers, Inc.” and hereafter referred to as “TDI”, a producer of distilled spirits) through a share swap with Tangent Holdings Corporation (“Tangent” or the “Parent Company”) - the swap resulted in Tangent increasing its ownership in LTG to 97.0%. The Company thereafter changed its corporate name to “Tanduay Holdings, Inc”.

In 2012, in preparation for the Company’s new role, it adopted the corporate name “LT Group, Inc.” A series of restructuring activities followed in 2012 through 2013 whereby LTG expanded and diversified its investments to include the beverage, tobacco, property development, and banking businesses of Mr. Lucio C. Tan and his family and assignees (collectively referred to as the “Controlling Shareholders” or the “Tan Companies”).

The Company has interests in the following businesses:

- **Distilled Spirits**—The Company conducts its distilled spirits business through its 100%-owned subsidiary TDI. TDI is the second-largest distilled spirits producer in the Philippines according to Nielsen Philippines, with an approximate 39% YTD share of the Philippine spirits market in 2025.
- **Beverages**— The Company owns 99.9% of Asia Brewery, Inc. (“ABI”), one of the Philippines’ leading producers of non-alcoholic beverages which includes energy drinks, bottled water, and soymilk.
- **Tobacco**— The Company owns 99.6% in Fortune Tobacco Corporation (“FTC”), which in turn owns 49.6% of PMFTC Inc. (“PMFTC”). PMFTC is the leading tobacco manufacturer and distributor in the Philippines with a 47.3% market share in the year 2025.

- **Banking**— The Company conducts its banking business through Philippine National Bank (“PNB”), a universal bank currently listed in the Philippine Stock Exchange (“PSE”). The Corporation’s indirect ownership in PNB is approximately 56.47%. PNB is one of the largest local private commercial banks in terms of assets, net loans and receivables, capital and deposits.
- **Property Development**— The Company conducts its property development business through Paramount Landequities, Inc. and Saturn Holdings, Inc., with an effective indirect ownership of 99.6% in Eton Properties Philippines, Inc. (“Eton”). Eton has a diverse portfolio of property development projects in various areas throughout the Philippines, primarily in Metro Manila and surrounding areas, and access to the large land bank of the Lucio Tan Companies. Eton’s project portfolio mainly comprises residential real estate projects (including large-scale township projects). Eton also develops and leases out commercial properties to retail and BPO tenants.

1.2. DESCRIPTION OF SUBSIDIARIES

A. *Distilled Spirits*

Tanduay Distillers, Inc. (“TDI”)

TDI was incorporated in the Philippines in 1988 and is primarily engaged in the business of manufacturing, compounding, bottling, importing, exporting, buying, selling or otherwise dealing in, at wholesale and retail, such finished goods as rum, brandy, whiskey, gin and other liquor products, and all equipment, materials, and supplies used in the manufacture of such finished goods.

The following are subsidiaries of TDI:

- **Absolut Distillers, Inc. (“ADI”) – 96%**

ADI was incorporated in the Philippines in 1990 to engage in manufacturing, distilling, importing, exporting, buying, selling or otherwise deal in alcohol, molasses, bioethanol, biogas and biomass for renewable energy at wholesale and retail. ADI is also engaged in the generation of renewable energy from solar power for lighting and power purposes.

- **Tanduay Brands International, Inc. (TBI) – 100%**

TBI was incorporated in 2003 to handle the marketing of TDI’s products. In 2016, LTG sold its 100% ownership interest in TBI to TDI. In 2017, TBI opened its first store “Tanduay” in Century Park Hotel in Manila.

B. Beverage

Asia Brewery, Inc. (“ABI”)

ABI was incorporated in the Philippines on March 28, 1979. The company is primarily engaged in the business of manufacturing, selling, importing, exporting and assembly of all kinds of products, supplies, dies, tools, appliances, plants and machineries.

The following companies are 100%-owned by ABI:

- **Agua Vida Systems, Inc. (AVSI)**
AVSI was incorporated in the Philippines on August 15, 1994. Its primary business is the distribution and refilling of purified water and water dispensers for use primarily in homes and offices.
- **Waterich Resources Corp. (WRC)**
WRC was incorporated in the Philippines on September 25, 1997. Its primary business is the toll manufacturing for ABI of *Absolute Pure Distilled Drinking Water* and *Summit Water*.
- **Packageworld, Inc. (PWI)**
PWI was incorporated in the Philippines on January 15, 1998. Its primary business is the manufacturing of corrugated cartons and trade the same on a wholesale basis.
- **Interbev Philippines, Inc. (IPI)**
IPI was incorporated in the Philippines on April 28, 2003. Its primary business is the production and distribution of *Cobra* and *energy drinks*.
- **AB Nutribev Corp. (ABNC)**
ABNC was incorporated in the Philippines on April 22, 2014. Its primary business is the manufacturing and trading of dairy and soy milk-based beverages.
- **Asia Pacific Beverages Pte. Ltd. (APBPL)**
APBPL was incorporated on August 21, 2014 under the laws of Singapore. It was established as an investment holding company for business opportunities in the region. APBBL acquired 90% of Asia Pacific Beverages Myanmar Co. Ltd. (APBM) in April 2017. APBM is a company incorporated in the Republic of the Union of Myanmar. APBM’s primary purpose is to manufacture, market, sell and distribute non-alcoholic ready-to-drink beverage products in Myanmar.

C. Tobacco

Fortune Tobacco Corporation (“FTC”)

FTC was incorporated in the Philippines in 1965 to engage in cigarette manufacturing, selling, importing and exporting. FTC was responsible for introducing some of the most successful local cigarette brands in the Philippines, including the *Fortune*, *Champion* and *Hope* menthol brands. Prior to the creation of PMFTC, FTC was the largest domestic tobacco business in the Philippines.

FTC currently has an effective 49.6% stake in PMFTC, the business combination between the Philippine operations of Philip Morris International and the operations of FTC. PMFTC now carries the FTC brands and Philip Morris’ *Marlboro*.

D. Banking

Philippine National Bank (“PNB”)

PNB was incorporated in the Philippines in 1916. It is the country’s first universal bank and one of the largest private local commercial banks in terms of assets, net loans and receivables, capital and deposits as of 31 December 2025. PNB celebrated its Centennial Year in 2016.

It provides a full range of banking and other financial services to diversified customer bases including government entities, large corporate, middle market, SME and retail customers, with PNB having the distinction of being one of the only five authorized Government depository banks in the Philippines. The current PNB is a result of the merger between PNB and Allied Banking Corp., which was completed in 2013.

The following companies are owned by PNB:

Subsidiaries	Industry	Principal Place of Business/Country of Incorporation	Functional Currency	Percentage of Ownership	
				Direct	Indirect
Allied Integrated Holdings, Inc. (AIHI) ^(a)	Holding Company	Philippines	PHP	100.00	–
PNB Capital and Investment Corporation (PNB Capital)	Investment	- do -	PHP	100.00	–
PNB Securities, Inc. (PNB Securities)	Securities Brokerage	- do -	PHP	100.00	–
PNB Corporation – Guam ^(b)	Remittance	USA	USD	100.00	–
PNB International Investments Corporation (PNB IIC)	Investment	- do -	USD	100.00	–
PNB Remittance Centers, Inc. (PNB RCI) ^(c)	Remittance	- do -	USD	–	100.00
PNB RCI Holding Co. Ltd. (PNB RHCL) ^(d)	Holding Company	- do -	USD	–	100.00
PNB Remittance Co. (Canada) ^(e)	Remittance	Canada	CAD	–	100.00
PNB Europe PLC (PNB Europe)	Banking	United Kingdom	GBP	100.00	–
Allied Commercial Bank (ACB)	Banking	China	CNY	99.04	–
PNB-Mizuho Leasing and Finance Corporation (PMLFC) ^(f)	Leasing/Financing	Philippines	PHP	75.00	–
PNB-Mizuho Equipment Rentals Corporation (PMERC) ^(g)	Rental	- do -	PHP	–	75.00
PNB Global Remittance & Financial Co. (HK) Ltd. (PNB GRF)	Remittance	Hong Kong	HKD	100.00	–
Allied Banking Corporation (Hong Kong) Limited (ABCHKL)	Banking	- do -	HKD	51.00	–
ACR Nominees Limited ^(h)	Service	- do -	HKD	–	51.00
Oceanic Holding (BVI) Ltd. (OHBVI) ⁽ⁱ⁾	Holding Company	British Virgin Islands	USD	27.78	–
Associate					
Allianz-PNB Life Insurance, Inc. (APLII)	Insurance	Philippines	PHP	44.00	–

^(a) In the process of winding down and liquidation after shortening of corporate life until December 31, 2022

^(b) Ceased operations on June 30, 2012 and license status became dormant thereafter

^(c) Owned through PNB IIC

^(d) Owned through PNB RCI

^(e) Owned through PNB RHCL

^(f) In the process of winding down and liquidation after shortening of corporate life until March 31, 2024

^(g) Owned through PMLFC; In the process of winding down and liquidation after shortening of corporate life until December 31, 2024

^(h) Owned through ABCHKL

⁽ⁱ⁾ Controlled through the Parent Company’s combined voting rights of 70.56% which arises from its direct ownership of 27.78%, and voting rights of 42.78% assigned by certain stockholders of OHBVI to the Parent Company through a voting trust agreement

Bank Holding Companies

In 2013, LTG acquired indirect ownership in PNB by acquiring several companies with a total ownership interest in PNB of 59.83% (collectively referred to as “Bank Holding Companies”), to wit:

1. Allmark Holdings Corp.
2. Dunmore Development Corp.
3. Kenrock Holdings Corp.
4. Leadway Holdings, Inc.
5. Multiple Star Holdings Corp.
6. Pioneer Holdings & Equities, Inc.
7. Donfar Management Ltd.
8. Fast Return Enterprises Ltd.
9. Mavelstone International Ltd.
10. Uttermost Success Ltd.
11. Ivory Holdings, Inc.
12. Merit Holdings & Equities Corp.
13. True Success Profits Ltd.
14. Key Landmark Investments Ltd.
15. Fragile Touch Investments Ltd.
16. Caravan Holdings Corp.
17. Solar Holdings Corp.
18. All Seasons Realty Corp.
19. Dynaworld Holdings Inc.
20. Fil-Care Holdings Inc.
21. Kentwood Development Corp.
22. La Vida Development Corp.
23. Profound Holdings Inc.
24. Purple Crystal Holdings, Inc.
25. Safeway Holdings & Equities Inc.
26. Society Holdings Corp.
27. Total Holdings Corp.

As of 31 December 2025, LTG has majority ownership over the Bank Holding Companies with 56.47% ownership of PNB.

E. Property Development

Saturn Holdings, Inc. (“Saturn”)

Saturn Holdings, Inc. was incorporated in the Philippines in 1997 as a holding company.

Paramount Landequities, Inc. (“Paramount”)

Paramount, incorporated in the Philippines in 1988, is a real estate development company.

Eton Properties Philippines, Inc. (“Eton”)

Eton was incorporated and registered in the Philippines in 1971 under the name “Balabac Oil Exploration & Drilling Co., Inc.” to engage in oil exploration and mineral development projects in the Philippines. It became a holding company in 1996 and in 2007, changed its name to Eton Properties Philippines, Inc. simultaneous with converting itself into a real estate development company.

The following real estate companies are 100%-owned by Eton:

- **Belton Communities, Inc. (“BCI”)**

Belton Communities, incorporated in 2007, caters primarily to the middle-income market segment with well-located communities.

- **Eton City, Inc. (“ECI”)**

ECI, incorporated in 2008, is a realty and holding company.

- **Eton Hotels and Leisure, Inc. (EHLI) (formerly FirstHomes, Inc. “FHI”)**

EHLI was incorporated in 2010 as a real estate development company.

- **Eton Properties Management Corporation (“EPMC”)**

EPMC, incorporated in 2011, is a realty management company. It began commercial operations in 2016.

ITEM 2. DIRECTORS AND OFFICERS

Please refer to Item 5 of the Information Statement.

ITEM 3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1. RESULTS OF OPERATIONS

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the consolidated financial statements as at December 2025, 2024 and 2023 included in this report.

2025 vs 2024

CONSOLIDATED RESULTS OF OPERATIONS

(In millions)	2025	2024
Revenues	₱132,778	₱128,966
Cost of Sales	61,009	62,730
Equity in Net Earnings of Associates and Joint Ventures	9,992	8,867
Operating Expenses	38,636	39,453
Operating Income	43,125	35,649
Other income-net	8,015	9,508
Income Before Income Tax	51,141	45,157
Total Net Income	42,306	38,508
Net Income Attributable to Equity Holders of the Parent Company	30,976	28,921

LT Group, Inc. (LTG) reported a consolidated net income of ₱42.3 billion in 2025, 9.9% higher than the ₱38.5 billion reported in 2024.

The consolidated net income attributable to equity holders of LTG for 2025 was ₱31.0 billion, 7.1% higher than 2024's ₱28.9 billion. This is LTG's new record high, marking the fourth consecutive year of record earnings. This was due to improved operating results across major business segments. The banking segment's net income rose by 19.7% to ₱25.3 billion, driven by higher net interest income, fee-based and non-interest income as well as lower credit provisions compared to 2024. This resulted in LTG's share of net income from PNB reaching ₱14.3 billion, up from ₱11.9 billion in the same period last year. This represents PNB's fourth consecutive year of record income, excluding significant one-time gains. The net income of the distilled spirits segment amounted to ₱3.1 billion in 2025, a 45.2% increase from the ₱2.2 billion reported in 2024, due to increased profits from the liquor segment due to higher selling prices and lower production costs. This is TDI's 6th year of record-breaking profits. The beverage segment's net income increased by 4.3% to ₱877 million in 2025 from ₱841 million in 2024, driven by higher profit margins on energy drinks, increased sales of bottled water and commercial packaging. Property development segment's net income was ₱765 million, higher than the ₱212 million reported for 2024 on account of one-time gains supported by lower operating expenses. The tobacco segment's net income in 2025 was ₱11.3 billion, ₱1.5 billion lower than 2024's ₱12.8 billion. This decrease primarily reflects lower dividend income from PMFTC, partially offset by higher equitized earnings recorded in 2025. Equity in net earnings from VMC amounted to ₱354 million in 2025, lower than 2024's ₱492 million on account of higher raw material costs and operating expenses.

Consolidated revenues were ₱132.8 billion for 2025, 3.0% higher than the ₱129.0 billion in 2024, mainly driven by improved revenues from the banking, distilled spirits and property development segments.

Cost of sales and services decreased by 2.7% from ₱62.7 billion in 2024 to ₱61.0 billion in 2025, due mainly to lower net interest expense by the banking segment.

Operating expenses amounted to ₱38.6 billion in 2025, declining by 2.1% compared to the ₱39.5 billion in 2024. This was mainly due to lower general and administrative expenses, which decreased by 2.2% from ₱36.8 billion in 2024 to ₱36.0 billion in 2025. The decrease was mainly due to lower provision for credit losses from the banking segment. Selling expenses were relatively flat at ₱2.6 billion for 2025 and 2024.

Other income decreased from ₱9.5 billion in 2024 to ₱8.0 billion in 2025, due primarily to lower dividend income recorded after full investment recovery in PMFTC.

SEGMENT OPERATIONS

Banking

The banking segment's net income was ₱25.3 billion in 2025, 19.7% higher than the ₱21.1 billion in 2024. This represents PNB's fourth consecutive year of record earnings, excluding significant one-time gains.

Gross interest income in the current period of ₱69.70 billion was higher by 3.3% y-o-y driven by higher loan volume and yields on investment securities. Gross interest expense decreased by 5.4% at ₱17.1 billion due primarily to lower interest cost of deposit liabilities. This resulted to net interest income of ₱52.5 billion, 6.5% higher y-o-y. Net interest margin was at 4.5% in 2025 and 2024.

Net service fees and commission income increased by ₱316 million or 5.7% at ₱5.8 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 ₱3.0 billion in 2025 compared to 2024's ₱1.8 billion due to higher trading and investment securities profit.

Other income was higher at ₱3.9 billion for 2025 compared to ₱3.1 billion for 2024 primarily driven by increased ROPA sale gains.

Operating expenses decreased by 1.3% to ₱33.0 billion in 2025 from ₱33.5 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.

Tobacco

In 2025, the tobacco segment reported net income of ₱11.3 billion, an 11.6% y-o-y decrease from ₱12.8 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 ₱8.7 billion in 2025, 15.4% higher than 2024's ₱7.6 billion. PMFTC's profitability benefited from the price increases implemented in November 2024.

Distilled Spirits

The distilled spirits segment posted a net income of ₱3.1 billion for 2025, a substantial 45.2% surge compared to the ₱2.2 billion achieved in 2024. This marks TDI's 6th consecutive year of record-breaking profits. This was driven by higher net revenues at ₱34.0 billion in 2025, 0.4% higher than the ₱33.9 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 ₱28.1 billion in 2025 compared to ₱28.9 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 17.3% in 2025, up from 14.6% in 2024.

Operating expenses were lower at ₱2.0 billion in 2025 compared to ₱2.1 billion in 2024 due primarily to lower advertising, promotion and other expenses incurred.

Beverage

The beverage segment's net income was higher at ₱877 million for 2025 from ₱841 million in 2024.

Revenues of the beverage segment were at ₱17.9 billion in the current period, 1.5% lower than 2024, as sales volume decreased for Cobra Energy Drinks. Cost of sales decreased by 4.1% at ₱13.6 billion for 2025 driven by lower sales volume, packaging optimization efforts and refined product formulations. As a result, gross profit margin improved to 24.4% from 22.4% due primarily to favorable sales mix, reduction in discounts offered to distributors and decrease in manufacturing costs.

Operating expenses increased to ₱3.0 billion in 2025 from ₱2.9 billion in 2024 due to higher advertising expenses and personnel costs.

Property Development

The property development segment reported a net income of ₱765 million for 2025, higher than the ₱212 million for 2024 on account of strategic one-time gains and lower operating expenses.

Leasing revenues, representing 73% of total revenues declined by 5.1% to ₱1.9 billion in 2025, compared to ₱2.0 billion in 2024. Real estate sales grew by 45.9% to

₱731 million, from ₱501 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 ₱790 million due to lower taxes and licenses and other general and administrative expenses. Other income was higher due mainly due to the compensation received from right of way from the local government and higher marketing fees.

2024 vs 2023

CONSOLIDATED RESULTS OF OPERATIONS

(In millions)	2024	2023
Revenues	₱128,966	₱115,299
Cost of Sales	62,730	55,538
Equity in Net Earnings of Associates and Joint Ventures	8,867	11,925
Operating Expenses	39,453	39,403
Operating Income	35,649	32,283
Other income-net	9,508	6,950
Income Before Income Tax	45,157	39,234
Total Net Income	38,508	34,016
Net Income Attributable to Equity Holders of the Parent Company	28,921	25,421

LT Group, Inc. (LTG) saw a strong performance in 2024, with consolidated net income reaching ₱38.5 billion, a 13.2% increase compared to 2023.

The consolidated net income attributable to equity holders of LTG for 2024 was ₱28.9 billion, 13.8% higher than 2023's ₱25.4 billion. This positive trend was driven by improved performance across most business segments, except for property development. The tobacco segment's net income of ₱12.8 billion was 12.2% or ₱1.4 billion higher than the ₱11.4 billion reported for 2023 primarily due to higher dividends received from PMFTC. The banking segment's net income of ₱21.2 billion increased by 11.3% compared to 2023, mainly due to higher net interest income recorded in 2024. As a result, LTG's share in net income from PNB was ₱11.9 billion in 2024, higher than the ₱10.7 billion in 2023. The net income of the distilled spirits segment amounted to ₱2.2 billion in 2024, a 37.3% increase from the ₱1.6 billion reported in 2023, attributed to higher profits from the liquor segment due to increased sales volume and selling prices. The beverage segment posted net income of ₱841 million in 2024, a 45.5% increase compared to the ₱578 million in 2023, largely due to higher sales volume in its major product lines. Property development segment's net income was ₱212 million in 2024, lower than the ₱453 million reported for 2023 due to lower leasing income and higher operating expenses. Equity in net earnings from VMC amounted to ₱492 million in 2024, higher than 2023's ₱347 million.

Consolidated revenues were ₱129.0 billion for 2024, 11.9% higher than the ₱115.3 billion in 2023 driven by improved revenues from the banking, distilled spirits, beverage and property development segments.

Cost of sales and services increased by 12.9% from ₱55.5 billion for 2023 to ₱62.7 billion in 2024, reflecting a proportional increase in line with revenue growth across all segments.

Operating expenses amounted to ₱39.5 billion in 2024, a slight increase of 0.1% compared to the ₱39.4 billion in 2023. This was a result of higher selling expenses, which increased by 5.0% from ₱2.5 billion in 2023 to ₱2.6 billion in 2024 due to higher advertising and other marketing expenses by the distilled spirits segment. This was offset by the decrease in general and administrative expenses mainly due to lower provisions for impairment, credit and other losses in the banking segment compared to 2023 which more than offset the increases in other expenses.

Other income increased from ₱7.0 billion in 2023 to ₱9.5 billion in 2024, due primarily to dividends received from PMFTC, higher interest income and net foreign exchange gains in 2024.

SEGMENT OPERATIONS

Banking

The banking segment's net income rose to ₱21.2 billion in 2024, exceeding the ₱19.0 billion reported in 2023.

Gross interest income in 2024 of ₱67.5 billion was higher by 13.2% y-o-y driven by higher yields and volume of loans, investment securities and interbank receivables. Gross interest expense increased by 20.8% at ₱18.1 billion due primarily to an increase in the interest cost of deposit liabilities driven by both higher interest rates and larger volume of deposits. This resulted in net interest income of ₱49.3 billion, 10.6% higher y-o-y as the net interest margin improved to 4.5% from 4.2%.

Net service fees and commission income grew slightly by ₱191 million or 3.6% at ₱5.5 billion for 2024, primarily due to increases in credit card and deposit-related fees partially offset by lower income from underwriting and interchange fees.

Trading and investment securities and net foreign exchange gains remained stable at ₱1.8 billion in 2024 and 2023.

Other income decreased to ₱3.1 billion for 2024 compared to ₱5.7 billion for 2023 primarily due to lower ROPA sale gains.

Operating expenses were reduced by 2.4% to ₱33.5 billion in 2024 from ₱34.3 billion in 2023, mainly due to lower provisions for impairment, credit, and other losses, reflecting a healthier loan portfolio.

Tobacco

The tobacco segment's net income for 2024, was ₱12.8 billion, a 12.2% increase compared to the ₱11.4 billion recorded in 2023. This growth was largely driven by higher dividends received from PMFTC and higher foreign exchange gains. However, equity in net earnings from PMFTC decreased from ₱11.1 billion in 2023 to ₱7.6 billion in 2024. The decline in PMFTC's earnings was attributed to lower sales volume, primarily due to ongoing challenges posed by the illicit tobacco trade in the country. The presence of these illegal products continues to affect the overall industry volume, creating significant obstacles for the legitimate tobacco market.

Distilled Spirits

The distilled spirits segment achieved a record net income of ₱2.2 billion for 2024, a 37.3% increase over the ₱1.6 billion in 2023. This strong performance resulted from the 13.0% increase in revenues to ₱33.9 billion in 2024. This growth was primarily attributed to a combination of increased sales volume and higher selling prices within the liquor segment, reflecting a strong demand for the company's spirits products.

While higher sales volume drove a 11.1% increase in cost of sales, reaching ₱28.9 billion in 2024, the gross profit margin improved to 14.6% in 2024 from 13.1% in 2023 due to better liquor margins.

Operating expenses rose to ₱2.1 billion in 2024 compared to ₱1.7 billion in 2023 due to increased advertising, management fees, inventory loss provisions and taxes.

Beverage

The beverage segment's net income was ₱841 million for 2024, 45.5% higher than ₱578 million in 2023.

Revenues of the beverage segment were at ₱18.2 billion in 2024, 4.8% higher than 2023, as sales volume increased for all major product lines. Cost of sales proportionately increased by 5.0% at ₱14.1 billion for 2024 due to higher manufacturing and energy costs resulting in a slight decrease in the gross profit margin to 22.4% from 22.6% primarily due to sales mix.

Operating expenses slightly increased to ₱2.9 billion mainly due to higher selling and personnel costs.

Property Development

The property development segment reported a net income of ₱212 million for 2024, lower than the ₱453 million for 2023.

Leasing revenues for 2024 accounted for ₱2.0 billion or 80% of revenues, representing a 1.3% decrease over the same period in 2023, due to the decline in occupancy, rental rates as well as lower office renewal rates. Real estate sales were at ₱501 million for 2024 as Eton continued to sell the remaining inventory of previously launched projects in 68 Roces in Quezon City and in Eton City, Laguna.

Operating expenses were higher at ₱1.1 billion due to increased selling, commissions and general and administrative expenses. Other income was higher due mainly to forfeited deposits.

2023 vs 2022

CONSOLIDATED RESULTS OF OPERATIONS

(In millions)	2023	2022
Revenues	₱115,299	₱100,872
Cost of Sales	55,538	51,103
Equity in Net Earnings of Associates and Joint Ventures	11,925	16,095
Operating Expenses	39,403	40,080
Operating Income	32,283	25,784
Other income-net	6,950	10,820
Income Before Income Tax	39,234	36,604
Total Net Income	34,016	30,665
Net Income Attributable to Equity Holders of the Parent Company	25,421	25,137

LT Group, Inc. (LTG) recorded a consolidated net income of ₱34.0 billion for FY23, 10.9% higher than the ₱30.7 billion net income reported for FY22.

The consolidated net income attributable to equity holders of LTG for FY23 was ₱25.4 billion, 1.1% higher compared to FY22. This was largely on account of the improved banking segment's performance which more than offset the decline in the tobacco segment's net income. The banking segment's net income of ₱19.0 billion increased by 61.7% compared to 2022, on the back of robust net interest income and lower credit provisions. This resulted to LTG's share in net income from PNB of ₱10.8 billion in 2023, higher than the ₱6.6 billion in 2022. TDI's net income was ₱1.6 billion, higher than the ₱1.5 billion in 2022 due to higher margins from liquor and lower operating expenses. The net income of the property development segment was ₱453 million in 2023, higher than the ₱373 million in 2022. The tobacco segment's net income for 2023 was ₱11.4 billion, ₱3.9 billion or 25.8% lower than the ₱15.3 billion reported for 2022 due to lower equitized earnings from PMFTC caused by the decline in sales volume. The beverage segment posted a net income of ₱578 million in 2023, slightly lower compared to the ₱583 million in 2022, mainly due to higher operating expenses. Equity in net earnings from VMC amounted to ₱347 million in 2023, lower than the ₱491 million in 2022.

Consolidated revenues were ₱115.3 billion for the year ended December 31, 2023, 14.3% higher than the ₱100.9 billion in 2022 due to improved revenues from the banking, beverage and property development segments.

Cost of sales and services increased by 8.7% from ₱51.1 billion in 2022 to ₱55.5 billion in 2023, primarily due to higher interest cost of deposit liabilities of the banking segment.

Operating expenses amounted to ₱39.4 billion in 2023, a slight decrease of 1.7% compared to the ₱40.1 billion in 2022. This was as a result of lower general and

administrative expenses by 2.4%, decreasing from ₱37.8 billion in 2022 to ₱36.9 billion in 2023. The decline is mainly due to lower provisions for impairment, credit and other losses by the banking segment in 2023. Selling expenses increased to ₱2.5 billion, or 10.2% higher year-on-year (y-o-y) on account of higher marketing related costs.

Other income decreased from ₱10.8 billion in 2022 to ₱7.0 billion in 2023, mainly due to lower gains from sale of ROPA by the banking segment.

SEGMENT OPERATIONS

Banking

The banking segment's net income was ₱19.0 billion in 2023, significantly higher than the ₱11.8 billion in 2022.

Total interest income in 2023 of ₱59.6 billion was higher by 31.7% compared to 2022 was mainly due to higher yields on loans, investment securities, deposits with banks and interbank receivables. Total interest expense increased by 89.5% or ₱7.1 billion due primarily to increase in interest cost of deposit liabilities. This resulted to net interest income of ₱44.6 billion, 19.5% higher y-o-y as the net interest margin improved to 4.2% from 3.6%.

Net service fees and commission income decreased by ₱245 million or 4.4% at ₱5.3 billion for the year ended December 31, 2023, mainly due to lower underwriting and bancassurance revenues, partly offset by increases in deposit and credit card related, interchange and trust fees.

Trading and investment securities and net foreign exchange gains were higher at ₱1.8 billion in 2023 compared to 2022's ₱327 million due to improvements in net gains on trading various securities.

Other income was lower at ₱5.7 billion in 2023 compared to ₱8.9 billion in 2022 primarily due to lower gains on the sale of ROPA.

Operating expenses decreased by 3.0% to ₱34.3 billion from ₱35.4 billion as the bank recorded lower provisions for impairment, credit and other losses amounting to ₱5.9 billion in 2023 compared to ₱7.2 billion in 2022.

Tobacco

The tobacco segment's net income was at ₱11.4 billion for the year ended December 31, 2023, 25.8% lower than 2022's ₱15.3 billion largely due to the decrease in recognized equity in net earnings from PMFTC (FTC's 49.6% owned associate) on account of lower sales volume. The rising occurrence of illicit trade within the country is adversely affecting the overall volume of the industry. Price increases in 1Q23 also affected volume.

Distilled Spirits

The distilled spirits segment posted a net income of ₱1.6 billion for 2023, higher than the ₱1.5 billion reported in 2022.

Net revenues decreased by 5.3% y-o-y to ₱30.0 billion in 2023 mainly due to lower sales volume of liquor and bioethanol.

Cost of sales were at ₱26.0 billion for 2023, 7.1% lower than 2022 due to lower alcohol and other manufacturing costs due to lower volumes. Gross profit margin was at 13.1% in 2023, higher than the 11.4% in 2022 on account of improved margins in the liquor segment.

Operating expenses were higher at ₱1.7 billion in 2023 compared to ₱1.6 billion in 2022 largely on account of increased marketing and promotional expenses.

Beverage

The beverage segment's net income was lower at ₱578 million for the year ended December 31, 2023 from ₱583 million in 2022.

Revenues of the beverage segment were at ₱17.4 billion in 2023, 0.9% higher than 2022, as sales volume increased for bottled water, yogurt and Nestea as well as price increases in Vitamilk increased the year's revenue. This resulted in a gross profit margin improvement to 22.6% from 22.0% due primarily to sales mix.

Operating expenses increased to ₱2.8 billion due to higher selling expenses. Net other charges increased due to higher interest costs on short-term loans.

Property Development

The property development segment reported a net income of ₱453 million for 2023, higher than the ₱373 million for the same period last year.

Leasing revenues for 2023 accounted for ₱2.1 billion or 95% of revenues, representing a 17.3% increase over the same period in 2022, due to higher occupancy rates for retail and residential.

Operating expenses were higher at ₱861 million, or a 14.8% increase y-o-y due primarily to higher repairs and maintenance expenses, taxes and licenses and association dues. Other income was higher y-o-y due to the increase in hotel income and common area maintenance fees and charges.

3.2. FINANCIAL CONDITION

2025

The Company's consolidated Total Assets as of December 31, 2025 amounted to ₱1.49 trillion, 8.7% higher than the end-2024 balance of ₱1.37 trillion. Current Assets increased by 3.1% or ₱22.4 billion while Noncurrent Assets were higher by ₱97.1 billion or 15.0%.

The consolidated Current Assets increased by 3.1% from ₱726.1 billion as of December 31, 2024 to ₱748.5 billion. The current portion of Loans and Receivables was higher at ₱370.1 billion versus end-2024 balance of ₱312.4 due to higher loan releases than collections in the current period. The current portion of Financial Assets at Fair Value through Profit or Loss was lower at ₱34.7 billion as of end-2025 compared to ₱18.0 billion as of end-2024 due to net additions and higher fair values in the current period. Inventories increased by ₱1.1 billion or 8.2% from ₱13.3 billion as of end-2024 to ₱14.4 billion as of December 31, 2025 due primarily to higher inventory level of the distilled spirits and property development segments. The current portion of Financial Assets at Amortized Cost and Financial Assets at Other Comprehensive Income was lower by 31.9% and 52.5%, respectively compared to end-2024 due primarily to the maturity of investments, net disposals and reclassifications to noncurrent. Cash and Cash Equivalents decreased from ₱223.6 billion as of end-2024 to ₱221.0 billion as of December 31, 2025, due primarily to additions in investments and loan releases by the banking segment. Due from Related Parties declined by 24.9% or ₱471 million on account of the collection from Tangent.

The 15.0% increase in consolidated Noncurrent Assets was mainly due to the movements in the Noncurrent portion of Loans and Receivables, Financial Assets at FVTOCI and Financial Assets at Amortized Cost. The noncurrent portion of Loans and Receivables was higher at ₱395.2 billion versus end-2024 balance of ₱349.1 due to higher loan releases than collections in the current period. Noncurrent portion of Financial Assets at FVTOCI and Financial Assets at Amortized Cost increased by ₱24.7 billion and ₱24.1 billion, respectively on account of net purchases higher than net disposals as of the current period. Property, plant and equipment at cost-net decreased by ₱781 million on account of the depreciation charges in 2025.

Consolidated Total Liabilities increased by 8.5% to ₱1.13 trillion as of December 31, 2025 from ₱1.04 trillion as of December 31, 2024. This was on account of the increase in Total Current Liabilities by 6.9% from ₱999.2 billion on December 31, 2024 to ₱1.07 trillion as of the end of the current period while Noncurrent Liabilities increased by 44.9% from ₱44.9 billion to ₱65.0 billion.

The current liabilities movement was due primarily to the higher Current portion of Deposit Liabilities and Accounts payable and accrued expenses. Current portion of Deposit Liabilities increased by ₱81.0 billion due primarily to growth in Time Deposit accounts in the current period. Accounts payable and accrued expenses increased to ₱21.8 billion in the current period on account of the higher trade payables of the banking and distilled spirits segment. On the other hand, Current portion of Bills and Acceptances Payable, Financial Liabilities at Fair Value Through Profit or Loss, Current Portion of Long-Term Debts, Current Portion of Due to Related Parties and

Other current liabilities declined by ₱9.5 billion, ₱638 million, ₱254 million, ₱14 million and ₱2.9 billion, respectively due to payments made in the current period.

The increase in the Noncurrent Liabilities was on account of the bank's higher noncurrent portion of Deposits by ₱4.9 billion. Long-Term Debt net of current portion is higher at ₱38.6 billion as of end-2025 on account of the issuance of dual tranche bonds by the banking segment in December. Accrued retirement benefit balance of ₱765 million was higher versus end-2024 balance of ₱710 million due mainly on adjustments based on the recent estimates for the current period.

LTG's consolidated Total Equity improved by 9.2% to ₱360.7 billion as of December 31, 2025, on account of the net increase in the retained earnings brought about by the net income earned for the period ended December 31, 2025 of ₱31.0 billion less dividends declared amounting to ₱13.5 billion as well as higher other comprehensive income due to higher fair values of Financial Assets at Fair Value through Other Comprehensive Income, Cumulative Translation Adjustments and Revaluation Increment in Property.

2024

The Company's consolidated Total Assets as of December 31, 2024 amounted to ₱1.37 trillion, 3.5% higher than the end-2023 balance of ₱1.33 trillion. Current Assets increased by 2.5% or ₱17.5 billion while Noncurrent Assets were higher by ₱29.5 billion or 4.8%.

The consolidated Current Assets increased by 2.5% from ₱708.6 billion as of December 31, 2023 to ₱726.1 billion. This was mainly on account of higher current portion of Loans and Receivables, Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI), Financial Assets at Fair Value through Profit or Loss (FVTPL) partially offset by lower Cash and Cash equivalents, Financial Assets at Amortized Cost and Due from Related Parties. The current portion of Loans and Receivables amounted to ₱312.4 billion, 7.1% higher than the ₱291.7 billion as of end-2023 due primarily to loan releases and reclassifications from noncurrent to the current portion. Current portion of Financial Assets at Fair Value through Other FVTOCI and Financial Assets at FVTPL increased by ₱12.9 billion and ₱7.4 billion, respectively, due primarily to net purchases in 2024. Cash and Cash Equivalents decreased from ₱243.8 billion as of end-2023 to ₱223.6 billion as of end-2024, due primarily to payments of bonds, additions in investments and loan releases by the banking segment as well as higher net cash provided by operating and investing activities for the entire group. The current portion of Financial Assets at Amortized Cost was lower by 12.6% compared to end-2023 due primarily to the maturity of investments. Due from related parties decreased by 17.4% due primarily to the collection of advances to Tangent Holdings Corporation.

The 4.8% increase in consolidated Noncurrent Assets was mainly due to the movements in the Noncurrent portion of Financial Assets at FVTOCI, Deferred income tax assets offset by the decrease in the noncurrent portion of Financial Assets at Amortized cost. Noncurrent portion of Financial Assets at FVTOCI increased by ₱34.5 billion on account of net purchases as of the current period. Deferred income tax assets (DTA) increased to ₱7.4 billion due primarily to the recognition of additional DTA on allowance for credit losses mainly by the banking segment. The noncurrent portion of

Financial Assets at Amortized cost was lower at ₱94.8 billion versus end-2023 balance of ₱348.0 due to reclassifications and maturity.

Consolidated Total Liabilities increased by 1.7% to ₱1.04 trillion as of end-2024 from ₱1.03 trillion as of end-2023. This was on account of the increase in Total Current Liabilities by 0.6% from ₱993.3 billion on December 31, 2023 to ₱999.2 billion as of end-2024 and Noncurrent Liabilities increased by 32.5% from ₱33.9 billion to ₱44. billion.

The current liabilities movement was due primarily to higher Current portion of Deposit Liabilities of the banking segment by ₱47.1 billion on account of the aggressive deposit campaign significantly offset by the lower Current portion of long-term debts by ₱41.2 billion on account of the full payment of bank's foreign currency denominated Bonds net of new issuance. Current portion of Bills and Acceptances Payable were higher at ₱20.2 billion as of December 31, 2024 versus ₱19.0 billion as of end-2023 on account of the net additions in 2024. Financial liabilities at FVTPL were higher at ₱924 million mainly due to the increases in the position and fair values of stand-alone forwards as of December 31, 2024. Other current liabilities increased by ₱1.4 billion due to various accruals made in 2024. Current portion of due to related parties increased by 28.0% due to advances made in 2024. Accounts payable and accrued expenses, Short-term debts and Income taxes payable were lower due to payments in 2024.

The increase in the Noncurrent Liabilities was on account of the bank's higher level of noncurrent portion of Long-term debts by ₱17.2 billion due to the new issuance of bonds in the current period, higher Other noncurrent liabilities by ₱540 million on account of the accruals made in 2024. This was offset by the decrease in the noncurrent portion of Deposit Liabilities by ₱5.5 billion due to reclassifications to current and lower Bills and Acceptances by ₱1.1 billion, mainly due to payments. On the other hand, Accrued Retirement Benefit balance of ₱710 million was lower due mainly on payments and adjustments based on the recent estimates for 2024.

LTG's consolidated Total Equity improved by 10.0% to ₱330.2 billion as of December 31, 2024, on account of the net increase in the retained earnings brought about by the net income earned for the period ended December 31, 2024 of ₱28.9 billion less dividends declared amounting to ₱13.5 billion. Other comprehensive income increased due to the higher fair values of Financial Assets at FVTOCI by the banking segment. Non-controlling interests in net assets increased due primarily to the banking segment's minority share in the total comprehensive income in the current period.

2023

The Company's consolidated Total Assets as of December 31, 2023 amounted to ₱1.33 trillion, 4.7% higher than the end-2022 balance of ₱1.27 trillion. Current Assets increased by 20.5% or ₱120.6 billion while Noncurrent Assets were lower by ₱61.3 billion or 9.0%.

The consolidated Current Assets increased by 20.5% from ₱588.0 billion as of December 31, 2022 to ₱708.6 billion. The current portion of Loans and Receivables increased to ₱291.7 billion due to higher loan releases in 2023 as well as reclassifications from noncurrent to current portion. Financial Assets at Fair Value through Other Comprehensive Income FVTOCI increased due to acquisitions and

higher fair values of investments. Cash and Cash Equivalents increased from ₱224.7 billion as of end-2022 to ₱243.8 billion as of December 31, 2023, due primarily to higher deposits from the banking segment as well as higher net cash provided by operating activities. Financial Assets at Fair Value through Profit or Loss increased to ₱10.6 billion mainly due to acquisitions in the portfolio. The current portion of Financial Assets at amortized cost was lower by 30.7% compared to end-2022 due primarily to maturity of investments. Inventories of distilled spirits, beverage and property development segments were lower by ₱1.3 billion or 8.7% than last year's ₱15.0 billion on account of higher sales recorded in 2023. Other currents assets were lower by 8.3% at ₱12.4 billion on account of lower prepaid excise taxes and importation charges by the distilled spirits segment. Due from related parties decreased by ₱1.2 billion due primarily to collection of advances to Tangent.

The 9.0% decrease in consolidated Noncurrent Assets was mainly due to the movements in the Noncurrent portion of Loans and Receivables, Financial Assets at FVTOCI and Investment in Associates and Joint Ventures. The noncurrent portion of Loans and Receivables was lower due to net paydowns and reclassifications to current. Financial Assets at FVTOCI were lower by ₱19.1 billion on account of the maturities of investments and reclassification to Financial Assets at Amortized Cost in the portfolio as of December 31, 2023. Investment in associates and joint ventures account decreased by 12% to ₱19.0 billion due to dividends received from PMFTC that were higher than the accrued equitized earnings for 2023. Financial Assets at Amortized Cost increased by ₱22.4 billion versus end-2022 due to reclassifications from Financial Assets at FVTOCI and increase in the fair values of the remaining investments. Deferred income tax assets (DTA) increased to ₱6.9 billion due primarily to the recognition of additional DTA on allowance for credit losses.

Consolidated Total Liabilities increased by 3.6% to ₱1.03 trillion as of December 31, 2023 from ₱991.5 billion as of December 31, 2022. This was on account of the increase in Total Current Liabilities by 10.3% from ₱900.5 billion on December 31, 2022 to ₱993.3 billion as of the end-2023 and the decline in Noncurrent Liabilities by 62.8% from ₱91.0 billion to ₱33.9 billion.

The current portion of Deposit Liabilities increased by ₱61.3 billion due primarily to additional deposits taken by the banking segment. The current portion of Long-term Debts and Bills and Acceptances Payable were higher driven by the reclassifications from noncurrent to current. This was mainly on account of the Bonds Payable amounting ₱41.5 billion that were reclassified from noncurrent to current liabilities by the banking segment. Accounts payable and accrued expenses were higher due to the accrual of various expenses made in 2023. Financial liabilities at FVPL were lower mainly on account of the decrease in the negative fair value balance of stand-alone forwards as of December 31, 2023. Income tax payable and Short-term debts declined by ₱1.4 billion and ₱210.0 million, respectively due to payments made in 2023.

The decrease in the Noncurrent Liabilities was on account of the bank's lower noncurrent portion of Long-term debts due to reclassification of Bonds Payable to current. Noncurrent portion of Deposit Liabilities was lower mainly due to decreased levels of demand deposits on account of withdrawals for 2023. Noncurrent portion of Bills and Acceptances payable decreased due to net settlements of short-term interbank borrowing and repurchase agreements in 2023. Other noncurrent liabilities decreased

by ₱2.2 billion on account of payments in 2023. Accrued retirement benefits increased to ₱1.0 billion due primarily to additional accrual for 2023.

LTG's consolidated Total Equity improved by 8.5% to ₱300.2 billion as of December 31, 2023, on account of the net increase in the retained earnings brought about by the net income earned for the period ended December 31, 2023 of ₱25.4 billion less dividends declared amounting to ₱13.0 billion. Other comprehensive income increased due to the higher fair values of Financial Assets at FVTOCI. Non-controlling interests in net assets increased due primarily to the banking segment's minority share in net comprehensive income in 2023.

3.3. KEY PERFORMANCE INDICATORS

LTG uses the following major performance measures. The analyses are based on comparisons and measurements on financial data of the current period against the same period of the previous year. The discussion on the computed key performance indicators can be found in the "Results of Operations" in the MD&A above.

2025 vs 2024

1.) Gross Profit Ratio

Gross profit ratio in 2025 was 54.1% versus 51.4% in 2024.

2.) Return on Equity

Consolidated Net Income Attributable to Equity Holders of the Parent Company for 2025 amounted to ₱31.0 billion; higher by 7.1% from 2024's ₱28.9 billion. Ratio of net income to equity was 12.3% in 2025 and 12.5% in 2024.

3.) Current Ratio

Current Ratio for 2025 is 0.70:1 while last year's was 0.73:1.

4.) Debt-to-equity ratio

Debt-to-equity ratio for 2025 is 3.14:1 as compared to last year's 3.16:1.

5.) Earnings per share

Earnings per share attributable to holders of the parent company for 2025 was ₱2.86 and ₱2.67 in 2024.

2024 vs 2023

1.) Gross Profit Ratio

Gross profit ratio in 2024 was 51.4% versus 51.8% in 2023.

2.) Return on Equity

Consolidated Net Income Attributable to Equity Holders of the Parent Company for 2024 amounted to ₱28.9 billion; higher by 13.8% from 2023's ₱25.4 billion. Ratio of net income to equity is 12.5% in 2024 and 12.0% in 2023.

3.) Current Ratio

Current Ratio for 2024 was 0.73:1 while 2023's was 0.71:1.

4.) Debt-to-equity ratio

Debt-to-equity ratio for 2024 was 3.16:1 as compared to 2023's was 3.42:1.

5.) Earnings per share

Earnings per share attributable to holders of the parent company for 2024 was ₱2.67 and ₱2.35 in 2023.

2023 vs 2022

1.) Gross Profit Ratio

Gross profit ratio in 2023 was 51.8% versus 49.3% in 2022.

2.) Return on Equity

Consolidated Net Income Attributable to Equity Holders of the Parent Company for 2023 amounted to ₱25.4 billion; higher by 1.1% from 2022's ₱25.1 billion. Ratio of net income to equity is 12.0% in 2023 and 12.6% in 2022.

3.) Current Ratio

Current Ratio for 2023 was 0.71:1 while last year's was 0.65:1.

4.) Debt-to-equity ratio

Debt-to-equity ratio for 2023 was 3.42:1 as compared to 2022's 3.58:1.

5.) Earnings per share

Earnings per share attributable to holders of the parent company for 2023 was ₱2.35 and ₱2.32 in 2022.

3.4. OTHER MATTERS

- (i) There are no other trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's increasing or decreasing liquidity in any material way. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. It does not have any liquidity problems.
- (ii) There are no events that will trigger direct or contingent financial obligation that is material to LTG, including any default or acceleration of an obligation.
- (iii) There are no known material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of LTG with unconsolidated entities or other persons created during the reporting period.
- (iv) On-going and planned capital expenditure projects of the Group are as follows:

Distilled Spirits

TDI continues to implement its capital expenditure program, which includes the rehabilitation of its bottling lines, the replenishment of pallet inventories, and the acquisition of additional delivery vehicles. A major development for the period is the commencement of operations of the ageing facility in El Salvador.

Beverage

ABI continuously makes investments that enhance production safety, improve manufacturing efficiency, and improve the impact of its production processes to the environment.

In 2025, ABI commenced expansion of its production capacity in its El Salvador plant for its carbonated soft drinks and bottled water business to capitalize on the robust growth in the market.

Investments in returnable containers were also made to replace bottles and crates used in the production of Cobra, Vitamilk and alcoholic beverages in returnable glass format.

- (v) There are no known other trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales, revenue or income from continuing operations.
- (vi) There are no significant elements of income or loss that did not arise from the Company's continuing operations.
- (vii) Causes for any material change from period to period include vertical and horizontal analyses of any material item;

Results of our Horizontal (H) and Vertical (V) analyses showed the following material changes (+/- 5% and above) as of and for the years ended December 31, 2025 and 2024 (negative movement in parenthesis):

1. Financial assets at FVTPL – H, 93%
2. Financial assets at FVTOCI - current – H, (32%)
3. Financial assets at amortized cost – current – H, (53%)
4. Loans and receivables – current – H, 19%
5. Due from related parties – H, (25%)
6. Inventories – H, 8%
7. Loans and receivables – noncurrent – 13%
8. Financial assets at FVTOCI - noncurrent – H, 37%
9. Financial assets at amortized cost – noncurrent – H, 26%
10. Property, plant and equipment at cost-net - H, (7%)
11. Deposit Liabilities – current – H, 9%
12. Financial liabilities at fair value through profit or loss – current – H, (69%)
13. Bills and acceptances payable - current – H, (47%)
14. Accounts payable and accrued expenses – H, 6%
15. Income tax payable – H, 13%
16. Long-term debts-current – H, (13%)
17. Current portion of due to related parties – H, (22%)
18. Other current liabilities – H, (26%)
19. Deposit liabilities – noncurrent – H, 92%
20. Long-term debt – net of current portion – H, 63%
21. Net retirement benefits liability – H, 8%
22. Other comprehensive income – H, 7%
23. Other equity reserves – H, 29%
24. Retained earnings- H, 10%
25. Noncontrolling interests – H, 11%
26. Banking revenue – H, 5%
27. Equity in net earnings of associates and joint ventures – H, 13%
28. Finance costs – H, 13%
29. Finance income – H, 110%
30. Others-net – H, (22%)
31. Provision for income tax – current – H, 11%
32. Provision for income tax – deferred – H, 206%
33. Total Net Income – H, 10%
34. Net income attributable to equity holders of the company – H, 7%
35. Net income attributable to noncontrolling interests – H, 18%

The causes for these material changes in the balance sheet and income statement accounts are all explained in the Management's Discussion and Analysis (MDA) – Results of Operations and Financial Condition above.

- (viii) There are no seasonal aspects that have a material effect on the financial condition or results of operations of LTG.

ITEM 4. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

4.1. MARKET INFORMATION

The principal market for the Company's common equity is the Philippine Stock Exchange.

STOCK PRICES

	CLOSE	HIGH	LOW
2023			
1 st Quarter	9.90	10.56	9.19
2 nd Quarter	9.51	10.62	9.35
3 rd Quarter	9.00	9.87	8.84
4 th Quarter	8.98	9.30	8.50
2024			
1 st Quarter	9.99	10.30	8.90
2 nd Quarter	9.75	10.48	9.36
3 rd Quarter	10.02	10.28	9.18
4 th Quarter	10.50	10.54	9.92
2025			
1 st Quarter	12.18	12.50	10.40
2 nd Quarter	12.86	13.00	11.00
3 rd Quarter	15.24	15.58	12.50
4 th Quarter	14.78	15.50	13.80
2026			
February 27, 2026*	15.62	15.90	15.62

The latest trading price as of 27 February 2026, the latest practicable date, is ₱15.62.

4.2. HOLDERS

As of 27 February 2026, the Company has 382 shareholders owning 10,821,388,889 common shares. The top 20 stockholders as of 27 February 2026 are as follows:

Name of Shareholder	No. of Shares	% to Total
Tangent Holdings Corp.	8,046,318,193	74.36%
PCD Nominee Corporation (Filipino)	1,379,942,464	12.75%
PCD Nominee Corporation (Non-Filipino)	611,592,812	5.65%
Dragon Castle Holdings Limited	198,535,900	1.83%
Hinner Resources Limited	157,195,600	1.45%
Advance Goal Limited	152,812,600	1.41%
Absolute Classic Limited	95,811,000	0.89%
Conqueror Vision Limited	81,913,000	0.76%

Conway Equities Inc.	60,306,400	0.56%
La Filipina Uy Gongco Corporation	18,000,000	0.16%
Goldlabel Equities Corporation	5,039,800	0.047%
All Seasons Realty Corp.	5,002,294	0.046%
Dragonstar Management Corp.	1,773,900	0.02%
Eyes of Ibad Agriventures OPC	1,000,000	0.01%
Henry Ong Chusuey or Anna Lissa Chusuey	764,000	0.01%
Lily C Sy	600,000	0.01%
Kentron Holdings & Equities Corp.	569,800	0.01%
Jianxi Li	395,400	0.003%
Gillian Cindy Ty Te	300,000	0.003%
Atlas Agricultural & Mercantile & Dev. Corp.	299,475	0.003%

* LTG has no preferred shares.

Voting Rights

Each share is entitled to one (1) vote.

With respect to the election of Directors, stockholders of record are entitled to as many number of votes as is equal to the number of shares he owns multiplied by eleven (11), the number of Directors to be elected. A stockholder may (i) cast all votes in favor of one (1) nominee, or (ii) cast votes for as many Directors to be elected, or (iii) distribute the votes among as many nominees he shall see fit.

4.3. DIVIDENDS

a.) Dividend declaration

BOD Approval Date	Amount of Dividend Per Share		Record Date	Payment Date
	Regular	Special		
February 17, 2023	0.15	0.15	March 6, 2023	March 16, 2023
May 15, 2023	-	0.30	May 30, 2023	June 9, 2023
August 15, 2023	-	0.30	September 4, 2023	September 12, 2023
November 17, 2023	-	0.30	December 5, 2023	December 15, 2023
February 23, 2024	0.15	0.15	March 11, 2024	March 20, 2024
May 17, 2024	-	0.30	June 3, 2024	June 13, 2024
August 16, 2024	-	0.30	September 4, 2024	September 11, 2024
November 15, 2024		0.35	December 2, 2024	December 9, 2024
March 14, 2025	0.15	0.15	March 31, 2025	April 8, 2025
June 16, 2025	-	0.30	July 1, 2025	July 14, 2025
August 22, 2025	-	0.30	September 9, 2025	September 24, 2025
November 17, 2025	-	0.35	December 2, 2025	December 12, 2025

b.) Dividend Policy

Shareholders shall have the right to receive dividends subject to the discretion of the Board. They have the right to receive dividends out of the Unrestricted

Retained Earnings of the Company when the said earnings become in excess of 100% of its paid-in capital stock, except:

1. when justified by definite corporate expansion projects;
 2. when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or,
 3. when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.
- c.) Restrictions that limit the ability to pay dividends on common equity or that are likely to happen in the future.

There are no restrictions that limit the Company's ability to pay dividends apart from the requirement of law that the Company should have unrestricted retained earnings. The corporate by laws provide that dividends may be declared "*out of the surplus profits when such profit shall, in the opinion of the Directors, warrant the same.*"

4.4. RECENT SALES OF UNREGISTERED SECURITIES (FOR THE PAST THREE YEARS)

There are no recorded sales of unregistered securities during the past three years.

ITEM 5. INDEPENDENT PUBLIC ACCOUNTANTS AND EXTERNAL AUDIT FEES

Please see Item 7 of the Information Statement.

ITEM 6. CORPORATE GOVERNANCE

To ensure awareness and compliance, all incumbent directors and key officers of the Company attend an annual seminar on corporate governance conducted by an SEC-accredited provider.

The Company continues to review and strengthen its policies to ensure that such policies are consistent with the leading practices on good corporate governance that are in the best interest of the Company and its stakeholders.

In 2025, the Company conducted a self-assessment of the performance of the Directors to ensure the effectivity of the Board members and likewise improve on areas which require its attention. The evaluation was conducted via the sending of an online evaluation form to every director through electronic mail wherein they were tasked to rate their own performance as well as that of the committee which they are a part of.

The form is composed of two (2) parts: (1) Questions on the Director's individual qualitative performance; and (2) Questions to the Board. Under Part 1, the director is asked to rate himself/herself based on different questions pertaining to his/her individual performance. On the other hand, under Part 2 of the form, the director is asked to rate the performance of the Board as a whole. Questions include, but are not limited to, the number of times the Board conducts its meetings, the attendance of the director/matters discussed during the meeting. The forms are thereafter submitted to the Office of the Corporate Secretary for consolidation and evaluation. Below are the average ratings for each criteria of the self-assessment:

Criteria	Percentage
Attendance in Meetings	98.21%
Duties and Responsibilities	99.81%
Compliance in Charters and Legal Compliance	99.21%

In 2025, the Board of Directors held a total of nineteen (19) meetings: twelve (12) regular meetings, six (6) special meetings, and one (1) organizational meeting. Each Board member complied with the minimum total Board meeting attendance requirement of 50%. The summary of attendance of each Director to Board and committee meetings are attached as Annex A.

The Company undertakes to provide without charge to each shareholder, upon written request by the shareholder, a copy of the Company's Annual Report on SEC Form 17-A. Please direct all such requests to the Corporate Secretary, Atty. Ma. Cecilia L. Pesayco, 2/F PNB Makati Center, 6754 Ayala Avenue, Makati City, Philippines.

ANNEX A

SUMMARY OF ATTENDANCE IN BOARD AND COMMITTEE MEETINGS

In 2025, the Board of Directors held a total of **nineteen (19) meetings**: twelve (12) regular meetings, six (6) special meeting, and one (1) organizational meeting. These meetings were religiously attended to by its members, as shown in the table below:

OFFICE	NAME	DATE OF APPOINTMENT	NUMBER OF BOARD MEETINGS ATTENDED			%
			Regular	Special	Organizational	
Chairman (ED)	Lucio C. Tan	May 7, 2025	12	6	1	100%
Vice Chairman	Lucio C. Tan III	May 7, 2025	12	6	1	100%
Member	Carmen K. Tan	May 7, 2025	12	6	1	100%
Member	Karlu T. Say	May 7, 2025	11	6	1	94.74%
Member	Michael G. Tan	May 7, 2025	12	6	1	100%
Member	Vivienne K. Tan	May 7, 2025	12	6	1	100%
Member	Juanita T. Tan Lee	May 7, 2025	10	6	1	89.47%
Independent	Johnip G. Cua	May 7, 2025	12	6	1	100%
Independent	Mary G. Ng	May 7, 2025	12	6	1	100%
Independent	Raul M. Leopando	May 7, 2025	7	3	1	100%
Independent	Woochong Um	May 7, 2025	7	3	1	100%

**Mr. Raul M. Leopando and Mr. Woochong Um were appointed last May 07, 2025, and have attended all Board Meetings since their appointment.*

In 2025, the Audit Committee conducted five (5) meetings which were religiously attended to by its members, as shown in the table below:

OFFICE	NAME	DATE OF APPOINTMENT	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED	%
Chairman (ED)	Johnip G. Cua	May 7, 2025	5	5	100%
Member	Juanita T. Tan Lee	May 7, 2025	5	3	60%
Member	Mary G. Ng	May 7, 2025	5	5	100%
Member	Raul M. Leopando	May 7, 2025	3	3	100%
Member	Woochong Um	May 7, 2025	3	3	100%
Member	Chester Y. Luy	May 7, 2025	5	5	100%

**Mr. Raul M. Leopando and Mr. Woochong Um were appointed last May 07, 2025, and have attended all Committee Meetings since their appointment.*

In 2025, the Corporate Governance Committee conducted fourteen (14) meetings which was attended to by its members, as shown in the table below:

OFFICE	NAME	DATE OF APPOINTMENT	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED	%
Chairman (ED)	Raul M. Leopando	May 7, 2025	14	14	100%
Member	Michael G. Tan	May 7, 2025	14	13	92.86%
Member	Juanita T. Tan Lee	May 7, 2025	14	12	85.71%
Member	Johnip G. Cua	May 7, 2025	14	14	100%

OFFICE	NAME	DATE OF APPOINTMENT	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED	%
Member	Lucio C. Tan III	May 7, 2025	14	7	50%
Member	Chester Y. Luy	May 7, 2025	14	14	100%
Member	Mary G. Ng	May 7, 2025	14	12	85.71%
Member	Florencia G. Tarriela	May 7, 2025	14	14	100%
Member	Woochong Um	May 7, 2025	14	13	92.86%

**Mr. Raul M. Leopando and Mr. Woochong Um were appointed last May 07, 2025, and have attended all Committee Meetings since their appointment.*

In 2025, the Risk Management Committee conducted eighteen (18) meetings which were religiously attended to by its members, as shown in the table below:

OFFICE	NAME	DATE OF APPOINTMENT	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED	%
Chairman (ED)	Mary G. Ng	May 7, 2025	18	18	100%
Member	Juanita T. Tan Lee	May 7, 2025	18	16	88.89%
Member	Johnip G. Cua	May 7, 2025	18	16	88.89%
Member	Wilfrido E. Sanchez	May 7, 2025	18	17	94.45%
Member	Florencia G. Tarriela	May 7, 2025	18	18	100%
Member	Chester Y. Luy	May 7, 2025	18	18	100%

OFFICE	NAME	DATE OF APPOINTMENT	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED	%
Member	Woochong Um	May 7, 2025	18	15	83.34%

** Mr. Woochong Um was appointed last May 07, 2025, and have attended majority of the Committee Meetings since his appointment.*

In 2025, the Nomination and Compensation Committee conducted two (2) meetings which was attended by its members, as shown in the table below:

OFFICE	NAME	DATE OF APPOINTMENT	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED	%
Chairman (ED)	Lucio C. Tan	May 7, 2025	2	2	100%
Member	Lucio C. Tan III	May 7, 2025	2	2	100%
Member	Karlu T. Say	May 7, 2025	2	2	100%
Member	Michael G. Tan	May 7, 2025	2	2	100%
Member	Juanita T. Tan Lee	May 7, 2025	2	2	100%
Member	Mary G. Ng	May 7, 2025	2	2	100%
Member	Wilfrido E. Sanchez	May 7, 2025	2	2	100%