LT GROUP, INC.

President's Report
First Quarter 2026

LT Group, Inc. (LTG) reported an attributable net income of Php7.49 billion in 1Q26, 3% higher than 1Q25's Php7.24 billion.

The different business segments contributed as follows:

	LTG's Share in Net Income (In Php Millions)					
					Y-o-Y Change	
Segment	**1Q26**	**% to total**	**1Q25**	**% to total**	**Inc/(Dec)**	**%**
PNB	3,578	48%	3,420	47%	158	5%
FTC	2,852	38%	2,799	39%	53	2%
TDI	572	8%	525	7%	47	9%
Eton	154	2%	143	2%	11	8%
ABI	98	1%	178	3%	(80)	(45%)
VMC	158	2%	154	2%	4	3%
Others	75	1%	17	0%	58	341%
Total	7,487	100%	7,236	100%	251	3%

In February 2026, LTG declared a total of Php3.25 billion in dividends to its shareholders. This payout comprised Php0.15 per share in regular dividends and an additional Php0.15 per share as a special dividend, reflecting a total pay-out rate of 10.4%.

As of March 31, 2026, the company's Debt-to-Equity Ratio was 3.00:1 with the Bank and 0.09:1 without the Bank. The parent company held a cash balance of Php2.08 billion.

Philippine National Bank (PNB)

The banking segment's net income was Php6.37 billion in 1Q26, 5% higher than the Php6.09 billion in 1Q25.

Gross interest income for the current period of Php17.29 billion was higher by 1% y-o-y driven by higher loan volumes. Gross interest expense decreased by 14% at Php3.83 billion due primarily to lower interest cost of bonds payable. This resulted in a net interest income of Php13.46 billion, 6% higher y-o-y.

Net service fees and commission income increased by Php87 million or 6% to Php1.51 billion for the quarter ended March 31, 2026, attributable to higher fees from bancassurance, deposits and loan-related products.

Combined trading and investment securities and foreign exchange activities resulted in a net loss of Php230 million in 1Q26. This represents a significant reversal from the Php862 million net gains recorded in 1Q25, primarily driven by the losses within the trading and investment securities portfolio during the current period due to unfavorable market conditions.

Other income was higher at Php1.94 billion for the quarter ended March 31, 2026 compared to Php1.07 billion for the same period last year primarily driven by increased ROPA sale gains realized.

Operating expenses increased by 2% to Php8.53 billion in 1Q26 from Php8.35 billion in the prior period, mainly due to higher miscellaneous expenses, depreciation and amortization and occupancy and equipment-related costs. These factors reflect the increased business activities and operational demands of the bank.

Fortune Tobacco Corporation (FTC)

FTC reported a net income of Php2.86 billion for 1Q26, a 2% y-o-y increase from Php2.81 billion in 1Q25, primarily attributable to higher dividend income received from PMFTC (a 49.6% associate). This effectively offsets the lower equitized earnings recorded in the current period which amounted to Php2.60 billion in 1Q26, compared to Php2.76 billion in 1Q25 attributable to reduced cigarette sales volume of PMFTC.

The overall industry volume in 1Q26 reached 11.8 billion sticks, reflecting a 5% increase compared to 1Q25. While PMFTC's shipment volume decreased slightly by 4% to 5.4 billion sticks in 1Q26 from 5.6 billion in 1Q25, PMFTC's underlying sales volumes remained stable when adjusted for inventory movements in both periods.

PMFTC adjusted its cigarette prices in March 2026 due to continued excise tax hikes under Republic Act 11346. The new pricing reflects the annual 5% excise tax increase effective January 1, 2026, which is now at Php69.46 per 20-stick pack. Consequently, Marlboro Red Titanium Edition is priced at Php11 per stick, Marlboro Red at Php10, Marlboro Crafted and Fortune at Php9 and Chesterfield at Php8.

PMFTC continues to accelerate transformation into a smoke-free company by prioritizing consumer-centric experiences and education. PMFTC developed a B2B toolbox for its business partners to educate legal-age nicotine users about tobacco harm and increase awareness and familiarity for smoke-free products.

The government's sustained efforts against illicit trade have led to a decline in illicit incidence for the first time in six years, according to a recent report. This outcome is a result of increased seizures and enforcement efforts.

Tanduay Distillers, Inc. (TDI)

TDI recorded a net income of Php575 million for 1Q26, a 9% increase over the Php528 million recorded in the same period last year. This was driven by higher net revenues at Php7.37 billion in 1Q26, 3% higher than the Php7.19 billion reported in 1Q25. This was fueled by the price increases that effectively offset lower sales volume in the liquor business.

Although cost of sales rose to Php6.09 billion in 1Q26 from Php6.02 billion in 1Q25 due to higher freight costs, the gross profit margin improved to 17% in 1Q26 from 16% in 1Q25, reflecting the impact of higher selling prices.

Operating expenses were higher at Php645 million in 1Q26 compared to Php496 million in 1Q25 due primarily to higher advertising, promotion, personnel costs and other expenses incurred.

TDI maintained its dominant market position in the Visayas and Mindanao regions, holding significant shares of 74.3% and 83.8%, respectively. Furthermore, TDI's nationwide market share for distilled spirits grew to 40.6% in 1Q26, up from 39.1% in 1Q25.

Eton Properties Philippines, Inc. (Eton)

Eton reported a net income of Php155 million for the first three months of 2026, higher than the Php144 million for the same period last year on account of higher margins from the leasing business resulting from both higher rental revenues and lower operating costs.

Leasing revenues increased by 1% to Php480 million in 1Q26, representing 82% of total revenues, compared to Php473 million in 1Q25. Real estate sales grew by 6% to Php108 million, from Php102 million in 1Q25, fueled by continued sales of remaining inventory in the 68 Roces (Quezon City) and Eton City (Laguna) projects.

Operating expenses were effectively managed decreasing slightly to Php196 million due to lower commissions, selling and marketing expenses. Other income declined in 1Q26 compared to prior year as 1Q25 included a one-time profit in marketing fees.

Eton's leasing portfolio encompasses a total of 259,800 square meters. Of this, office space constitutes a substantial 189,100 square meters or 73%.

Asia Brewery, Inc. (ABI)

ABI's net income was lower at Php98 million for the quarter ended March 31, 2026 from Php178 million in the same period last year.

Revenues of the beverage segment were at Php4.24 billion in the current period, 2% lower than 1Q25, as revenues decreased for Cobra Energy Drinks and the packaging business. Cost of sales increased by 4% at Php3.39 billion for 1Q26 on account of higher production cost of glass bottles. This resulted in the decline of the gross profit margin to 20% in 1Q26 from 24% in 1Q25.

Operating expenses decreased to Php667 billion in 1Q26 from Php737 million in 1Q25 due to lower advertising expenses and management and professional fees.

In 1Q26, Cobra energy drink held the second-largest market share at 42%. Absolute and Summit bottled water brands together accounted for 18%, positioning them as the third-largest local water brand.

LT GROUP, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱194,997,151**	₱221,048,843
Financial assets at fair value through profit or loss (FVTPL)	**27,722,383**	34,652,714
Financial assets at fair value through other comprehensive income (FVTOCI)	**32,988,737**	85,216,910
Financial assets at amortized cost	**14,128,613**	9,062,675
Loans and receivables	**363,567,449**	370,117,621
Inventories	**14,984,078**	14,427,761
Due from related parties	**1,418,591**	1,418,498
Other current assets	**13,700,461**	12,601,951
Total Current Assets	**663,507,463**	748,546,973
Noncurrent Assets		
Financial assets at FVTOCI	**111,912,568**	90,866,234
Financial assets at amortized cost	**118,055,613**	118,913,311
Loans and receivables-net of current portion	**417,363,557**	395,188,341
Investment in associates and joint ventures	**19,445,395**	19,185,743
Property, plant and equipment:		
At appraised values	**58,521,104**	58,923,401
At cost	**11,608,307**	10,890,345
Investment properties	**39,445,740**	39,200,697
Deferred income tax assets	**7,688,706**	7,716,173
Other noncurrent assets	**4,525,352**	4,467,045
Total Noncurrent Assets	**788,566,342**	745,351,290
TOTAL ASSETS	**₱1,452,073,805**	₱1,493,898,263

LIABILITIES AND EQUITY		
Current Liabilities		
Deposit liabilities	**₱970,334,619**	₱1,021,100,020
Financial liabilities at FVTPL	**3,050,539**	285,562
Bills and acceptances payable	**13,084,455**	10,742,748
Accounts payable and accrued expenses	**21,514,537**	21,787,947
Short-term debts	**3,700,000**	3,700,000
Current portion of long-term debts	**1,697,053**	1,672,443
Income tax payable	**699,181**	375,373
Other current liabilities	**11,663,715**	8,428,939
Due to related parties	–	50,000
Total Current Liabilities (Carried Forward)	**1,025,744,099**	1,068,143,032

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Total Current Liabilities (Brought Forward)	**₱1,025,744,099**	₱1,068,143,032
Noncurrent Liabilities		
Deposit liabilities - net of current portion	**8,762,183**	10,179,561
Long-term debts - net of current portion	**38,921,491**	38,552,987
Net retirement benefits liability	**894,228**	764,935
Deferred income tax liabilities	**8,859,570**	8,840,708
Other noncurrent liabilities	**6,258,904**	6,673,577
Total Noncurrent Liabilities	**63,696,376**	65,011,768
Total Liabilities	**1,089,440,475**	1,133,154,800
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	**12,429,943**	14,285,346
Other equity reserves	**(2,966,094)**	(2,954,800)
Retained earnings	**197,448,956**	193,029,365
Shares of the Company held by subsidiaries	**(12,519)**	(12,519)
	253,627,906	251,075,012
Non-controlling interests	**109,005,424**	109,668,451
Total Equity	**362,633,330**	360,743,463
TOTAL LIABILITIES AND EQUITY	**₱1,452,073,805**	₱1,493,898,263

LT GROUP, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except for Basic/Diluted Earnings Per Share)

	Three Months Ended March 31	
	2026	2025
	(Unaudited)	(Unaudited)
REVENUE		
Banking	**₱18,660,294**	₱19,254,904
Distilled spirits	**7,348,364**	7,171,053
Beverage	**4,048,952**	4,093,481
Property development	**720,199**	638,332
	30,777,809	31,157,770
COST OF SALES AND SERVICES	**14,000,294**	14,287,591
GROSS INCOME	**16,777,515**	16,870,179
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	**2,927,034**	3,021,977
	19,704,549	19,892,156
OPERATING EXPENSES		
Selling expenses	**643,154**	648,696
General and administrative expenses	**9,440,875**	9,028,619
	10,084,029	9,677,315
OPERATING INCOME	**9,620,520**	10,214,841
OTHER INCOME (CHARGES)		
Foreign exchange gains - net	**415,790**	619,740
Finance income	**122,978**	54,176
Finance costs	**(105,147)**	(130,758)
Others - net	**2,423,543**	1,197,851
	2,857,164	1,741,009
INCOME BEFORE INCOME TAX	**12,477,684**	11,955,850
PROVISION FOR INCOME TAX		
Current	**1,886,167**	2,038,182
Deferred	**264,424**	(31,201)
	2,150,591	2,006,981
NET INCOME	**₱10,327,093**	₱9,948,869
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Company	**₱7,487,171**	₱7,236,854
Non-controlling interests	**2,839,922**	2,712,015
	₱10,327,093	₱9,948,869
Basic/Diluted Earnings Per Share	**₱0.69**	₱0.67