



SBS PHILIPPINES
CORPORATION

APPENDIX 2

2025 Management Report

MANAGEMENT REPORT

2025 IN REVIEW

2025 was a year of disciplined execution and resilience for SBS Philippines Corporation as the Group navigated softer market demand, continued pricing pressure, and a more cautious purchasing environment across key sectors. Despite these headwinds, the Company remained focused on serving our customers with product and supply reliability, strengthening liquidity, and sustaining operational efficiency while continuing to invest in long-term value creation.

Throughout the year, management prioritized prudent working capital management, customer service excellence, and financial discipline. The Group also benefited from improved financing conditions and continued to strengthen its strategic investment portfolio while maintaining a sound balance sheet and healthy liquidity position.

Results of Operations

In 2025, SBS reported consolidated sales revenue of P965.2 million from its core chemical distribution business and P2.0 million from consultancy income, resulting in total consolidated revenues of P967.2 million. The Group reported net finance costs of P109.0 million and recognized equity in net losses of associates amounting to P34.1 million. Consolidated profit before tax amounted to P25.4 million, while tax expense closed at P19.1 million, resulting in consolidated net income of P6.3 million for the year.

The Group generated net cash of P416.7 million from operating activities, recorded net cash inflow of P117.9 million from investing activities, and used P292.7 million in financing activities, primarily for loan settlements, dividend payments, interest payments, and lease obligations.

Core Chemical Distribution Business

Revenues from the core chemical distribution business declined to P965.2 million, down by P147.7 million or 13.3% from P1,112.9 million in 2024. The decline was primarily attributable to lower sales volumes across major business segments and reduced selling prices in selected product categories amid weaker market demand.

In 2025, Animal Health and Nutrition became the largest contributor to total revenue at 31.6%, closely followed by Food Ingredients at 31.5%. Industrial Chemicals, Home and Personal Care, and Other segments contributed 11.5%, 10.7%, and 14.7%, respectively. This diversified portfolio continued to provide resilience across changing market conditions.

Gross profit declined to P348.4 million from P410.6 million in 2024, while gross profit margin slightly softened to 36.1% from 36.9%, reflecting pricing pressure and changes in product mix. Operating expenses increased modestly by 4.2% due mainly to higher manpower costs and depreciation and amortization expenses related to warehouse facilities.

As a result, operating profit for the core business decreased from P240.4 million in 2024 to P184.0 million in 2025. Despite the decline, the business remained profitable and operationally sound through disciplined cost management and efficient execution.

During the year, the Company continued to enhance its operating platform through additional investments in warehouse equipment, property and equipment, leased facilities, and systems improvements to support long-term efficiency, customer service, and future growth.

Property-Related Investments

SBS Holdings and Enterprises Corporation (“Subsidiary”) continues to engage primarily in strategic investments in companies with prime landholdings, while also pursuing property management, leasing, and related opportunities.

For 2025, the Subsidiary reported consultancy income of P2.0 million and complemented by an additional P6.4 million generated from various management services.

During the year, the Group advanced additional investments and subscriptions in selected associate companies amounting to P232.6 million while also receiving refund from prior investment subscription of P315 million. As of the end of 2025, the Group maintained a diversified portfolio of strategic investments in associate companies, of which 21 of them hold land assets in prime locations within Metro Manila and other urban centers. Equity in net losses of associates improved to P34.1 million from P39.4 million in the previous year, reflecting better performance from investee companies.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(i) Review of 2025 versus 2024

SBS PHILIPPINES CORPORATION AND SUBSIDIARY (A Subsidiary of Anesy Holdings Corporation) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2025 AND 2024 (Amounts in Philippine Pesos)					
	2025	% of Total Assets	2024	% of Total Assets	2025 vs 2024
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	P 1,470,214,791	17%	P 1,229,218,433	14%	20%
Trade and other receivables – net	97,037,350	1%	130,959,653	1%	-26%
Inventories – net	775,486,929	9%	775,359,958	9%	0%
Prepayments and other current assets	36,114,445	0%	195,463,531	2%	-82%
Total Current Assets	<u>2,378,853,515</u>	27%	<u>2,331,001,575</u>	26%	2%
NON-CURRENT ASSETS					
Investments in associates	3,142,665,546	36%	3,166,014,737	36%	-1%
Property and equipment – net	139,784,336	2%	143,854,128	2%	-3%
Right-of-use assets – net	85,810,730	1%	125,778,797	1%	-32%
Investment properties	625,700,346	7%	625,700,346	7%	0%
Deferred tax assets – net	419,353	0%	-	0%	100%
Other non-current assets – net	2,345,196,090	27%	2,439,655,507	28%	-4%
Total Non-current Assets	<u>6,339,576,401</u>	73%	<u>6,501,003,515</u>	74%	-2%
TOTAL ASSETS	P 8,718,429,916	100%	P 8,832,005,090	100%	-1%
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Loans payable	P 1,655,763,273	19%	P 1,517,897,967	17%	9%
Trade and other payables	358,593,074	4%	332,915,803	4%	8%
Lease liabilities	1,474,237	0%	1,382,849	0%	7%
Income tax payable	131,846	0%	-	0%	100%
Total Current Liabilities	<u>2,015,962,430</u>	23%	<u>1,852,196,619</u>	21%	9%
NON-CURRENT LIABILITIES					
Loans payable	132,608,798	2%	307,156,636	3%	-57%
Lease liabilities	42,213,124	0%	35,695,423	0%	18%
Post-employment defined benefit obligation	18,500,334	0%	13,501,783	0%	37%
Deferred tax liabilities – net	-	0%	17,143,953	0%	-100%
Security deposit	2,547,148	0%	1,927,148	0%	32%
Total Non-current Liabilities	<u>195,869,404</u>	2%	<u>375,424,943</u>	4%	-48%
Total Liabilities	<u>2,211,831,834</u>	25%	<u>2,227,621,562</u>	25%	-1%
EQUITY					
Equity attributable to the shareholders of Parent Company:					
Capital stock	1,890,999,999	22%	1,549,999,999	18%	22%
Additional paid-in capital	2,242,794,207	26%	2,242,794,207	25%	0%
Revaluation reserves	(6,838,491)	0%	(3,699,922)	0%	85%
Stock dividends distributable	-	0%	341,000,000	4%	-100%
Retained earnings	1,680,077,586	19%	1,759,987,257	20%	-5%
	<u>5,807,033,301</u>	67%	<u>5,890,081,541</u>	67%	-1%
Non-controlling interest	699,564,781	8%	714,301,987	8%	-2%
Total Equity	<u>6,506,598,082</u>	75%	<u>6,604,383,528</u>	75%	-1%
TOTAL LIABILITIES AND EQUITY	P 8,718,429,916	100%	P 8,832,005,090	100%	-1%

SBS PHILIPPINES CORPORATION AND SUBSIDIARY
(A Subsidiary of Anesy Holdings Corporation)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	% of Gross Revenues	2024	% of Gross Revenues	2025 vs 2024
REVENUES	26					
Sale of goods		P 965,199,469	100%	P 1,112,899,142	99%	-13%
Consultancy income		<u>2,000,000</u>	0%	<u>6,300,000</u>	1%	-68%
		<u>967,199,469</u>	100%	<u>1,119,199,142</u>	100%	-14%
COSTS OF SALES AND SERVICES	14					
Cost of goods sold		616,785,287	64%	702,249,859	63%	-12%
Cost of services		<u>897,125</u>	0%	<u>848,123</u>	0%	5.8%
		<u>617,682,412</u>	64%	<u>703,097,982</u>	63%	-12%
GROSS PROFIT		<u>349,517,057</u>	36%	<u>416,101,160</u>	37%	-16%
OTHER OPERATING INCOME (EXPENSES)						
Other operating expenses	14	(205,717,875)	-21%	(197,462,325)	-18%	4%
Other operating income	15	<u>24,690,270</u>	3%	<u>12,091,812</u>	1%	104%
		<u>(181,027,605)</u>	-19%	<u>(185,370,513)</u>	-17%	-2%
OPERATING PROFIT		168,489,452	17%	230,730,647	21%	-27%
FINANCE COSTS	16	(156,039,053)	-16%	(194,508,523)	-17%	-20%
FINANCE INCOME	16	46,995,147	5%	41,844,511	4%	12%
EQUITY IN NET LOSSES OF ASSOCIATES	7	(34,059,191)	-4%	(39,375,345)	-4%	-14%
PROFIT BEFORE TAX		25,386,355	3%	38,691,290	3%	-34%
TAX EXPENSE	19	<u>19,112,078</u>	2%	<u>25,235,320</u>	2%	-24%
NET PROFIT FOR THE YEAR		<u>P 6,274,277</u>	1%	<u>P 13,455,970</u>	1%	-53%
OTHER COMPREHENSIVE INCOME (LOSS)						
Item that will not be reclassified subsequently to profit or loss						
Remeasurements of post-employment defined benefit plan	17	(4,412,964)	0%	(142,857)	0%	2989%
Tax income (expense)	19	<u>1,103,241</u>	0%	<u>35,715</u>	0%	2989%
Other Comprehensive Income (Loss) – net of tax		<u>(3,309,723)</u>	0%	<u>(107,142)</u>	0%	2989%
TOTAL COMPREHENSIVE INCOME		<u>P 2,964,554</u>	0%	<u>P 13,348,828</u>	1%	-78%
Attributable to:						
Shareholders of the Parent Company		P 17,701,760	2%	P 26,532,517	2%	-33%
Non-controlling interest		<u>(14,737,206)</u>	-2%	<u>(13,183,689)</u>	-1%	12%
		<u>P 2,964,554</u>	0%	<u>P 13,348,828</u>	1%	-78%

The following discussions should be read in conjunction with the 2025 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2025 (with comparative figures as of 31 December 2024).

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2025 compared to the Statement of Comprehensive Income for the year ended 31 December 2024.

Total revenues decreased by P152.0 million or 13.6%, from P1,119.2 million in 2024 to P967.2 million in 2025. Sale of goods declined by P147.7 million to P965.2 million, while consultancy income decreased to P2.0 million from P6.3 million in the prior year. The decline in revenues reflects lower sales volumes across key segments and reduction in prices for certain product category due to weak demand during the year. In 2025, Animal Health and Nutrition was the largest contributor to total revenue, accounting for 31.6%, closely followed by Food Ingredient at 31.5%, then Industrial Chemicals (11.5%), and Home and Personal Care (10.7%).

The cost of goods sold decreased by P85.5 million or 12.2%, from P702.2 million in 2024 to P616.8 million in 2025, in line with the reduction in sales. As a result, gross profit declined by P66.6 million or 16.0%, from P416.1 million in 2024 to P349.5 million in 2025. Gross margin slightly softened to 36.1% in 2025 from 37.2% in 2024, reflecting pricing pressures and product mix changes.

Other operating expenses increased by P8.3 million or 4.2% from P197.5 million in 2024 to P205.7 million in 2025, primarily due to increase in manpower costs and depreciation and amortization costs associated with new warehouse facilities. Meanwhile, Other operating income significantly increased by P12.6 million, from P12.1 million in 2024 to P24.7 million in 2025, largely driven by higher rental, management, and miscellaneous income.

The Group's operating profit declined by P62.2 million or 27.0%, from P230.7 million in 2024 to P168.5 million in 2025, mainly due to lower gross profit.

Finance costs decreased by P38.5 million or 19.8%, from P194.5 million in 2024 to P156.0 million in 2025, attributable to lower outstanding loan balances and improved financing costs. Finance income increased by P5.2 million or 12.3%, from P41.8 million in 2024 to P47.0 million in 2025, primarily from higher interest income. As a result, net finance expense improved to P109.0 million in 2025 from P152.7 million in 2024.

Equity in net losses of associates amounted to P34.1 million in 2025, an improvement from P39.4 million in 2024, reflecting better performance of investee companies.

The Group's tax expenses declined by P6.1 million or 24.3%, from P25.2 million in 2024 to P19.1 million in 2025, consistent with the lower taxable income and changes in deferred tax balances.

As a result, consolidated net profit for the year decreased by P7.2 million or 53.4%, from P13.5 million in 2024 to P6.3 million in 2025, mainly due to reduced sales and operating profitability, partially offset by lower finance costs. On a per entity basis, the Parent Company generated a net profit of P32.6 million, while the subsidiary incurred a net loss of P26.3 million, resulting in the consolidated net profit of P6.3 million.

Material Changes to the Statement of Financial Position as at 31 December 2025 compared to the Statement of Financial Position as at 31 December 2024.

Assets

As at 31 December 2025, total assets amounted to P8,718.4 million, 1.3% down from last year of P8,832.0 million. Total assets in 2025 consist of P2,378.9 million in current assets and P6,339.6 million in non-current assets compared to P2,331.0 million in current assets and P6,501.0 million in non-current assets in 2024.

Cash and cash equivalents increased by 19.6% or P241.0 million from P1,229.2 million in 2024 to P1,470.2 million in 2025. For the current period, total cash collection amounted to P2,521.8 million and was received from the following: P1,745.0 million from proceeds of loans; P416.7 million generated from operating activities; P315.0 million net proceeds from refund of investment subscriptions and P45.1 million of interest received. On the other hand, cash disbursements or settlements for the period amounted to P2,280.8 million, comprised of the following: P1,782.8 million in loan repayments; P232.0 million advance payments for investment subscriptions; P152.3 million in interest payments for bank loans and bank trust receipts; P100.8 million in dividend payments; P9.2 million for acquisition of property and equipment; P1.9 million for payment of lease liabilities; P0.9 million on foreign exchange effect and P0.4 million for acquisition of computer software.

Trade and other receivables decreased by P33.9 million or 25.9% from P131.0 million in 2024 to P97.0 million in 2025 due to lower sales volume during the year.

The inventory level marginally increased by P0.1 million from P775.4 million in 2024 to P775.5 million in 2025 with lower inventory turnover in 2025.

Prepayments and other current assets decreased by P 159.3 million from P195.5 million in 2024 to P36.1 million in 2025 due primarily to the reduction in refundable deposits. Other non-current assets in 2025 decreased by P94.5 million to P2,345.2 million in 2025 from P2,439.7 million in 2024 due to collection of refundable deposits of P315.0 million, amortization of computer software of P1.4 million, and partially offset by additional investment subscriptions during the year of P221.9 million.

Investment in associates decreased by P23.3 million or 0.7% from P3,166.0 million in 2024 to P3,142.7 million in 2025 due to net equity losses during the year of P34.1 million, partially offset by additional investments of P10.7 million.

Property and equipment value decreased by P4.1 million from P143.9 million in 2024 to P139.8 million in 2025, as a result of P13.3 million depreciation of the assets, partially offset by P9.2 million in acquisition of property and equipment.

Right-of-use assets decreased from P125.8 million in 2024 to P85.8 million in 2025, with P43.8 million charged to depreciation and amortization and partially offset by P3.8 million additions during the year.

Deferred tax assets – net amounted to P0.4 million as at December 31, 2025, compared to nil in 2024, primarily arising from temporary differences recognized during the year.

Liabilities

The total liabilities as at 31 December 2025 amounted to P2,211.9 million, a slight decrease of 0.7% from P2,227.6 million in 2024. Total liabilities consist of P2,016.0 million in current liabilities and P195.9 million in non-current liabilities in 2025 compared to P1,852.2 million in current liabilities and P375.4 million in non-current liabilities in 2024.

Current loans payable increased by 9.1% or P137.9 million from P1,517.9 million in 2024 to P1,655.8 million in 2025 with new loan drawdowns of P1,745.0 million and recognition of current portion of long-term loans of P177.8 million partially offset by loan repayments of P1,782.8 million during the year. Non-current loans payable decreased to P132.6 million in 2025 from P307.2 million as result of reclassification of P177.8 million to current loans.

Trade and other payables increased by P25.7 million from P332.9 million in 2024 to P358.6 million in 2025 mainly due to the increase in trust receipts payable.

Income tax payable amounted to P1.2 million as at December 31, 2025 compared to nil in 2024.

Current lease liabilities slightly increased by P0.1 million or 6.6% from P1.4 million in 2024 to P1.5 million

in 2025. Non-current lease liabilities rose by P6.5 million to P42.2 million in 2025 from P35.7 million in 2024. The increase was primarily attributable to interest accretion of P4.7 million and recognition of new lease liabilities amounting to P3.8 million, partially offset by lease payments of P1.9 million.

Net deferred tax liabilities of P17.1 million as at December 31, 2024 shifted to a net deferred tax asset position of P0.4 million as at December 31, 2025 mainly driven by the reversal of lease-related deferred tax liabilities and the recognition of deductible temporary differences during the year.

Security deposit increased by P0.6 million in 2025, compared to P1.9 million in 2024, as a result of a new property management contract entered into during the year.

Post-employment defined benefit obligation increased by P5.0 million or 37.0%, from P13.5 million in 2024 to P18.5 million in 2025, mainly due to actuarial remeasurements and current service and interest costs recognized during the year.

Total Equity

The total equity as at 31 December 2025 was P6,506.6 million, 1.5% lower compared to P6,604.4 million in 2024. Total equity in 2025 consists of P1,891.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1680.0 million in retained earnings, P6.8 million in revaluation reserves and P699.6 million of equity attributable to non- controlling interest. For the period ended 31 December 2024, total equity consists of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,760.0 million in retained earnings, P341.0 million in stock dividends distributable, P3.7 million in revaluation reserves and P714.3 million of equity attributable to non- controlling interest.

Retained earnings decreased by P80.0 million or 4.5% from P 1,760.0 million in 2024 to P1,680.0 million in 2025 as a result of the Group's consolidated net income attributable to shareholders of P20.8 million, partially offset by payment of P100.8 million cash dividends during the year. Meanwhile, the equity attributable to Non-controlling interest decreased by P14.7 million or 2.1% from P714.3 million in 2024 to P699.6 million in 2025 mainly due to the recognition of net loss for the period of the subsidiary.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2025 cash flows from operating activities resulted to a net inflow of P416.7 million. Cash receipts were mainly from operating profit, decrease in trade and other receivables, decrease in prepayments, increase in trade and other payable and partially offset by payment of income taxes, decrease in post-employment benefit obligation and increase in inventories.

Net cash flows from investing activities

The cash flows from investing activities resulted to a net cash inflow of P117.9 million. The cash inflows consist of proceeds from refund of investment subscription and interest income from short term placements, partially offset by deposits for investments in shares of associate companies, acquisition of property and equipment and acquisition of computer software.

Net cash flows from financing activities

The cash flows from financing activities resulted to a net outflow of P292.7 million. The cash outflows consist of settlement of bank loans, payment of interest, dividends and leases and partially offset by proceeds of short-term loans.

Key Performance Indicators

SBS Philippines Corporation and Subsidiary

Schedule of Financial Indicators for December 31, 2025, 2024, and 2023

	2025	2024	2023
Liquidity Ratio ¹	118.0%	125.9%	169.7%
Debt to Equity Ratio ²	34.0%	33.7%	31.7%
Asset to Equity Ratio ³	134.0%	133.7%	131.7%
Return on Assets ⁴	0.1%	0.2%	0.7%
Return on Equity ⁵	0.1%	0.2%	0.9%
Interest Rate Coverage Ratio ⁶	0.86	0.98	1.15
Earnings per Share ⁷	PHP 0.01	PHP 0.01	PHP 0.02

^{1/} Current Assets over Current Liabilities

^{2/} Total Liabilities over Equity

^{3/} Total Assets over Equity

^{4/} Net Income over Average Assets

^{5/} Net Income over Average Equity

^{6/} Earnings before interest and taxes (EBIT) divided by Interest expense

^{7/} Net Income over Weighted Average Number of Common Outstanding Shares

⁷⁾ Basic and diluted earnings per share for 2024 and 2023 were restated to reflect the 2025 issuance of stock dividends (See Note 20.3 of the 2025 Audited Consolidated Financial Statements).

Other qualitative and quantitative factors

- (i) **Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.**

In 2025, finance costs decreased as the Bangko Sentral ng Pilipinas (BSP) initiated a downward trend in interest rates to support economic growth following weak performance in the latter half of the year. This decreasing trend on interest rate continued in early 2026. Based on the risk assessment of the scenarios analyzed by the Group, the projection showed that the Group has liquidity to cope with the current business environment. Nevertheless, the extent of business impact should interest rate continue to increase is not yet definite at this time. The Group estimates are based only on the parameters of the scenarios that it has considered in its analysis.

At this date, the Group is not in default of any financial obligations. The Group has complied with the existing loan covenants and restrictions as of 31 December 2025.

- (ii) **Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:**

None

- (iii) **Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:**

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As of the end of 2025, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

- (iv) **Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures**

The Company will be spending up to P78 million in capital expenditure for 2026 in line with its 5- year strategic plan by investing in strategic growth segments, consolidate warehouse operations, improve energy utilization efficiency, and upgrade its logistic infrastructure. This will be funded by internally generated cash from its business operation and/or disposal of non-strategic assets.

- (v) **Any known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations.**

The global chemical industry is currently navigating a prolonged down cycle that is expected to last through 2026, characterized by weak demand, significant overcapacity—particularly in basic chemicals—and geopolitical volatility. Amidst these challenges, the industry is accelerating its transformation through digitalization, sustainability initiatives, and portfolio restructuring. While some stabilization in consumer demand was observed, the lingering effects of inflationary pressure and increased regulatory and compliance requirements constrained the manufacturing sectors' production activities in the Philippines. The company's revenue growth for 2026 is expected to be moderate.

- (vi) **Any significant elements of income or loss that did not arise from continuing operations.**

None

- (vii) **Seasonal aspects that had material effect on the financial condition or results of operations.**

For some end markets served by the Company, there is a pronounced cyclicity in the level of industrial production due to consumption and weather patterns affecting their processes and products. For the food and beverage business, the low requirement months in general are March-April and November-December while these drier months are generally the peak period for the requirements of the feeds and mining industries. This pronounced cyclicity creates some complexity in inventory management as the Company has to make purchases that would need to correspond to the expected demand for its products.

However, the Company's significant experience in the industry allows it to fairly estimate the supply requirements of its client base. The Company considers historical sales data, customer's rolling production forecasts, market information collected by the sales force and seasonal trends in anticipating future demand for its products. Further, given the Company's presence in a broad range of industries, there is substantially less exposure to the cyclical nature of specific industries.

(ii) Review of 2024 versus 2023

SBS PHILIPPINES CORPORATION AND SUBSIDIARY (A Subsidiary of Anesys Holdings Corporation) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2024 AND 2023 (Amounts in Philippine Pesos)					
	2024	% of Total Assets	2023	% of Total Assets	2024 vs 2023
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	P 1,229,218,433	14%	P 739,392,026	9%	66%
Trade and other receivables – net	130,959,653	1%	487,238,358	6%	-73%
Inventories – net	775,359,958	9%	793,902,166	9%	-2%
Prepayments and other current assets	<u>195,463,530</u>	2%	<u>467,295,734</u>	5%	-58%
Total Current Assets	<u>2,331,001,574</u>	26%	<u>2,487,828,284</u>	29%	-6%
NON-CURRENT ASSETS					
Investments in associates	3,166,014,738	36%	2,894,819,882	33%	9%
Property and equipment – net	143,854,128	2%	92,516,873	1%	55%
Right-of-use assets – net	125,778,797	1%	164,907,290	2%	-24%
Investment properties	625,700,346	7%	625,700,346	7%	0%
Other non-current assets – net	<u>2,439,655,507</u>	28%	<u>2,424,127,083</u>	28%	1%
Total Non-current Assets	<u>6,501,003,516</u>	74%	<u>6,202,071,474</u>	71%	5%
TOTAL ASSETS	P 8,832,005,090	100%	P 8,689,899,758	100%	2%
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Loans payable	P 1,517,897,967	17%	P 1,171,107,395	13%	30%
Trade and other payables	332,915,803	4%	289,586,418	3%	15%
Lease liabilities	1,382,849	0%	1,688,619	0%	-18%
Income tax payable	<u>-</u>	0%	<u>3,412,907</u>	0%	-100%
Total Current Liabilities	<u>1,852,196,619</u>	21%	<u>1,465,795,339</u>	17%	26%
NON-CURRENT LIABILITIES					
Loans payable	307,156,636	3%	485,261,943	6%	-37%
Lease liabilities	35,695,423	0%	121,150,182	1%	-71%
Post-employment defined benefit obligation	13,501,783	0%	11,562,337	0%	17%
Deferred tax liabilities – net	17,143,953	0%	6,570,257	0%	161%
Security deposit	<u>1,927,148</u>	0%	<u>-</u>	0%	100%
Total Non-current Liabilities	<u>375,424,943</u>	4%	<u>624,544,719</u>	7%	-40%
Total Liabilities	<u>2,227,621,562</u>	25%	<u>2,090,340,058</u>	24%	7%
EQUITY					
Equity attributable to the shareholders of Parent Company:					
Capital stock	1,549,999,999	18%	1,549,999,999	18%	0%
Additional paid-in capital	2,242,794,207	25%	2,242,794,207	26%	0%
Revaluation reserves	(3,699,922)	0%	(3,560,080)	0%	4%
Stock dividends distributable	341,000,000	4%	341,000,000	4%	0%
Retained earnings	<u>1,759,987,257</u>	20%	<u>1,741,839,898</u>	20%	1%
	5,890,081,541	67%	5,872,074,024	68%	0%
Non-controlling interest	<u>714,301,987</u>	8%	<u>727,485,676</u>	8%	-2%
Total Equity	<u>6,604,383,528</u>	75%	<u>6,599,559,700</u>	76%	0%
TOTAL LIABILITIES AND EQUITY	P 8,832,005,090	100%	P 8,689,899,758	100%	2%

SBS PHILIPPINES CORPORATION AND SUBSIDIARY
(A Subsidiary of Anesy Holdings Corporation)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	% of Gross Revenues	2023	% of Gross Revenues	2024 vs 2023
REVENUES						
	26					
Sale of goods		P 1,112,899,142	99%	P 1,026,918,887	99%	8%
Consultancy income		<u>6,300,000</u>	1%	<u>7,849,485</u>	1%	-20%
		<u>1,119,199,142</u>	100%	<u>1,034,768,372</u>	100%	8%
COSTS OF SALES AND SERVICES						
	14					
Cost of goods sold		702,249,859	63%	667,793,429	65%	5%
Cost of services		<u>848,123</u>	0%	<u>891,374</u>	0%	-5%
		<u>703,097,982</u>	63%	<u>668,684,803</u>	65%	5%
GROSS PROFIT						
		<u>416,101,160</u>	37%	<u>366,083,569</u>	35%	14%
OTHER OPERATING INCOME (EXPENSES)						
Other operating expenses	14	(197,462,325)	-18%	(188,955,263)	-18%	5%
Other operating income	15	<u>12,091,812</u>	1%	<u>9,849,296</u>	1%	23%
		(<u>185,370,513</u>)	-17%	(<u>179,105,967</u>)	-17%	3%
OPERATING PROFIT						
		230,730,647	21%	186,977,602	18%	23%
FINANCE COSTS						
	16	(194,508,523)	-17%	(149,055,786)	-14%	30%
EQUITY IN NET LOSSES OF ASSOCIATES						
	7	(39,375,345)	-4%	(18,074,642)	-2%	118%
FINANCE INCOME						
	16	<u>41,844,511</u>	4%	<u>59,139,047</u>	6%	-29%
PROFIT BEFORE TAX						
		38,691,290	3%	78,986,221	8%	-51%
TAX EXPENSE						
	19	<u>25,235,320</u>	2%	<u>18,945,796</u>	2%	33%
NET PROFIT FOR THE YEAR						
		<u>P 13,455,970</u>	1%	<u>P 60,040,425</u>	6%	-78%
OTHER COMPREHENSIVE INCOME (LOSS)						
Item that will not be reclassified subsequently to profit or loss						
Remeasurements of post-employment defined benefit plan	17	(142,857)	0%	(1,187,104)	0%	-88%
Tax income (expense)	19	<u>35,715</u>	0%	<u>296,776</u>	0%	-88%
Other Comprehensive Income (Loss) – net of tax		(<u>107,142</u>)	0%	(<u>890,328</u>)	0%	-88%
TOTAL COMPREHENSIVE INCOME						
		<u>P 13,348,828</u>	1%	<u>P 59,150,097</u>	6%	-77%
Attributable to:						
Shareholders of the Parent Company		P 26,532,517	2%	P 45,360,971	4%	-42%
Non-controlling interest		(<u>13,183,689</u>)	-1%	<u>13,789,126</u>	1%	-196%
		<u>P 13,348,828</u>	1%	<u>P 59,150,097</u>	6%	-77%

The following discussions should be read in conjunction with the 2024 Audited Consolidated Financial Statements of the Company and its Subsidiary as of and for the years ended 31 December 2024 (with comparative figures as of 31 December 2023).

Results of Operations

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2024 compared to the Statement of Comprehensive Income for the year ended 31 December 2023.

In 2024, sales revenue increased by P86.0 million or 8.4%, reaching P1,112.9 million from P1,026.9 million in 2023, driven by higher sales volume in key market segments. Food Ingredients remained the largest contributor to total revenue, accounting for 32.6%, followed by Animal Health and Nutrition (27.9%), Industrial Chemicals (15.7%), and Home and Personal Care (12.1%). Additionally, the group generated P6.3 million in consultancy income in 2024, compared to P7.8 million in 2023.

The cost of goods sold increased by P34.5 million or 5.2%, from P667.8 million in 2023 to P702.2 million in 2024, mainly due to increased sales volume. Cost of services declined by 5% to 0.8 million in 2024 from 0.9 million in 2023 in line with the decrease in consultancy income during the period. As a result, gross profit improved by 13.7% to P416.1 million, with an increase in gross margin from 35.6% in 2023 to 37.4% in 2024, benefiting from improved pricing strategies and operational efficiencies.

Other operating expenses increased by P8.5 million or 4.5% from P189.0 million in 2023 to P197.5 million in 2024, primarily due to increase in sales-related expenses and depreciation and amortization costs associated with new warehouse facilities.

Other operating income increased by P2.2 million or 22.8% from P9.8 million in 2023 to P12.1 million in 2024, driven by management fees and service-related revenues.

As a result of operational efficiencies, the Group's operating profit increased by P43.8 million or 23.4% from P187.0 million in 2023 to P230.7 million in 2024.

In 2024, the Group registered equity in net losses of associates amounting to P39.4 million, up by P21.3 million from P18.1 million in 2023 primarily due to the absence of one-time gains recognized by investee companies in 2023 from the sale of property.

Consolidated finance costs amounted to P194.5 million in 2024, representing an increase of 30.5% from P149.1 million in 2023 due to higher levels of outstanding loans. Finance income decreased by P17.3 million from P59.1 million in 2023 to P41.8 million in 2024, mainly due to lower interest income recognized on refundable deposits. Consequently, the Group registered a net finance expense of P152.7 million in 2024 from P89.9 million in 2023.

The Group's tax expenses increased by P6.3 million or 33.2% from P18.9 million in 2023 to P25.2 million in 2024 despite lower profit before tax mainly due to recognition of deferred tax expenses in relation to advance payments on lease agreements.

Consolidated net profit for the year decreased from P60.0 million in 2023 to P13.5 million in 2024 with the increase in finance cost, absence of one-time gains and the recognition of higher tax expenses.

Material Changes to the Statement of Financial Position as at 31 December 2024 compared to the Statement of Financial Position as at 31 December 2023.

Assets

As at 31 December 2024, total assets amounted to P8,832.0 million, 1.6% up from last year of P8,689.9 million. Total assets in 2024 consist of P2,331.0 million in current assets and P6,501.0 million in non-current assets compared to P2,487.8 million in current assets and P6,202.1 million in non-current assets in 2023.

Cash and cash equivalents increased by 66.2% or P489.8 million from P739.4 million in 2023 to P1,229.2 million in 2024. For the current period, total cash collection amounted to P2,899.9 million and was received from the following: P1,670.0 million from proceeds of loans; P911.8 million generated from operating activities; P287.0 million net proceeds from refund of investment subscription and P31.1 million of interest received. On the other hand, cash disbursements or settlements for the period amounted to P2,410.1 million, comprised of the following: P1,502.1 million in loan repayments; P614.4 million advance payments for investment subscriptions; P181.1 million in interest payments for bank loans and bank trust receipts; P96.1 million for payment of lease liabilities; P8.5 million in dividend payments; P6.9 million for acquisition of property and equipment; P0.5 million on foreign exchange effect and P0.4 million for acquisition of computer software. Trade and other receivables decreased by P356.3 million or 73.1% from P487.2 million in 2023 to P131.0 million in 2024 mainly due to collection of non-trade receivables.

The inventory level went down by P18.5 million or 2.3% from P793.9 million in 2023 to P775.4 million in 2024 as a result of higher inventory turnover in 2024.

Prepayments and other current assets decreased by P271.8 million from P467.3 million in 2023 to P195.5 million in 2024 due primarily to the reduction in refundable deposits. Other non-current assets in 2024 increased by P15.5 million to P2,439.7 million in 2024 from P2,424.1 million in 2023 mainly due to additional investment subscriptions during the year.

Investment in associates increased by P271.2 million or 9.4% from P2,894.8 million in 2023 to P3,166.0 million in 2024 with the re-classification from investment subscription reflected under non-current assets to investments in shares of associate companies amounting to P310.6 million and partially offset by the net equity losses of P39.4 million.

Property and equipment value increased by P51.3 million from P92.5 million in 2023 to P143.9 million in 2024, as a result of P61.90 million in acquisition of property and equipment and partially offset by P10.6 million depreciation of the assets.

Right-of-use assets decreased from P164.9 million in 2023 to P125.8 million in 2024, with P42.2 million charged to depreciation and amortization and partially offset by P3.1 million additions during the year.

Liabilities

The total liabilities as at 31 December 2024 amounted to P2,227.6 million, 6.6% higher from P2,090.3 million in 2023. Total liabilities consist of P1,852.2 million in current liabilities and P375.4 million in non-current liabilities in 2024 compared to P1,465.8 million in current liabilities and P624.5 million in non-current liabilities in 2023.

Current loans payable increased by 29.6% or P346.8 million from P1,171.1 million in 2023 to P1,517.9 million in 2024 with new loan drawdowns of P1,670.0 million and recognition of current portion of long-term loans of P177.5 million partially offset by loan repayments of P1,502.1 million during the year. Non-current loans payable decreased to P307.2 million in 2024 from P485.3 million as result of reclassification of P177.5 million to current loans.

Trade and other payables increased by P43.3 million from P289.6 million in 2023 to P332.9 million in 2024 mainly due to the increase in trust receipts payable and trade payables.

There is no income tax payable as at December 31, 2024 as compared to P3.4 million income tax outstanding as at December 31, 2023.

Current lease liabilities as at December 31, 2024 was at P1.4 million, down by 18.1% from P1.7 million in 2023. Non-current lease liabilities outstanding as at December 31, 2024 decreased by P85.5 million to P35.7 million in 2024 from P121.2 million in 2023. Lease payments of P96.1 million were made during the year, partially offset by interest accretion of P7.3 million and recognition of new lease liabilities amounting to P3.1 million.

Net deferred tax liabilities increased from P6.6 million in 2023 to P17.1 million in 2024 mostly due to recognition of deferred taxes on leases.

Security deposit increased by P1.9 million in 2024, compared to zero in 2023, as a result of a new property management contract entered into during the year.

Post-employment defined benefits obligation increased by 16.8% or P1.9 million from P11.6 million in 2023 to P13.5 million in 2024. The increase was due to the recognized re-measurements on deferred benefits obligation and the related interest cost.

Total Equity

The total equity as at 31 December 2024 was P6,604.4 million, 0.1% higher compared to P6,599.6 million in 2023. Total equity in 2024 consists of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,760.0 million in retained earnings, P341.0 million in stock dividends distributable, P3.7 million in revaluation reserves and P714.3 million of equity attributable to non- controlling interest. For the period ended 31 December 2023, total equity consists of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,741.8 million in retained earnings, P341.0 million in stock dividends distributable, P3.6 million in revaluation reserves and P727.5 million of equity attributable to non- controlling interest.

Retained earnings increased by P18.1 million or 1.0% from P1,741.8 million in 2023 to P1,760.0 million in 2024 as a result of the Group's consolidated net income attributable to shareholders of P26.7 million, partially offset by payment of P8.5 million cash dividends during the year. Meanwhile, the equity attributable to non-controlling interest decreased by P13.2 million or 1.8% from P727.5 million in 2023 to P714.3 million in 2024 mainly due to the recognition of net loss for the period of the subsidiary.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2024 cash flows from operating activities resulted to a net inflow of P911.8 million. Cash receipts were mainly from operating profit, decrease in trade and other receivables, decrease in prepayments, increase in trade and other payables, decrease in inventories, and partially offset by payment of income taxes.

Net cash flows used in investing activities

The cash flow from investing activities resulted to a net cash outflow of P303.7 million. The cash outflows consist of deposits for investments in shares of associate companies, acquisition of property and equipment, acquisition of computer software and partially offset by proceeds from refund of investment subscription and interest income from short term placements.

Net cash flows from financing activities

The net cash flow from financing activities resulted to a net outflow of P117.8 million. The cash outflows consist of settlement of bank loans, payment of interest, dividends and leases and partially offset by proceeds of short-term loans.

Key Performance Indicators

SBS Philippines Corporation and Subsidiary
Schedule of Financial Indicators for December 31,
2024, 2023 and 2022

	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>
Liquidity Ratio ¹	125.9%	169.7%	168.5%
Debt to Equity Ratio ²	33.7%	31.7%	34.1%
Asset to Equity Ratio ³	133.7%	131.7%	134.1%
Return on Assets ⁴	0.2%	0.7%	1.2%
Return on Equity ⁵	0.2%	0.9%	1.6%
Interest Rate Coverage Ratio ⁶	0.98	1.15	3.36
Earnings per Share ⁷	PHP 0.02	PHP 0.03	PHP 0.08

1/ Current Assets over Current Liabilities

2/ Total Liabilities over Equity

3/ Total Assets over Equity

4/ Net Income over Average Assets

5/ Net Income over Average Equity

6/ Earnings before interest and taxes (EBIT) divided by Interest expense

7/ Net Income over Weighted Average Number of Common Outstanding Shares

Other qualitative and quantitative factors

- (i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms. In 2024, finance costs continued to rise, reflecting the lingering effects of elevated interest rates from the previous year, along with additional borrowings to support business operations. Based on the risk assessment of the scenarios analyzed by the Group, the projection showed that the Group has liquidity to cope with the current business environment. Nevertheless, the extent of business impact should interest rate continue to increase is not yet definite at this time. The Group estimates are based only on the parameters of the scenarios that it has considered in its analysis.

At this date, the Group is not in default of any financial obligations. The Group has complied with the existing loan covenants and restrictions as of 31 December 2024.

- (ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:

None

(iii) Other relationships of the company with unconsolidated entities or other persons created during the reporting period:

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As of the end of 2024, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures

The Company will be spending up to P42 million in capital expenditure for 2025 in line with its 5-year strategic plan to consolidate warehouse operations, improve energy utilization efficiency, and invest in additional logistic infrastructure. This will be funded by internally generated cash from its business operation and/or disposal of non-strategic assets.

(iii) Any known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations.

In 2024, the persistently high interest rates, cost of raw materials, and electricity cost continued to pose challenges for the manufacturing sector. While some stabilization in consumer demand was observed, the lingering effects of inflationary pressure and increased financing cost still constrained our customers' production activities. As a result, the company's revenue growth remained moderate, with higher costs offsetting sales gains.

(iv) Any significant elements of income or loss that did not arise from continuing operations.

None

(v) Seasonal aspects that had material effect on the financial condition or results of operations.

For some end markets served by the Company, there is a pronounced cyclicity in the level of industrial production due to consumption and weather patterns affecting their processes and products.

For the food and beverage business, the low requirement months in general are March-April and November-December while these drier months are generally the peak period for the requirements of the feeds and mining industries. This pronounced cyclicity creates some complexity in inventory management as the Company has to make purchases that would need to correspond to the expected demand for its products.

However, the Company's significant experience in the industry allows it to fairly estimate the supply requirements of its client base. The Company considers historical sales data, customer's rolling production forecasts, market information collected by the sales force and seasonal trends in anticipating future demand for its products. Further, given the Company's presence in a broad range of industries, there is substantially less exposure to the cyclicity of specific industries.

(iii) Review of 2023 versus 2022

SBS PHILIPPINES CORPORATION AND SUBSIDIARY <i>(A Subsidiary of Anesys Holdings Corporation)</i>					
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION					
DECEMBER 31, 2023 AND 2022					
<i>(Amounts in Philippine Pesos)</i>					
	<u>2023</u>	% of Total Assets	<u>2022</u>	% of Total Assets	2023 vs 2022
<u>A S S E T S</u>					
CURRENT ASSETS					
Cash and cash equivalents	P 739,392,026	9%	P 820,745,705	9%	-10%
Trade and other receivables – net	487,238,358	6%	504,451,127	6%	-3%
Inventories – net	793,902,166	9%	837,699,465	10%	-5%
Prepayments and other current assets	467,295,734	5%	331,173,912	4%	41%
Total Current Assets	<u>2,487,828,284</u>	29%	<u>2,494,070,209</u>	28%	0%
NON-CURRENT ASSETS					
Investments in associates	2,894,819,882	33%	2,840,809,024	32%	2%
Property and equipment – net	92,516,873	1%	56,822,866	1%	63%
Right-of-use assets – net	164,907,290	2%	186,216,150	2%	-11%
Investment properties	625,700,346	7%	625,700,346	7%	0%
Other non-current assets – net	2,424,127,083	28%	2,568,332,394	29%	-6%
Total Non-current Assets	<u>6,202,071,474</u>	71%	<u>6,277,880,780</u>	72%	-1%
TOTAL ASSETS	P 8,689,899,758	100%	P 8,771,950,989	100%	-1%
<u>LIABILITIES AND EQUITY</u>					
CURRENT LIABILITIES					
Loans payable	P 1,171,107,395	13%	P 1,036,879,231	12%	13%
Trade and other payables	289,586,418	3%	443,670,023	5%	-35%
Lease liabilities	1,688,619	0%	-	0%	100%
Income tax payable	3,412,907	0%	-	0%	100%
Total Current Liabilities	<u>1,465,795,339</u>	17%	<u>1,480,549,254</u>	17%	-1%
NON-CURRENT LIABILITIES					
Loans payable	485,261,943	6%	612,401,333	7%	-21%
Lease liabilities	121,150,182	1%	104,341,241	1%	16%
Post-employment defined benefit obligation	11,562,337	0%	8,840,265	0%	31%
Deferred tax liabilities – net	6,570,257	0%	20,197,040	0%	-67%
Security deposit	-	0%	5,212,253	0%	-100%
Total Non-current Liabilities	<u>624,544,719</u>	7%	<u>750,992,132</u>	9%	-17%
Total Liabilities	<u>2,090,340,058</u>	24%	<u>2,231,541,386</u>	25%	-6%
EQUITY					
Equity attributable to the shareholders of Parent Company:					
Capital stock	1,549,999,999	18%	1,549,999,999	18%	0%
Additional paid-in capital	2,242,794,207	26%	2,242,794,207	26%	0%
Revaluation reserves	(3,560,080)	0%	(2,641,039)	0%	35%
Stock dividends distributable	341,000,000	4%	-	0%	100%
Retained earnings	1,741,839,898	20%	2,036,559,886	23%	-14%
	<u>5,872,074,024</u>	68%	<u>5,826,713,053</u>	66%	1%
Non-controlling interest	727,485,676	8%	713,696,550	8%	2%
Total Equity	<u>6,599,559,700</u>	76%	<u>6,540,409,603</u>	75%	1%
TOTAL LIABILITIES AND EQUITY	P 8,689,899,758	100%	P 8,771,950,989	100%	-1%

SBS PHILIPPINES CORPORATION AND SUBSIDIARY
(A Subsidiary of Anesy Holdings Corporation)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	2023	% of Gross Revenues	2022	% of Gross Revenues	2023 vs 2022
REVENUES					
Sale of goods	P 1,026,918,887	99%	P 1,188,073,715	100%	-14%
Consultancy income	<u>7,849,485</u>	1%	<u>-</u>	0%	100%
	<u>1,034,768,372</u>	100%	<u>1,188,073,715</u>	100%	-13%
COSTS OF SALES AND SERVICES					
Cost of goods sold	667,793,429	65%	723,979,725	61%	-8%
Cost of services	<u>891,374</u>	0%	<u>-</u>	0%	100%
	<u>668,684,803</u>	65%	<u>723,979,725</u>	61%	-8%
GROSS PROFIT	<u>366,083,569</u>	35%	<u>464,093,990</u>	39%	-21%
OTHER OPERATING INCOME (EXPENSES)					
Other operating expenses	(188,955,263)	-18%	(181,806,519)	-15%	4%
Other operating income	<u>9,849,296</u>	1%	<u>10,659,024</u>	1%	-8%
	<u>(179,105,967)</u>	-17%	<u>(171,147,495)</u>	-14%	5%
OPERATING PROFIT	186,977,602	18%	292,946,495	25%	-36%
FINANCE COSTS	(149,055,786)	-14%	(93,219,242)	-8%	60%
EQUITY IN NET LOSSES OF ASSOCIATES	(18,074,642)	-2%	(38,193,014)	-3%	-53%
FINANCE INCOME	<u>59,139,047</u>	6%	<u>5,830,053</u>	0%	914%
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	78,986,221	8%	167,364,292	14%	-53%
TAX EXPENSE	<u>18,945,796</u>	2%	<u>63,694,294</u>	5%	-70%
NET PROFIT FOR THE YEAR	<u>P 60,040,425</u>	6%	<u>P 103,669,998</u>	9%	-42%
OTHER COMPREHENSIVE INCOME (LOSS)					
Item that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment defined benefit plan	(1,187,104)	0%	1,128,168	0%	-205%
Tax income (expense)	<u>296,776</u>	0%	<u>(282,042)</u>	0%	-205%
Other Comprehensive Income (Loss) – net of tax	<u>(890,328)</u>	0%	<u>846,126</u>	0%	-205%
TOTAL COMPREHENSIVE INCOME	<u>P 59,150,097</u>	6%	<u>P 104,516,124</u>	9%	-43%
Attributable to:					
Shareholders of the Parent Company	P 45,360,971	4%	P 122,921,663	10%	-63%
Non-controlling interest	<u>13,789,126</u>	1%	<u>(18,405,539)</u>	-2%	-175%
	<u>P 59,150,097</u>	6%	<u>P 104,516,124</u>	9%	-43%

The following discussions should be read in conjunction with the 2023 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2023 (with comparative figures as of 31 December 2022).

Results of Operations

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2023 compared to the Statement of Comprehensive Income for the year ended 31 December 2022.

In 2023, sales revenue decreased by P161.2 million or 13.6%, reaching P1,026.9 million from P1,188.1 million in 2022. This decline was primarily driven by lower sales volumes across the three main market segments - food ingredients, animal health and nutrition, and industrial chemicals. Sales of Food ingredients accounted for 32.0% of total revenue, while Animal Health and Nutrition, Industrial Chemicals, Home and Personal Care, and Others segments contributed 25.4%, 18.7%, 11.7% and 12.2% of sales revenue, respectively. Additionally, the group generated P7.8 million in consultancy income in 2023, compared to none in 2022.

The cost of goods sold decreased by P56.2 million or 12.9%, from P724.0 million in 2022 to P667.8 million in 2023. As a result, gross profit decreased by P98.0 million or 21.1%, from P464.1 million in 2022 to P366.1 million in 2023, consistent with lower sales volume and a 3.7 percentage point reduction in gross margin resulting from downward adjustments in selling prices.

Other operating expenses increased by 3.9% or P7.1 million from P181.8 million in 2022 to P189.0 million in 2023. This increase was driven by higher rental expenses, transportation costs and lease-related amortization expenses, stemming from the transition of the company from a rental warehouse to newly constructed owned warehouses.

Other operating income decreased by P0.8 million or 7.6% from P10.7 million in 2022 to P9.8 million in 2023 due to decrease in various management services.

With the decline in gross margin, the Group's operating profit dropped by P106.0 million or 36.2% from P292.9 million in 2022 to P187.0 million in 2023 as direct impact of lower sales volume achieved for the year.

In 2023, the Group registered equity in net losses of associates amounting to P18.1 million, down by P20.1 million from P38.2 million in 2022, mainly due to recognition of gains on the sale of investment property of an associate.

Consolidated finance costs amounted to P149.1 million in 2023, representing an increase of 59.9% from P93.2 million in 2022 mainly due to higher interest rates. Finance income increased by P55.3 million from P5.8 million in 2022 to P59.1 million in 2023, mainly from interests earned from short-term placements and refundable deposits. Consequently, the Group registered a net finance expense of P89.9 million in 2023 from P87.4 million in 2022.

The Group's tax expenses decreased by 70.3% or P44.7 million from P63.7 million in 2022 to P18.9 million in 2023.

Consolidated net profit for the year decreased from P103.7 million in 2022 to P60.0 million in 2023.

Material Changes to the Statement of Financial Position as at 31 December 2023 compared to the Statement of Financial Position as at 31 December 2022.

Assets

As at 31 December 2023, total assets amounted to P8,689.9 million, 0.9% down from last year of P8,772.0 million. Total assets in 2023 consist of P2,487.8 million in current assets and P6,202.1 million in non-current assets compared to P2,494.1 million in current assets and P6,277.9 million in non-current assets in 2022.

Cash and cash equivalents decreased by 9.9% or P81.4 million from P820.7 million in 2022 to P739.4 million in 2023. For the current period, total cash collection amounted to P1,300.5 million and was received from the following: P1,045.0 million from proceeds of loans; P220.3 million generated from operating activities; and P35.2 million of interest received. On the other hand, cash disbursements or settlements made for the period amounted to P1,381.8 million, comprised of the following: P1,039.0 million in loan repayments; P153.6 million advance payments for investment subscriptions; P139.0 million in interest payments for bank loans and bank trust receipts; P42.0 million for acquisition of property and equipment; P7.5 million for payment of lease liabilities; and P0.7 million on foreign exchange effect.

Trade and other receivables decreased by P17.2 million or 3.4% from P504.5 million in 2022 to P487.2 million in 2023.

The inventory level went down by P43.8 million or 5.2% from P837.7 million in 2022 to P793.9 million in 2023 as a result of lower volume of importation for stock replenishment in response to market demand from the customers.

Prepayments and other current assets increased by P136.1 million from P331.2 million in 2022 to P467.3 million in 2023 as a result of reclassification of certain non-current asset held by the Group in the previous year to current assets on the account of an agreement to extend the refund of deposit over three years or until 2024 as a result of the cancellation of the intended transaction due to unfavorable result of the due diligence on the property. Consequently, other non-current assets in 2023 decreased by P144.2 million to P2,424.1 million in 2023 from P2,568.3 million in 2022 mainly due to the same agreement.

Investment in associates increased by P54.0 million or 1.9% from P2,840.8 million in 2022 to P2,894.8 million in 2023 with the re-classification from investment subscription reflected under non-current assets to investments in shares of associate companies amounting to P72.1 million and partially offset by the net equity losses of P18.1 million.

Property and equipment value increased by P35.7 million from P56.8 million in 2022 to P92.5 million in 2023, as a result of P42.0 million of asset purchase and partially offset by P6.3 million depreciation of the assets.

Right-of-use assets decreased from P186.2 million in 2022 to P164.9 million in 2023, with P40.9 million charged to depreciation and amortization partially offset by P19.6 million additions during the year.

Liabilities

The total liabilities as at 31 December 2023 amounted to P 2,090.3 million, 6.3% down from P 2,231.5 million in 2022. Total liabilities consist of P1,465.8 million in current liabilities and P624.5 million in non-current liabilities in 2023 compared to P1,480.5 million in current liabilities and P751.0 million in non-current liabilities in 2022.

Current loans payable increased by 12.9% or P134.2 million from P1,036.9 million in 2022 to P1,171.1 million in 2023 with new loan drawdowns of P1,045.0 million and recognition of current portion of long-term loans of P127.8 million partially offset by loan repayments of P1,039.0 million during the year. Non-current loans payable decreased to P485.3 million in 2023 from P612.4 as result of reclassification of P127.8 million to current loans.

Trade and other payables decreased by P154.1 million from P443.7 million in 2022 to P289.6 million in 2023 mainly due to decrease in trust receipts payable.

Income tax payable increased to P3.4 million as at December 31, 2023 as compared to zero income tax outstanding as at December 31, 2022.

Current lease liabilities as at December 31, 2023 was at P1.7 million with addition of a new lease contract during the year. Non-current lease liabilities outstanding as at December 31, 2023 increased by P16.8 million to P121.2 million in 2023 from P104.3 million in 2022, with additions of P17.9 million, interest accretion of P6.4 million and partially offset by lease payments of P7.5 million during the year.

Net deferred tax liabilities decreased from P20.2 million in 2022 to P6.6 million in 2023 mostly due to reversal of temporary differences in relation to leases and unrealized foreign currency gains recognized in 2022.

Post-employment defined benefits obligation increased by 30.8% or P2.7 million from P8.8 million in 2022 to P11.6 million in 2023. The increase was due to the recognized re-measurements on deferred benefits obligation and the related interest cost.

Total equity

The total equity as at 31 December 2023 was P6,599.6 million, 0.9% higher compared to P6,540.4 million in 2022. Total equity in 2023 consists of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,741.8 million in retained earnings, P341.0 million in stock dividends distributable, P3.6 million in revaluation reserves and P727.5 million of equity attributable to non-controlling interest. For the period ended 31 December 2022, total equity consists of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P2,036.6 million in retained earnings, P2.6 million in revaluation reserves and P713.7 million of equity attributable to non-controlling interest.

Retained earnings decreased by P294.7 million or 14.5% from P2,036.6 million in 2022 to P1,741.8 million in 2023 as a result of the Group's appropriation of P341.0 million from the declaration of stock dividends partially offset by the consolidated net income attributable to shareholders of P46.3 million. Meanwhile, the equity attributable to Non-controlling interest increased by P13.8 million or 1.9% from P713.7 million in 2022 to P727.5 million in 2023 mainly due to the recognition of net income for the period of the subsidiary.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2023 cash flows from operating activities resulted to a net inflow of P220.3 million. Cash receipts were mainly from operating profit, decrease in prepayments, decrease in inventories, decrease in trade and other receivables and partially offset by decrease in trade and other payables and payment of income taxes.

Net cash flows used in investing activities

The cash flow from investing activities resulted to a net cash outflow of P160.4 million. The cash outflows consist of deposits for investments in shares of associate companies and additional acquisition of property and equipment, partially offset by interest income from short term placements.

Net cash flows from financing activities

The net cash flow from financing activities resulted to a net outflow of P140.6 million. The cash outflows consist of settlement of bank loans and payment of interest and leases, partially offset by proceeds of short-term loans.

Other qualitative and quantitative factors

- (i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

The several rounds of increases in interest rates in 2023 resulted in the increase in finance cost of the Group. Based on the risk assessment of the scenarios analyzed by the Group, the projection showed that the Group has liquidity to cope with the current business environment. Nevertheless, the extent of business impact should interest rate continue to increase is not yet definite at this time. The Group estimates are based only on the parameters of the scenarios that it has considered in its analysis.

At this date, the Group is not in default of any financial obligations. The Group has complied with the existing loan covenants and restrictions as of 31 December 2023.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:

None

(iii) Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:

None

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures

The Company will be spending up to P37 million in capital expenditure for 2024 in line with its 5-year strategic plan to consolidate warehouse operations, improve energy utilization efficiency, and invest in additional logistic infrastructure. This will be funded by internally generated cash from its business operation and/or disposal of non-strategic assets.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations.

The increase in interest rates, cost of raw materials, and electricity cost in 2023 significantly hampered our customers' manufacturing activities as consumer demand slowed down amidst escalating prices. Consequently, this downturn also affected the Company's top-line growth objectives and dampened overall profitability compared to the previous year.

(vi) Any significant elements of income or loss that did not arise from continuing operations.

In 2023, the Company's subsidiary reported an equity gain on its investment in the amount of P19.3 million contributed by its associate company as a result of the disposal of its investment property. There was no similar transaction in 2022.

(vii) Seasonal aspects that had material effect on the financial condition or results of operations.

For some end markets served by the Company, there is a pronounced cyclicity in the level of industrial production due to consumption and weather patterns affecting their processes and products. For the food and beverage business, the low requirement months in general are March-April and November-December while these drier months are generally the peak period for the requirements of the feeds and mining industries. This pronounced cyclicity creates some complexity in inventory management as the Company has to make purchases that would need to correspond to the expected demand for its products.

However, the Company's significant experience in the industry allows it to fairly estimate the supply requirements of its client base. The Company considers historical sales data, customer's rolling production forecasts, market information collected by the sales force and seasonal trends in anticipating future demand for its products. Further, given the Company's presence in a broad range of industries, there is substantially less exposure to the cyclicity of specific industries.

Key Performance Indicators

SBS Philippines Corporation and Subsidiaries

Schedule of Financial Indicators for December 31, 2023, 2022 and 2021

	2023	2022	2021
Liquidity Ratio ¹	169.7%	168.5%	112.6%
Debt to Equity Ratio ²	31.7%	34.1%	22.4%
Asset to Equity Ratio ³	131.7%	134.1%	122.4%
Return on Assets ⁴	0.7%	1.2%	2.3%
Return on Equity ⁵	0.9%	1.6%	2.8%
Interest rate coverage ratio ⁶	1.15	3.36	3.70
Earnings per Share ⁷	PHP 0.03	PHP 0.08	PHP 0.12

^{1/} Current Assets over Current Liabilities

^{2/} Total Liabilities over Equity

^{3/} Total Assets over Equity

^{4/} Net Income over Average Assets

^{5/} Net Income over Average Equity

^{6/} Earnings before interest and taxes (EBIT) divided by Interest expense

^{7/} Net Income over Weighted Average Number of Common Outstanding Shares

(iv) Review of Interim Period ending March 31, 2026 (Q1 2026 vs 2025)

SBS PHILIPPINES CORPORATION AND SUBSIDIARY <i>(A Subsidiary of Anesy Holdings Corporation)</i>						
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION						
MARCH 31, 2026 AND DECEMBER 31, 2025						
<i>(Amounts in Philippine Pesos)</i>						
	<u>Notes</u>	March 31, 2026 (Unaudited)	% of Total Assets	December 31, 2025 (Audited)	% of Total Assets	2026 vs 2025 % Increase (Decrease)
<u>A S S E T S</u>						
CURRENT ASSETS						
Cash and cash equivalents	1	P 1,773,098,494	20%	P 1,470,214,791	17%	21%
Trade and other receivables – net	3	154,337,679	2%	97,037,350	1%	59%
Inventories – net	1	722,130,744	8%	775,486,929	9%	-7%
Prepayments and other current assets	5	43,878,277	0%	36,114,445	0%	21%
Total Current Assets		2,693,445,194	30%	2,378,853,515	27%	13%
NON-CURRENT ASSETS						
Investments in associates	4	3,133,055,381	35%	3,142,665,546	36%	0%
Property and equipment – net	6	138,264,564	2%	139,784,336	2%	-1%
Right-of-use assets – net	7	74,832,579	1%	85,810,730	1%	-13%
Investment properties	8	625,700,346	7%	625,700,346	7%	0%
Deferred tax assets – net		-	0%	419,353	0%	-100%
Other non-current assets	5	2,344,739,393	26%	2,345,196,090	27%	0%
Total Non-current Assets		6,316,592,263	70%	6,339,576,401	73%	0%
TOTAL ASSETS		P 9,010,037,457	100%	P 8,718,429,916	100%	3%
<u>LIABILITIES AND EQUITY</u>						
CURRENT LIABILITIES						
Loans payable	10	P 2,025,467,993	22%	P 1,655,763,273	19%	22%
Trade and other payables	9	346,242,369	4%	358,593,074	4%	-3%
Lease liabilities	7	-	0%	1,474,237	0%	-100%
Income tax payable		-	0%	131,846	0%	-100%
Total Current Liabilities		2,371,710,362	26%	2,015,962,430	23%	18%
NON-CURRENT LIABILITIES						
Loans payable	10	88,411,616	1%	132,608,798	2%	-33%
Post-employment defined benefit obligation		18,500,334	0%	18,500,334	0%	0%
Deferred tax liabilities – net		10,108,705	0%	-	0%	-
Security deposit		2,547,148	0%	2,547,148	0%	0%
Lease liabilities	7	-	0%	42,213,124	0%	-100%
Total Non-current Liabilities		119,567,803	1%	195,869,404	2%	-39%
Total Liabilities		2,491,278,165	28%	2,211,831,834	25%	13%
EQUITY						
Equity attributable to the shareholders of Parent Company:	14					
Capital stock		1,890,999,999	21%	1,890,999,999	22%	0%
Additional paid-in capital		2,242,794,207	25%	2,242,794,207	26%	0%
Revaluation reserves		(6,838,491)	0%	(6,838,491)	0%	0%
Retained earnings		1,692,035,787	19%	1,680,077,586	19%	1%
		5,818,991,502	65%	5,807,033,301	67%	0%
Non-controlling interest		699,767,790	8%	699,564,781	8%	0%
Total Equity		6,518,759,292	72%	6,506,598,082	75%	0%
TOTAL LIABILITIES AND EQUITY		P 9,010,037,457	100%	P 8,718,429,916	100%	3%

See Selected Notes to Condensed Consolidated Financial Statements.

SBS PHILIPPINES CORPORATION AND SUBSIDIARY
(A Subsidiary of Anesy Holdings Corporation)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2026	% of Gross Revenues	2025	% of Gross Revenues	2026 vs 2025 % Increase (Decrease)
REVENUES						
Sale of goods		P 295,905,588	96%	P 234,081,655	100%	26%
Consultancy income		<u>12,150,000</u>	4%	<u>-</u>	0%	-
		<u>308,055,588</u>	100%	<u>234,081,655</u>	100%	32%
COST OF SALES AND SERVICES						
Cost of goods sold		194,313,352	63%	143,593,788	61%	35%
Cost of services		<u>201,997</u>	0%	<u>-</u>	0%	-
		<u>194,515,349</u>	63%	<u>143,593,788</u>	61%	35%
GROSS PROFIT		<u>113,540,239</u>	37%	<u>90,487,867</u>	39%	25%
OTHER OPERATING INCOME (EXPENSES)						
Other operating expenses		(53,732,522)	-17%	(47,500,105)	-20%	13%
Other operating income	11	<u>6,821,712</u>	2%	<u>5,571,535</u>	2%	22%
		<u>(46,910,810)</u>	-15%	<u>(41,928,570)</u>	-18%	12%
OPERATING PROFIT		<u>66,629,429</u>	22%	<u>48,559,297</u>	21%	37%
EQUITY IN NET LOSSES OF ASSOCIATES	4	(9,610,165)	-3%	(9,129,672)	-4%	5%
FINANCE COSTS - Net		(<u>30,077,633</u>)	-10%	(<u>22,062,743</u>)	-9%	36%
PROFIT BEFORE TAX		<u>26,941,631</u>	9%	<u>17,366,882</u>	7%	55%
TAX EXPENSE		<u>14,780,421</u>	5%	<u>7,131,181</u>	3%	107%
NET PROFIT		<u>P 12,161,210</u>	4%	<u>P 10,235,701</u>	4%	19%
Attributable to:						
Shareholders of the Parent Company		<u>P 11,958,201</u>	4%	P 13,528,474	6%	-12%
Non-controlling interest		<u>203,009</u>	0%	(<u>3,292,773</u>)	-1%	-106%
		<u>P 12,161,210</u>	4%	<u>P 10,235,701</u>	4%	19%
EARNINGS PER SHARE						
Basic and diluted earnings (loss) per share	14	<u>P 0.006</u>		<u>P 0.009</u>		

See Selected Notes to Condensed Consolidated Financial Statements.

The following discussions should be read in conjunction with the Unaudited Consolidated Interim Financial Statements of the Company as of and for the period 31 March 2026 (with comparative figures as of 31 December 2025 and for the period ended 31 March 2025).

Results of Operations (1Q 2026 versus 1Q 2025)

SBS Philippines Corporation (“SBS” or the “Company”) and its subsidiary generated consolidated revenues of P308.1 million for the first quarter of 2026, representing an increase of 32% from P234.1 million in the same period last year. The growth was primarily driven by higher sales volume across key segments, supported by the recognition of consultancy income during the period.

Revenue contribution remained broadly diversified, with Animal Health & Nutrition and Food Ingredients as the largest segments, each contributing approximately 30% of total sales, followed by Home and Personal Care (12%), Others (18%) and Industrial Chemicals (10%).

Cost of sales and services increased in line with higher revenues, rising by 35% year-on-year. As a result, gross profit grew by 25% to P113.5 million; however, gross margin slightly declined to 36.9% in the first quarter of 2026 compared to 38.7% from the same period of the prior year, reflecting changes in sales mix and input cost pressures.

Other operating expenses increased by 13% to P53.7 million, mainly attributable to higher manpower cost and business taxes during the quarter. Despite this, consolidated operating profit improved significantly by 37% from P48.6 million to P66.6 million, driven by stronger revenue growth.

Equity in net losses of associates increased slightly by 5% from P9.1 million in 2025 to P9.6 million in 2026. Meanwhile, net finance costs rose by 36% from P22.6 million in 2025 to P30.1 million in 2026 due to higher average borrowings during the period.

The Group posted a net profit P 12.2 million for the first quarter of 2026, representing an increase of 18.8% from P10.2 million in the same period last year, primarily driven by higher operating income despite increased financing costs.

Material Changes to the Statement of Comprehensive Income for the three months ended 31 March 2026 compared to the Statement of Comprehensive Income for the three months ended 31 March 2025.

Sales revenue for the period increased by P74.0 million or 31.6%, from P234.1 million in the first quarter of 2025 to P308.1 million in the same period of 2026, driven primarily by stronger sales performance across key segments, including Animal Health and Nutrition, Food Ingredients, and Home and Personal Care. Consultancy income of P12.2 million was also recognized in Q1 2026, compare to nil in Q1 2025.

Cost of goods sold for the first quarter of 2026 increased by P50.7 million or 35.3%, from P143.6 million in 2025 to P194.3 million, in line with the increase in sales volume.

Gross profit from operations increased by P23.1 million or 25.5%, from P90.5 million in the first quarter of 2025 to P113.5 million in the same period of 2026, consistent with the increase in sales revenue.

Other operating expenses increased by P6.2 million or 13.1%, from P47.5 million in the first quarter of 2025 to P53.7 million in 2026, mainly due to higher manpower costs and business taxes. Meanwhile, other operating income increased by P1.3 million or 22.4%, from P5.6 million to P6.8 million, driven by higher rental income and increased miscellaneous income from trade referral activities.

Equity in net losses of associates amounted to P9.6 million in 2026, increasing slightly by P0.5 million or 5.3% compared to the same period of 2025.

Net finance cost increased by P8.0 million or 35.6%, from P22.1 million in 2025 to P30.1 million in 2026, primarily due to higher interest expense arising from increased borrowings during the period.

The Group’s tax expense increased by P7.7 million or 107.3%, from P7.1 million in 2025 to P14.8 million in 2026, mainly attributable to higher taxable income.

As a result of the foregoing, the Group recorded a net income of P12.2 million for the first quarter of 2026, an increase of P1.9 million or 18.8% from P10.2 million in the same period of 2025. Of this amount, P12.0 million is attributable to

the shareholders of the Parent Company, while P0.2 million is attributable to non-controlling interest. In comparison, the first quarter of 2025 posted P13.5 million attributable to the shareholders of the Parent Company and a loss of P3.3 million attributable to non-controlling interest.

Material Changes to the Statement of Financial Position as at 31 March 2026 Compared to the Statement of Financial Position as at 31 December 2025

Assets

As at 31 March 2026, total assets on consolidated basis amounted to P9,010.0 million, consisting of P2,693.4 million in current assets and P6,316.6 million in non-current assets. As at 31 December 2025, total assets amounted to P8,718.4 million, consisting of P2,378.9 million in current assets and P6,339.6 million in non-current assets.

Cash in banks increased by 20.6% or P302.9 million from P1,470.2 million in 2025 to P 1,773.1 million in 2026. For the first three months ended 31 March 2026, a total collection of P562.2 million were received comprising of P51.5 million from operations, P500.0 million proceeds from short-term loans, and P10.6 million in interest income. Against this, a total of P259.3 million in disbursements were made consisting of the following: P174.4 million for settlement of loans, P45.0 million payments for lease liabilities, P37.6 million for interest payments, P2.0 million for acquisition of equipment and P0.2 million effects of foreign exchange rate changes on cash.

Trade and other receivables increased by P57.3 million or 59.0%, from P97.0 million to P154.3 million, mainly attributable to higher sales volume towards the end of the reporting period, resulting in increased outstanding receivables.

Inventories decreased by P53.4 million or 6.9%, from P775.5 million to P722.1 million, reflecting improved inventory turnover and fulfillment of customer demand.

Prepayments and other current assets increased by P7.8 million or 21.5%, from P36.1 million to P43.9 million, mainly due to higher advances and prepaid expenses during the period.

Investments in associates slightly decreased by P9.6 million or 0.3%, from P3,142.7 million to P3,133.1 million, primarily due to the recognition of equity in net losses of associates.

Property and equipment value decreased by P1.5 million or 1.1% to P138.3 million in 2026 from P139.8 million in 2025 as a result of acquisition of property and equipment in the amount of P2.0 million and partially offset by depreciation expense of P3.5 million during the period.

Right-of-use assets-net decreased by P11.0 million or 12.8% from P85.8 million in 2025 to P74.8 million in 2026 corresponding to the amortization recognized during the period.

Other non-current assets decreased marginally by P0.5 million in 2026 corresponding to the amortization of computer software.

Liabilities

The total liabilities as at 31 March 2026 amounted to P2,491.3 million, comprising of P2,371.7 million in current liabilities and P119.6 million in non-current liabilities. For 31 December 2025, the total liabilities amounted to P2,211.8 million comprised of P2,016.0 million in current liabilities and P195.9 million in non-current liabilities.

Current loans payable increased by P369.7 million or 22.3%, from P1,655.8 million in 2025 to P2,025.5 million as at March 31, 2026. The increase was primarily driven by new loan availments amounting to P500.0 million and the reclassification of P44.4 million from longterm to current maturities, partially offset by loan repayments of P174.4 million.

A 5-year term loan of P700 million availed in 2022 subject to annual repricing, with interest rate adjusted from 5.1% in 2022 to 7.2% in 2026, net of amortized debt issue cost has an outstanding balance of P265.2 million of which P176.8 million is reflected as part of the current liabilities and P88.4 million under non-current liabilities.

Trade and other payables decreased by P12.4 million or 3.4%, from P358.6 million to P346.2 million, reflecting timing of supplier payments and settlement of outstanding obligations.

The decrease in both current and non-current lease liabilities was primarily due to advance rental payments made during the period, which effectively resulted in the full settlement of the Company's lease obligations as at March 31, 2026.

Income tax payable were fully settled during the period, resulting in nil balance as at March 31, 2026.

Deferred tax liabilities – net amounted to P10.1 million as at March 31, 2026, compared to nil balance as at December 31, 2025, primarily arising from temporary differences related to right-of-use assets following the reversal of deferred tax assets on lease liabilities. As at December 31, 2025, the Company was in a net deferred tax asset position

Total equity

The total equity as at 31 March 2026 was P6,518.8 million, comprising of P1,891.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,692.0 million in retained earnings, P6.8 million revaluation reserves and P699.8 million non-controlling interest in the subsidiaries. As of 31 December 2025, the total equity was P6,506.6 million, comprising of P1,891.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,680.1 million in retained earnings, P6.8 million revaluation reserves and P699.6 million non-controlling interest in a subsidiary.

Retained earnings increased by P12.0 million from P1,680.1 million in 2025 to P1,692.0 million in 2026, reflecting the net income attributable to the Parent Company for the period. There were no dividend declarations during the quarter.

Liquidity and Capital Resources

Net cash flows from operating activities

As at March 31, 2026, the cash flows from operating activities resulted to a net inflow of P51.5 million. Cash receipts were mainly from operating profit and decrease in inventories and partially offset by increase in trade and other receivables, decrease in trade and other payables, increase in prepayments, and payments for income taxes.

Net cash flows from investing activities

The cash flow from investing activities resulted in a net inflow of P8.6 million coming from interest income and partially offset by acquisition of property and equipment.

Net cash flows from financing activities

The cash flow from financing activities resulted in a net inflow of P242.9 million mainly from proceeds from short-term loans, partially offset by settlement of bank loans, payment of lease liabilities and payment for interest expense.

Key Performance Indicators (31 March 2026 versus 31 March 2025)

	<u>2026</u>	<u>2025</u>
Liquidity Ratio ¹	113.6%	125.3%
Debt to Equity Ratio ²	38.2%	30.7%
Asset to Equity Ratio ³	138.2%	130.7%
Return on Assets ⁴	0.1%	0.1%
Return on Equity ⁵	0.2%	0.2%
Cost to Income Ratio ⁶	18.2%	20.3%
Interest Cost Coverage Ratio⁷	166.2%	149.5%
Earnings per Share ⁸	PHP 0.01	PHP 0.01

^{1/} Current Assets over Current Liabilities

^{2/} Total Liabilities over Equity

^{3/} Total Assets over Equity

^{4/} Net Income over Average Assets ^{5/} Net Income over Average Equity ^{6/} Cost and Expenses over Revenues ^{7/} EBIT over Interest Expense

^{8/} Net Income over Weighted Average Number of Common Outstanding Shares

Other qualitative and quantitative factors

- (i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.**

Based on the Group's risk assessment and scenario analysis, current projections indicate that the Group maintains adequate liquidity to support its operations and meet its obligations under prevailing business conditions. The Group continues to monitor the volatility of the USD to PHP exchange rate and its working capital requirements, particularly in light of projected increase in inventory levels to support its sales growth. No material liquidity constraints are anticipated within the next twelve (12) months.

As of March 31, 2026, the Group is not in default of any financial obligations and remains compliant with all existing loan covenants and financing arrangements. There are likewise no significant trade payables beyond normal credit terms.

- (ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:**

None

- (iii) Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:**

None

- (iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures**

The Company has approved capital expenditures of up to P78 million for 2026 intended for business growth initiatives, optimize warehouse operations, improve energy efficiency, and enhance logistics infrastructure. These expenditures are expected to be funded through internally generated cash flows and/or available bank credit facilities.

- (v) Any known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations**

The ongoing geopolitical tensions in the Middle East, including the conflict involving Iran, have contributed to volatility in global oil prices and supply disruptions. The Philippines, being highly dependent on imported fuel, has been significantly affected, with rising fuel and electricity costs and the declaration of a national energy emergency.

These developments have resulted in higher logistics, transportation, and operating costs, and may also affect demand from certain customer segments. While the full extent of the impact remains uncertain, the Company continues to monitor market conditions and implement measures to manage cost pressures and supply risks.

(v) Any significant elements of income or loss that did not arise from continuing operations

None.

(vi) Seasonal aspects that had material effect on the financial condition or results of operations

For some end markets served by the Company, there is a pronounced cyclical in the level of industrial production due to consumption and weather patterns affecting their processes and products. For the food and beverage business, the low requirement months in general are March-April and November-December while these drier months are generally the peak period for the requirements of the feeds and mining industries. This pronounced cyclical creates some complexity in inventory management as the Company has to make purchases that would need to correspond to the expected demand for its products.

However, the Company's significant experience in the industry allows it to fairly estimate the supply requirements of its client base. The Company considers historical sales data, customer's rolling production forecasts, market information collected by the sales force and seasonal trends in anticipating future demand for its products. Further, given the Company's presence in a broad range of industries, there is substantially less exposure to the cyclical of specific industries.