



LT GROUP, INC.

President's Report First Half 2025

LT Group, Inc. (LTG) delivered a strong first-half 2025 performance, reporting Php14.97 billion in attributable net income - a 17% increase over the same period in 2024 and the company's second-best first half and second-quarter result since its follow-on public offering.

Business segments contributions were as follows:

	1H25 Contribution (Php Millions)	% of 1H25 Attributable Net Income	1H24 Contribution (Php Millions)	% of 1H24 Attributable Net Income
PNB	7,033	47%	5,768	45%
FTC	5,439	36%	4,871	38%
TDI	1,353	9%	712	6%
ABI	489	4%	508	4%
Eton	351	2%	326	2%
VMC	276	2%	277	2%
Others	25	0%	336	3%
Total	14,966	100%	12,798	100%

In addition to March 2025 dividends of Php3.25 billion (Php0.15 per share regular, Php0.15 per share special), LTG declared a special dividend of Php0.30 per share in June 2025. This brought the total cash dividends to Php6.49 billion or a payout rate of 22.4% for the current period.

As of June 30, 2025, the company's Debt-to-Equity Ratio was 3.12:1 with the Bank and 0.11:1 without the Bank. The parent company held a cash balance of Php2.07 billion.

Philippine National Bank (PNB)

The banking segment reported a net income of Php12.52 billion in 1H25, 22% higher than the Php10.29 billion in 1H24. This is the bank's best first-half year performance to date (excluding one-off ROPA gains).

Gross interest income in the current period of Php34.63 billion was higher by 5% y-o-y on higher yields and an increase in loan volume, investment securities and interbank loans. Simultaneously, gross interest expense decreased by 1% at Php8.87 billion primarily due to lower interest costs on bonds payable. This resulted in a 7% y-o-y increase in net

interest income to Php25.77 billion, with the net interest margin expanding to 4.6% from 4.4%.

Net service fees and commission income increased by Php545 million or 24% to Php2.82 billion for the period ended June 30, 2025, primarily driven by higher fees from bancassurance, credit cards, deposit and loan-related products.

Trading and investment securities and net foreign exchange gains were higher at Php1.44 billion in 1H25 compared to 1H24's Php877 million reflecting increased foreign exchange transaction gains and trading profits.

Other income was higher at Php1.71 billion for the six months ended June 30, 2025, compared to Php1.46 billion for the same period last year on account of increased ROPA sale gains.

Operating expenses were 2% lower at Php15.99 billion in 1H25 from Php16.37 billion in the prior period, primarily attributable to lower provision for impairment, credit and other losses reflecting the improved credit quality of the bank's loan portfolio.

Fortune Tobacco Corporation (FTC)

FTC reported a net income of Php5.46 billion in 1H25 which was 12% higher than the Php4.89 billion recorded in 1H24. This was primarily due to higher equity in net earnings from PMFTC which amounted to Php4.87 billion, a 10% increase compared to last year's Php4.43 billion.

PMFTC's cigarette shipments outpaced industry growth in 1H25. While total industry volume rose 4.0% to 23.9 billion sticks, PMFTC's shipment volume increased by 4.9% to 11.1 billion sticks. This stronger performance, coupled with November 2024 price increases, contributed to higher earnings. PMFTC's 1H25 market share was 46.4%.

PMFTC adjusted cigarette prices in November 2024. Marlboro is now priced at Php9 per stick, while Marlboro Crafted, Fortune and Jackpot are priced at Php8 and Chesterfield at Php7. These price changes were intended to cover excise taxes, which is now at Php66.15 per pack of 20 sticks effective January 1, 2025.

PMFTC's smoke-free products such as IQOS ILUMA heated tobacco products and ZYN oral nicotine pouches are designed to offer an alternative to traditional smoking, with IQOS using patented smartcore induction system - a bladeless system to heat tobacco without burning it.

The government officials, industry leaders and other key stakeholders in the tobacco industry are continuously advocating for the inter-agency task force's aggressive stance and actions to combat the illicit tobacco trade.

Tanduay Distillers, Inc. (TDI)

TDI achieved its strongest first-half performance to date, with a net income of Php1.36 billion for 1H25, a significant increase of 91% compared with the Php712 million recorded in the same period last year. This was driven by higher net revenues at Php15.25 billion in 1H25, 4% higher than the Php14.63 billion reported in 1H24. This was primarily attributed to higher selling prices within the liquor segment.

Cost of sales remained flat at Php12.62 billion in 1H25 and 1H24. This resulted to a gross profit margin improvement to 17% in 1H25, higher than the 14% in 1H24 mainly on account of higher selling prices and lower costs in the liquor segment.

Operating expenses were lower at Php886 million in 1H25 compared to Php1.06 billion in 1H24 due primarily to lower advertising, promotion and other expenses incurred.

TDI's nationwide distilled spirits market share grew to 38.0% in 1H25 from 33.0% in 1H24, maintaining dominant positions of 68.3% and 81.0% in the Visayas and Mindanao regions, respectively.

Asia Brewery, Inc. (ABI)

The beverage segment's net income was slightly lower at Php491 million for the six months ended June 30, 2025 from Php509 million in the same period last year.

Revenues of the beverage segment were at Php8.84 billion in the current period, 6% lower than 1H24, as sales volume decreased for Cobra Energy Drinks and Vitamilk. Cost of sales decreased at a faster rate of 10% at Php6.60 billion for 1H25 on account of packaging and formulation improvements. Gross profit margin improved to 25% from 22% due primarily to favorable sales mix, lower discounts provided to distributors and lower manufacturing costs.

Operating expenses increased to Php1.50 billion in 1H25 from Php1.38 billion in 1H24 due to higher advertising expenses and personnel costs.

Cobra energy drink market share was 46% in 1H25 while Absolute and Summit bottled water brands collectively held 15%, securing third place among local water brands.

Eton Properties Philippines, Inc. (Eton)

Eton reported a net income of Php352 million for the six months of 2025, higher than the Php327 million for the same period last year.

Leasing revenues were slightly lower by 9%, reaching Php916 million (81% of total revenue) in 1H25 compared to Php1.01 billion in 1H24. Real estate sales were at Php212 million for the period ended June 30, 2025, as the company continued to sell the remaining inventory of previously launched projects in 68 Roces in Quezon City and in Eton City, Laguna.

Operating expenses were lower at Php389 million due to lower general and administrative expenses. Other income was higher due mainly to higher marketing fees and compensation for right of way from the local government.

Eton's leasing portfolio covers a total area of 270,300 square meters of which approximately 192,000 square meters is dedicated to office space.

LT GROUP, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱189,602,886	₱223,583,790
Financial assets at fair value through profit or loss (FVTPL)	26,253,416	17,956,162
Financial assets at fair value through other comprehensive income (FVTOCI)	111,299,791	125,189,186
Financial assets at amortized cost	11,824,225	19,097,106
Loans and receivables	316,479,483	312,406,599
Inventories	14,792,563	13,328,520
Due from related parties	1,889,496	1,889,364
Other current assets	13,569,320	12,658,175
Total Current Assets	685,711,180	726,108,902
Noncurrent Assets		
Loans and receivables-net of current portion	377,833,630	349,063,956
Financial assets at FVTOCI	105,022,954	66,179,663
Financial assets at amortized cost	105,399,051	94,776,887
Investment in associates and joint ventures	18,351,279	18,382,496
Property, plant and equipment:		
At appraised values	57,373,665	57,248,391
At cost	11,282,830	11,671,107
Investment properties	39,333,375	38,979,404
Deferred income tax assets	7,987,143	7,448,142
Other noncurrent assets	4,389,249	4,470,911
Total Noncurrent Assets	726,973,176	648,220,957
TOTAL ASSETS	₱1,412,684,356	₱1,374,329,859

LIABILITIES AND EQUITY

Current Liabilities		
Deposit liabilities	₱967,926,368	₱940,057,144
Financial liabilities at FVTPL	922,268	924,053
Bills and acceptances payable	14,392,401	20,208,451
Accounts payable and accrued expenses	24,823,605	20,655,439
Short-term debts	3,700,000	3,700,000
Current portion of long-term debts	1,794,075	1,926,643
Income tax payable	1,042,560	333,355
Due to related parties	50,000	64,001
Other current liabilities	10,198,906	11,372,824
Total Current Liabilities (Carried Forward)	1,024,850,183	999,241,910

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Total Current Liabilities (Brought Forward)	₱1,024,850,183	₱999,241,910
Noncurrent Liabilities		
Deposit liabilities - net of current portion	5,925,265	5,290,562
Long-term debts - net of current portion	22,605,501	23,622,689
Net retirement benefits liabilities	986,786	710,000
Deferred income tax liabilities	8,365,621	8,475,269
Other noncurrent liabilities	6,724,256	6,777,227
Total Noncurrent Liabilities	44,607,429	44,875,747
Total Liabilities	1,069,457,612	1,044,117,657
Equity		
Attributable to equity holders of the Company:		
Capital stock	10,821,389	10,821,389
Capital in excess of par	35,906,231	35,906,231
Other comprehensive income, net of deferred income tax effect	13,608,778	13,327,515
Other equity reserves	(4,200,659)	(4,188,092)
Retained earnings	183,913,642	175,231,056
Shares of the Company held by subsidiaries	(12,519)	(12,519)
	240,036,862	231,085,580
Non-controlling interests	103,189,882	99,126,622
Total Equity	343,226,744	330,212,202
TOTAL LIABILITIES AND EQUITY	₱1,412,684,356	₱1,374,329,859

LT GROUP, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

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

	Six Months Ended June 30		For the Quarter Ended June 30	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
REVENUE				
Banking	₱38,909,040	₱36,347,391	₱19,654,136	₱18,554,460
Distilled spirits	15,211,057	14,580,786	8,040,004	8,706,517
Beverage	8,437,402	8,950,554	4,343,921	4,708,590
Property development	1,254,328	1,254,005	615,996	656,917
	63,811,827	61,132,736	32,654,057	32,626,484
COST OF SALES AND SERVICES	29,394,041	29,502,306	15,106,450	16,116,154
GROSS INCOME	34,417,786	31,630,430	17,547,607	16,510,330
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	5,371,471	5,150,940	2,349,494	2,242,088
	39,789,257	36,781,370	19,897,101	18,752,418
OPERATING EXPENSES				
Selling expenses	1,217,556	1,272,906	568,860	754,134
General and administrative expenses	17,449,719	17,829,288	8,421,100	9,166,343
	18,667,275	19,102,194	8,989,960	9,920,477
OPERATING INCOME	21,121,982	17,679,176	10,907,141	8,831,941
OTHER INCOME (CHARGES)				
Foreign exchange gains - net	956,187	513,653	336,447	177,510
Finance costs	(255,183)	(280,653)	(124,425)	(163,483)
Finance income	111,084	97,343	56,908	36,375
Others - net	2,668,678	2,064,475	1,470,827	1,314,676
	3,480,766	2,394,818	1,739,757	1,365,078
INCOME BEFORE INCOME TAX	24,602,748	20,073,994	12,646,898	10,197,019
PROVISION FOR INCOME TAX				
Current	4,122,946	3,639,933	2,084,764	1,969,044
Deferred	(49,018)	(1,030,410)	(17,817)	(409,511)
	4,073,928	2,609,523	2,066,947	1,559,533
NET INCOME	₱20,528,820	₱17,464,471	₱10,579,951	₱8,637,486
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Company	₱14,965,804	₱12,797,704	₱7,728,950	₱6,382,123
Non-controlling interests	5,563,016	4,666,767	2,851,001	2,255,363
	₱20,528,820	₱17,464,471	₱10,579,951	₱8,637,486
Basic/Diluted Earnings Per Share	₱1.38	₱1.18	₱0.71	₱0.59