LT GROUP, INC.

President's Report
First Half 2026

LT Group, Inc. (LTG) reported an attributable net income of Php17.03 billion in 1H26, 14% higher than 1H25's Php14.97 billion. This represents the company's strongest first-half performance to date since its follow-on offering.

The different business segments contributed as follows:

	LTG's Share in Net Income (In Php Millions)					
					Y-o-Y Change	
Segment	**1H26**	**% to total**	**1H25**	**% to total**	**Inc/(Dec)**	**%**
PNB	8,213	48%	7,033	47%	1,180	17%
FTC	6,132	36%	5,439	36%	693	13%
TDI	1,567	9%	1,353	9%	214	16%
ABI	377	2%	489	4%	(112)	(23%)
Eton	290	2%	351	2%	(61)	(17%)
VMC	295	2%	276	2%	19	7%
Others	156	1%	25	0%	131	524%
Total	17,030	100%	14,966	100%	2,064	14%

As of end-June 2026, LTG declared total dividends of Php6.49 billion for its shareholders. The payout included regular dividends of Php0.15 per share plus special dividends totaling Php0.45 per share – bringing the total dividend per share to Php0.60, reflecting an overall pay-out rate of 21.0%.

As of June 30, 2026, the company's Debt-to-Equity Ratio was 2.97:1 with the Bank and 0.09:1 without the Bank. The parent company held a cash balance of Php2.20 billion.

Philippine National Bank (PNB)

The banking segment's net income was Php14.61 billion in 1H26, 17% higher than the Php12.52 billion recorded in 1H25.

Gross interest income for the current period of Php35.14 billion rose by 1% year-on-year (y-o-y) driven by higher earnings from loans and receivables. Gross interest expense decreased by 15% at Php7.53 billion due primarily to lower funding costs on deposit liabilities. This resulted in a net interest income of Php27.61 billion, up 7% y-o-y.

Net service fees and commission income increased by Php243 million or 9% to Php3.06 billion for the period ended June 30, 2026, driven primarily by higher revenues from bancassurance, trade-related services and trust banking activities.

Combined trading and investment securities and foreign exchange activities yielded a net gain of Php212 million in 1H26, 85% lower than the Php1.44 billion net gains posted in 1H25. This decline stemmed primarily from losses in the trading and investment securities portfolio amid unfavorable market conditions during the period.

Other income was higher at Php4.13 billion for the period ended June 30, 2026 compared to Php1.71 billion for the same period last year primarily driven by higher gains realized from the sale of ROPA.

Operating expenses increased by 2% to Php16.24 billion in 1H26 from Php15.99 billion in the prior period, mainly due to higher compensation and fringe benefits, depreciation and amortization, and occupancy and equipment-related costs, reflecting continued business growth. This was partially offset by a net reversal of impairment, credit and other losses amounting to Php831 million compared to Php342 million in provisions recorded in 1H25, reflecting improved performance of the credit portfolio.

Fortune Tobacco Corporation (FTC)

FTC reported a net income of Php6.16 billion for 1H26, a 13% y-o-y increase from Php5.46 billion in 1H25, primarily attributable to higher equitized earnings from PMFTC (a 49.6% associate). PMFTC's profitability was boosted by price increases implemented in March 2026, which contributed to the segment's strong performance.

Total industry volume reached 22.5 billion sticks in 1H26, higher by 2% versus 1H25. In line with this modest industry growth, PMFTC's offtake volume also increased by 2% - climbing to 11.0 billion sticks in 1H26 from 10.9 billion in the prior year period.

PMFTC raised cigarette prices in March 2026 to align with ongoing excise tax increases under Republic Act 11346. The adjustment follows the mandated 5% annual hike effective January 1, 2026, bringing the excise tax to Php69.46 per 20-stick pack. Current retail prices are Marlboro Red Titanium Edition at Php11 per stick, Marlboro Red at Php10, Marlboro Crafted and Fortune at Php9, and Chesterfield at Php8.

PMFTC is steadfastly committed to safeguarding public welfare by implementing robust measures that effectively prevent underage access to nicotine products—including proactive education of trade partners and the prominent placement of health warnings on product packaging and promotional materials.

Sustained government action against illicit trade has lowered illicit incidence due to stepped-up enforcement and seizures. Progress is projected to continue through year-end amid stricter port oversight and crackdowns on imported machinery used to make illicit tobacco products.

Tanduay Distillers, Inc. (TDI)

TDI posted net income of Php1.58 billion for 1H26, 16% higher than the Php1.36 billion recorded in the same period last year. This was due to stronger net revenues at Php16.68 billion in 1H26, 9% higher than the Php15.25 billion reported in 1H25. This was driven by both price increases and higher sales volume in the liquor business.

Cost of sales increased to Php13.61 billion in 1H26 from Php12.62 billion in 1H25 due to higher excise taxes, raw materials costs and freight expenses. Gross profit margin improved to 18% in 1H26 from 17% in 1H25, reflecting the positive impact of higher selling prices.

Operating expenses were higher at Php1.22 billion in 1H26 compared to Php886 million in 1H25 due primarily to increased advertising and promotional activities to boost consumer engagement, alongside higher personnel costs and repairs and maintenance expenses.

TDI retained its leading market position in Visayas and Mindanao with substantial shares of 74.4% and 82.4%, respectively. Nationwide, TDI's distilled spirits market share increased to 40.8% in 1H26, up from 39.2% recorded in 1H25.

Asia Brewery, Inc. (ABI)

ABI's net income was lower at Php378 million for the period ended June 30, 2026 from Php491 million in the same period last year.

Revenues of the beverage segment reached Php9.02 billion in the current period, 2% higher than in 1H25, due to improved sales volume across the beverage portfolio, led by Energy Drinks and Bottled Water. Cost of sales increased by 7% at Php7.04 billion for 1H26 on account of higher production costs of glass bottles and increased support extended to distributors. These combined pressures led to a decline in the gross profit margin to 22% in 1H26 from 25% in 1H25.

Operating expenses decreased to Php1.41 billion in 1H26 from Php1.50 billion in 1H25 due to lower advertising expenses and management and professional fees.

In 1H26, Cobra energy drink ranked second with a 43% market share. Combined, Absolute and Summit bottled water brands held 18%, securing their place as the third-largest local water brand.

Eton Properties Philippines, Inc. (Eton)

Eton reported a net income of Php291 million for 1H26, lower than the Php352 million for the same period last year, as 1H25 had included one-time gains.

Leasing revenues increased by 4% to Php949 million in 1H26, representing 80% of total revenues, compared to Php916 million in 1H25. Real estate sales grew by 12% to Php238 million, from Php212 million in 1H25, fueled by sales across various projects.

Operating expenses remained nearly unchanged at Php390 million for both periods. Other income declined in 1H26 compared with the prior year, as 1H25 had benefited from those one-time profits.

As of June 2026, Eton's leasing portfolio spans 260,000 square meters: office space accounts for 189,100 square meters or 73%, commercial space makes up 61,000 square meters, and residential space covers 9,900 square meters.

LT GROUP, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱219,214,642**	₱221,048,843
Financial assets at fair value through profit or loss (FVTPL)	**15,494,256**	34,652,714
Financial assets at fair value through other comprehensive income (FVTOCI)	**41,006,132**	85,216,910
Financial assets at amortized cost	**12,339,717**	9,062,675
Loans and receivables	**354,353,102**	370,117,621
Inventories	**14,692,177**	14,427,761
Due from related parties	**1,418,563**	1,418,498
Other current assets	**13,137,420**	12,601,951
Total Current Assets	**671,656,009**	748,546,973
Noncurrent Assets		
Financial assets at FVTOCI	**118,185,215**	90,866,234
Financial assets at amortized cost	**118,032,652**	118,913,311
Loans and receivables-net of current portion	**421,385,950**	395,188,341
Investment in associates and joint ventures	**19,034,960**	19,185,743
Property, plant and equipment:		
At appraised values	**58,825,580**	58,923,401
At cost	**11,184,639**	10,890,345
Investment properties	**39,416,851**	39,200,697
Deferred income tax assets	**6,703,242**	7,716,173
Other noncurrent assets	**9,820,050**	4,467,045
Total Noncurrent Assets	**802,589,139**	745,351,290
TOTAL ASSETS	**₱1,474,245,148**	₱1,493,898,263

LIABILITIES AND EQUITY		
Current Liabilities		
Deposit liabilities	**₱991,975,062**	₱1,021,100,020
Financial liabilities at FVTPL	**1,100,241**	285,562
Bills and acceptances payable	**8,888,897**	10,742,748
Accounts payable and accrued expenses	**23,281,505**	21,787,947
Short-term debts	**3,550,000**	3,700,000
Current portion of long-term debts	**1,680,852**	1,672,443
Income tax payable	**607,430**	375,373
Other current liabilities	**8,501,094**	8,428,939
Due to related parties	–	50,000
Total Current Liabilities (Carried Forward)	**1,039,585,081**	1,068,143,032

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Total Current Liabilities (Brought Forward)	**₱1,039,585,081**	₱1,068,143,032
Noncurrent Liabilities		
Deposit liabilities - net of current portion	**8,245,580**	10,179,561
Long-term debts - net of current portion	**38,920,636**	38,552,987
Net retirement benefits liability	**900,792**	764,935
Deferred income tax liabilities	**8,849,098**	8,840,708
Other noncurrent liabilities	**6,112,193**	6,673,577
Total Noncurrent Liabilities	**63,028,299**	65,011,768
Total Liabilities	**1,102,613,380**	1,133,154,800
Equity		
Attributable to equity holders of the Company:		
Capital stock	**10,821,389**	10,821,389
Capital in excess of par	**35,906,231**	35,906,231
Other comprehensive income, net of deferred income tax effect	**12,061,179**	14,285,346
Other equity reserves	**(2,818,143)**	(2,954,800)
Retained earnings	**203,785,579**	193,029,365
Shares of the Company held by subsidiaries	**(12,519)**	(12,519)
	259,743,716	251,075,012
Non-controlling interests	**111,888,052**	109,668,451
Total Equity	**371,631,768**	360,743,463
TOTAL LIABILITIES AND EQUITY	**₱1,474,245,148**	₱1,493,898,263

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	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
REVENUE				
Banking	**₱38,702,930**	₱38,909,040	**₱20,042,636**	₱19,654,136
Distilled spirits	**16,641,697**	15,211,057	**9,293,333**	8,040,004
Beverage	**8,690,061**	8,437,402	**4,641,109**	4,343,921
Property development	**1,459,501**	1,254,328	**739,302**	615,996
	65,494,189	63,811,827	**34,716,380**	32,654,057
COST OF SALES AND SERVICES	**29,751,111**	29,394,041	**15,750,817**	**15,106,450**
GROSS INCOME	**35,743,078**	34,417,786	**18,965,563**	17,547,607
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	**6,524,767**	5,371,471	**3,597,733**	**2,349,494**
	42,267,845	39,789,257	**22,563,296**	19,897,101
OPERATING EXPENSES				
Selling expenses	**1,319,468**	1,217,556	**676,314**	568,860
General and administrative expenses	**18,021,650**	17,449,719	**8,580,775**	8,421,100
	19,341,118	18,667,275	**9,257,089**	8,989,960
OPERATING INCOME	**22,926,727**	21,121,982	**13,306,207**	10,907,141
OTHER INCOME (CHARGES)				
Foreign exchange gains - net	**833,556**	956,187	**417,766**	**336,447**
Finance income	**279,396**	111,084	**156,418**	**56,908**
Finance costs	**(209,875)**	(255,183)	**(104,728)**	**(124,425)**
Others - net	**4,747,164**	2,668,678	**2,323,621**	**1,470,827**
	5,650,241	3,480,766	**2,793,077**	1,739,757
INCOME BEFORE INCOME TAX	**28,576,968**	24,602,748	**16,099,284**	12,646,898
PROVISION FOR INCOME TAX				
Current	**3,771,372**	4,122,946	**1,885,205**	**2,084,764**
Deferred	**1,266,464**	(49,018)	**1,002,040**	**(17,817)**
	5,037,836	4,073,928	**2,887,245**	2,066,947
NET INCOME	**₱23,539,132**	₱20,528,820	**₱13,212,039**	₱10,579,951
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Company	**₱17,030,450**	₱14,965,804	**₱9,543,280**	₱7,728,950
Non-controlling interests	**6,508,682**	5,563,016	**3,668,760**	2,851,001
	₱23,539,132	₱20,528,820	**₱13,212,040**	₱10,579,951
Basic/Diluted Earnings Per Share	**₱1.57**	₱1.38	**₱0.88**	₱0.71