

COVER SHEET

SEC Registration Number

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Company Name

L	I	B	E	R	T	Y	F	L	O	U	R	M	I	L	L	S	,	I	N	C	.	A	N	D
S	U	B	S	I	D	I	A	R	I	E	S													

Principal Office (No./Street/Barangay/City/Town/Province)

L	i	b	e	r	t	y	B	u	i	l	d	i	n	g	,	8	3	5	A	.	A	r	n	a	i	z
A	v	e	n	u	e	,	M	a	k	a	t	i	C	i	t	y										

Form Type

1	7	-	A
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

info@libertygroup.com.ph
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Company's Telephone Number/s

(02) 8892-5011

Mobile Number

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No. of Stockholders

462

Annual Meeting Month/Day

August 27

Fiscal Year Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Maria Luisa L. Quizon

Email Address

mlquizon@libertygroup.com.ph

Telephone Number/s

(02) 8892-5011

Mobile Number

09178294869

Contact Person's Address

Liberty Building, 835 A. Arnaiz Avenue, Makati City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2025
2. SEC Identification Number 14782 3. BIR Tax Identification No. 000-128-846-000

4. Exact name of issuer as specified in its charter LIBERTY FLOUR MILLS, INC.

5. MANILA Province, Country or other jurisdiction of
incorporation or organization

6. (SEC Use Only) Industry Classification Code:

7. LIBERTY BUILDING, A. ARNAIZ AVENUE, MAKATI CITY 1223
Address of principal office Postal Code

8. (632) 8892-5011
Issuer's telephone number, including area code

9. NONE
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>COMMON</u>	<u>150,000,000</u>

.....
.....

11. Are any or all of these securities listed on a Stock Exchange.

Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE COMMON

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [] No []

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders; **-NA-**

(b) Any information statement filed pursuant to SRC Rule 20; **-NA-**

(c) Any prospectus filed pursuant to SRC Rule 8.1. **-NA-**



LIBERTY FLOUR MILLS, INC.

**2025
ANNUAL REPORT**

PART I - BUSINESS AND GENERAL INFORMATION

1. Business of the Company

Liberty Flour Mills, Inc. (the "Company") is a stock corporation incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 26, 1958. On December 28, 2008 the Company extended its corporate life for another 50 years. The Parent Company is primarily engaged in the business of manufacturing flour, utilization of its by-products and the distribution and sales of its produce. The common shares of the Parent Company were listed beginning January 24, 1966 and have been traded in the Philippine Stock Exchange (PSE) since then.

Liberty Flour Mills, Inc. subsidiaries and the respective ownership as at December 31, 2025 as follows:

a.) LFM Properties Corporation (LPC) – 0.04 % ownership (58.60% ownership until it was deconsolidated in August 2025 following the Company's SEC approval of the property dividend distribution of LPC shares).

b.) Liberty Engineering Corporation (LEC) -100% ownership

LFM Properties Corporation was incorporated and registered in the Philippines on December 18, 1995 while Liberty Engineering Corporation was incorporated and registered with SEC on December 10, 1965 and extended its corporate life for another 50 years from December 31, 2015.

LFM Properties Corporation is engage in the business of leasing out office spaces and condominium units. Liberty Engineering Corporation is on sale, lease and purchase of equipment and machinery.

Products

The products of the Company consist mainly of flour products and its by-products. The following is a description of the primary products produced by the Company:

1. Bakery Flour

a. El Superior and LFM Bakers

El Superior and LFM Bakers are the Company's flour products which undergo the same processes as the other flour products the Company produces. These products are hard variety of flour best for making pandesal and loaf bread. El Superior is marketed exclusively by Parity Values, Inc., while LFM Bakers is marketed by Liberty Commodities Corporation.

b. Pine Tree and LFM Soft

Pine Tree and LFM Soft are soft variety of flour which are best used for making biscuits and cookies. Pine Tree and LFM soft are marketed by Trade Demands Corporation and Liberty Commodities Corporation, respectively.

2. **Mill Feed**

Mill Feed is a flour by-product which is sold for animal feeds.

Other than the products above-mentioned, the Company currently has no new products or services under development.

Services

The Company is likewise engaged in the business of leasing out office and commercial spaces at its property in Mandaluyong City.

The relative contribution of the Company's products and services to its sales or revenues are as follows:

Products/Services	Percentage of Sales/Revenues
Hard & Soft Flour	91%
Mill Feed	8%
Rental Income	1%

Customers

Transactions with and/or Dependence on Related Parties

The Company's products are exclusively distributed and marketed by Parity Values, Inc., Trade Demands, Corp., and Liberty Commodities Corp. The Company sells its products mainly on a wholesale basis principally to bakeries, institutional end-users (i.e. pastry and cake shops) as well as supermarkets members of the baking and food supply industry nationwide.

In view of the Company's distribution structure, the Company is largely dependent on the distribution capability of its three (3) distributors whereby the loss of any of the three (3) would have a material adverse effect on the business.

Competition

Considering that competition in the supply of flour, bakery and mill products is very stiff now, the Company believes that product pricing, customer service and satisfaction and product performance will ultimately determine market leadership. Currently, the Company's market strategy follows such belief and the Company is confident that by making the quality of its products more superior than that of its competitors, while maintaining the competitiveness of its prices, it will be able to maintain, if not further improve, its standing in the industry.

There are now about twenty-two (22) major flour millers in the country who are currently undertaking the same business as the Company.

Back then in the 1960s only eight (8) were competing with the Company being part of this group namely RFM Corporation, Liberty Flour Mills, Inc., General Milling Corp., Wellington Flour Mills Corp., Pacific Flour Mills, Inc., Pilmico Foods Corp., Philippine Flour Mills, Universal Robina Corp.

In 1990s, the following established their own mills: San Miguel Corp., Philippine Foremost Milling Corp., Morning Star Milling Corp., Delta Milling Corp.

Then in 2010 -2018 newer mills have joined the industry and made competition stronger and these are: Monde Nissin Corp., Atlantic Grains Corp. Asian Grain, Inc., New Hope Flour Milling Corp., Great Earth Industrial Food, Inc., North Star Flour Mill, Mabuhay Interflour Mill, Agri-Pacific Corp. (Rebisco), Big-C Agri Miller, California Flour Mill Group

Purchase of Raw Materials and Supplies

The principal raw materials for flour manufacturing which is wheat is fully imported are obtained on a competitive basis from many different sources that are readily available, both in the Philippines and abroad such as: CHS, Inc., Bunge Asia PTE. Ltd. and Columbia Grain Int'l, LLC.

Employees

As of December 31, 2025, the Company has 68 regular (permanent and probationary) employees as per below compared to previous years of about 70 -120 employees. The reduction in number of employees is primarily due to streamlining of work processes in the plant as a result of the new mill equipment installed that require lesser human Intervention.

Type of Employee	Number of Employees
Executive / Managerial	8
Administrative	5
Clerical	5
Operations	50
Total	68

The rank-and-file employees and the supervisory employees are subject to separate Collective Bargaining Agreements (CBA). Both existing CBAs expired on June 30, 2024. However, a new CBA was concluded in October 2024 for the years covering July 1, 2024 to June 30, 2029. The CBA generally cover a five-year term with a right to renegotiate the economic provisions of the agreement after three years, and contain provisions for the annual salary increases and signing bonus. Before the end of June 30, 2027, a renegotiation for the remaining 2 years will be renegotiated.

Overall, the relationship between management and labor has been good.

The Company has a funded, noncontributory defined benefit retirement plan covering all of the regular employees of Liberty Flour Mills, Inc. The plan provides retirement, separation, disability and death benefits to its members. The funds of the plan are administered and managed by the trustees.

Working Capital

The working capital required by the Company in its business is from internally generated funds and bank borrowings.

Sales

All sales by the Company of its products are sold locally or to the domestic market. The Company does not export nor cater to foreign consumers.

Effect of any existing or probable government regulation on the business of the Company

The Company's products are subject to evaluation and approval by the Food and Drug Administration. The Company ensures that all its products comply with strict government and health standards.

Business Operations of the Parent Company thru authorization of a Certificate of Non-Conformance (CNC)

The Company has been operating thru the authorization of a Certificate of Non-Conformance (CNC) issued by the Mandaluyong City Government in accordance with applicable Mandaluyong City ordinances which include the Zoning Ordinance. Under the Zoning Ordinance and the Comprehensive Land Use Plan guidebook published by the Housing and Land Use Regulatory Board (HLURB), a CNC is issued to owners of non-conforming uses existing at the time of the adoption of the Zoning Ordinance. The CNC legally permits the Company's flour mill operations in an area now designated and zoned for high-density mixed development use. The CNC is issued in accordance with the zoning ordinances of Mandaluyong City, as well compliance with the conditions for the lawful use or operation of the subject area. Failure to comply with the conditions stipulated in the CNC shall render the certificate null and void and shall constitute a violation of the Zoning Ordinance subject to criminal and/or administrative action. In October 2024, the Company is able to meet the conditions indicated therein.

The CNC is secured every two years, with the Company's latest renewal in 2024 valid until November 2026.

Management assessed that the Company can continue its business operations and secure the renewal of the CNC every two years on the basis of the following:

- The Company has been in existence since 1958, preceding the enactment of the relevant zoning ordinances of Mandaluyong City, and able to secure the CNC for the past 2 decades since its effectivity;
- The HLURB acknowledges the continuity of non-confirming activities existing prior to the approval of zoning ordinances for local governments at the city/municipal levels through the issuance of a CNC;
- The Mandaluyong City zoning ordinance provides that vested rights upon the effectivity of such ordinance shall not be impaired;
- There has been no indication, nor notice from the Mandaluyong City local government of its intention to revise the land use plan which would create an obstacle to the continued operations of the flour mill in the area; and
- The peaceful state of operations has been continued to the current date without any indication that would prompt a change in the circumstances.

Management is undertaking a review of the operations and intends to conduct study of the strategic plans for the Company.

Should there be new government regulations that would have an adverse effect on the Company's business; the Company believes that it will have to make adjustments in its business so that it may comply with such new regulations.

The Company is compliant with government regulating agencies relative to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions, and the management of, disposal of, and exposure to hazardous materials. Clearances and permits are secured and required reports are submitted within the mandated period

Research and Development

None of the research and development expenses are borne directly by the Company's customers.

On the other hand, the subsidiaries are not expected to spend any amount for development activities.

Cost of Compliance with Environmental Laws

The Company was granted Environmental Compliance Certificate (ECC) by the DENR-NCR after complying with the Environmental Impact Statement (EIS) System requirements as prescribed in the guidelines of the Implementing Rules & Regulations of Presidential Decree No. 1586. A Permit To Operate pursuant to Clean Air Act (RA 8749) is granted to the Company with annual fees of around P19, 700.00 and other charges.

Major Risks Involved

The Company is affected by foreign exchange fluctuation considering that its supplies and raw materials are sourced abroad. Similarly, increase in the price of wheat in the world market poses as a major risk to the Company. When necessary, the Company adjusts the prices of its products in order to meet changes in the currency rates and prices.

The Company operation is regulated by the two (2) year of Certificate of Non Conformance (CNC) where non-renewal will trigger the cessation of flour milling operations.

The properties of the Company and its subsidiary are sufficiently insured with reputable insurance companies.

2. Properties

The properties of the Company consist of the following:

1. A parcel of land with a flour mill located at F.Blumentritt Ext., Mandaluyong City which serve as the manufacturing plant of the Company for its flour and feeds products;
2. Parcels of land located along the border of Angono and Teresa, Rizal, which is not currently used in operations. In December 2025, the Company sold certain parcels of land in Angono and Teresa, Rizal.
3. A parcel of land with a building located along Boni cor. P. Cruz, Mandaluyong City which is being leased out to tenants; and

The Company also owns several properties which were purchased for investment purposes, namely:

1. A parcel of land located in Cabuyao, Laguna
2. A parcel of land located in Tagaytay
3. A parcel of land in Angeles City
4. A parcel of land in FTI Taguig
5. An office unit in PSE, Fort BGC
6. A parcel of land in Lemery, Batangas

All of the Company's properties are owned by it as absolute and registered owner.

The Company currently does not have any plans of acquiring any other real property within the next twelve (12) months.

3. Legal Proceedings

The Company is involved in legal proceedings and tax assessments and claims occurring in the ordinary course of business. In consultation with the Group's external legal counsels, management believes that the ultimate disposition of the above matters will not have any material adverse effect on the Group's operations or its financial condition.

However, there are no pending criminal cases filed against the Company or any of its directors and key officers.

4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

5. Market for Company's Common Equity and Related Stockholder Matters

Market Information

The shares of the Company consist solely of common shares which are presently listed and traded in the Philippine Stock Exchange. The high and low sales prices for the shares of the Company for each quarter within the last two fiscal years are as follows:

2025	High	Low
First Quarter	16.50	16.40
Second Quarter	23.80	23.75
Third Quarter	27.35	27.25
Fourth Quarter	33.80	32.60
2024	High	Low
First Quarter	14.02	14.02
Second Quarter	15.10	15.10
Third Quarter	13.32	13.32
Fourth Quarter	18.00	17.50

Holders

As of December 31, 2025, there are 462 holders of common shares of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2025 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Parity Values, Inc.	59,891,231	39.93%
2.)	PCD Nominee Corp.(F)	49,290,084	32.86%
3.)	Bacsay Management Corporation	5,589,742	3.73%
4.)	Sebring Management Corporation	3,122,102	2.08%
5.)	E.K.I Tourist Development Corporation	2,855,505	1.90%
6.)	L & J Agricultural Inc.	2,417,841	1.61%
7.)	Moreno Jr. Jose	928,277	0.62%
8.)	Lopez Jr., Eduardo S.	915,468	0.61%
9.)	Pulmones, Amelia Kalaw	913,613	0.61%
10.)	Carvina Farms Inc.	769,920	0.51%
11.)	Feria, Paula K.	737,112	0.49%
12.)	Lopez, Jose Ma. S.	735,647	0.49%
13.)	Fajardo, Erwin M.	697,337	0.46%
14.)	Kalaw, Regina	628,116	0.42%
15.)	Hsu, Philip	602,405	0.40%
16.)	Galan, Norma Yu	524,745	0.35%
17.)	Javellana, Maria Teresa V.	509,493	0.34%
18.)	Maramba III, Felix R.	487,934	0.33%
19.)	Quiros, Ma. Cristina V.	475,344	0.32%
20.)	Vargas, Vicente S.	472,353	0.31%

Dividends

Cash Dividends

The average cash dividend per share of the Company was ₱0.60, ₱2.80 and ₱2.00 in 2025, ₱2.00 and ₱0.30 in 2024, and ₱0.20 and ₱0.50 in 2023.

The following table contains information regarding the cash dividend declaration and distribution on the common stock of the Company for the years 2025, 2024 and 2023.

<u>Date of Declaration</u>	<u>Date of Record</u>	<u>Date of Payment</u>	<u>Dividend per Share</u>	<u>Total Amount</u>
December 17,2025	January 15,2026	February 10,2026	₱0.60	₱90.0 million
October 08,2025	October 28, 2025	November 19, 2025	₱2.80	₱420.0 million
May 16, 2025	June 9, 2025	July 02, 2025	₱2.00	₱300.0 million
December 18,2024	January 10, 2025	February 04, 2025	₱2.00	₱300.0 million
May 29, 2024	June 19, 2024	July 12, 2024	₱0.30	₱45.0 million
October 23,2023	November 15,2023	December 6,2023	₱0.20	₱30.0 million
March 29,2023	April 19,2023	May 12,2023	₱0.50	₱75.0 million

Property Dividends

On May 29, 2024, the BOD approved the declaration of property dividends in the form of 14.55 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of ninety-seven (97) shares of LPC for every one (1) share of the Company, to eligible stockholders of the Company as of record date of June 19, 2024. As of December 31, 2024, no approval yet from SEC.

On August 5, 2025, the Company obtained SEC's approval for the distribution of the property dividends.

Below is the schedule of Retained Earnings available for Dividend Declaration:

	Amount
Unappropriated retained earnings, beginning	₱1,250,187,730
Add: Category A: Items that are directly credited to unappropriated retained earnings	-
Less: Category B: Items that are directly debited to unappropriated retained earnings	-
Property dividends distributed during the reporting period	509,250,000
Cash dividends declared during the reporting period	810,000,000
Unappropriated retained earnings, as adjusted	(69,062,270)
Add: Net income for the current year	717,307,354
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	(1,841,220)
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting (net of tax):	-
Sub-total	(1,841,220)
Adjusted Net Income	715,466,134
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	-
Add: Category E: Adjustments related to relief granted by the SEC and BSP	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution:	
Net movement in deferred tax asset not considered in the reconciling items under the previous categories	2,550,268
Sub-total	2,550,268
Total retained earnings, end of the reporting period available for dividend	₱648,954,132

Recent Sales of Unregistered or Exempt Securities, including Recent Issuance of Securities Constituting an Exempt Transaction

The Company has not sold any securities, whether unregistered or exempt or any issuance constituting an exempt transaction under the Revised Securities Act (RSA) or the Securities Regulation Code (SRC), during the past three (3) years.

6. Management's Discussion and Analysis or Plan of Operation

The selected financial information of the Company set forth below are derived from the audited financial statements submitted by Sycip Gorres Velayo & Co. for 2025:

Income Statement Data

For the Year December 31
(in Millions)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Income	2,512,233	1,267,080	1,567,756
Expense	(1,111,992)	(1,138,902)	(1,605,452)
Income Before Tax	1,400,241	128,178	(37,696)
Provision for Tax	(85,491)	(20,978)	(731)
Net Income	1,314,750	107,200	(38,427)

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this Annual Report.

Results of Operations

CY 2025

On August 5, 2025, the SEC approved the property dividend distribution which the BOD approved on May 29, 2024. The property dividends are in the form of 14.55 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of ninety-seven (97) shares of LPC for every one (1) share of the Company, to eligible stockholders of the Company as of record date of June 19, 2024, subject to SEC approval. The eventual distribution of the Company's investment in LPC shares as property dividends will result to dilution in the Company's ownership % to 0.40%, hence, losing control over LPC.

Accordingly, the Parent Company recognized the property dividend distribution at fair value amounting to ₱509.25 million and deconsolidated LPC resulting in recognition of a gain on deconsolidation amounting to ₱981.12 million, as part of the Group's net income from continuing operations in the 2025 consolidated statement of comprehensive income. The Parent Company's retained interest in LPC was recognized at fair value amounting to ₱3.50 million upon deconsolidation.

The sales revenue from flour & mill feed business for the year ending December 31, 2025 decreased by 7% compared to 2024. This decline was primarily driven by several price reductions implemented due to relatively stable costs of major raw materials. The impact was further compounded by a decline in sales volume due to stiff market competition. In terms of Sales Value, the Company delivered P1,128.65 million vs. P1,214.28 million in 2025 and 2024, respectively. The Cost of Sales decreased by 4% due to lower US\$ cost of wheat during the year as well as reduced direct operating costs which contributed to the Company's turnaround for the increase in Gross Profit vs. previous years. The lease rental income of the Parent Company amounting to P15.12 million compared to P14.54 million in year 2024 recorded an increase of 4%.

As of the year ended December 31, 2025, the total gross income amounted to P224.93 million, as compared to December 31, 2024 which was P275.14 million posted a decline of 18.2%. Significant decrease on gross income was primarily due to decrease in sales despite of the increase in the company's rental income. Gross income was accounted as coming from the gross profit from the sale of the company's products, rental and real estate income, interest income, and dividend income. Operating expenses and finance costs amounted to P159.89 million in CY2025 and P151.95 million in PY2024, an increase of 6.00% as a result of increase in general and administrative expenses. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

The total combined assets amounted to P2.86 billion in CY2025 compared to P4.40 billion in PY2024 which was a decrease by 35% while the total combined liabilities for CY2024 amounted to P677.14 million which is lower by 67%, vs. P2.03 billion in 2024. The effect of the decrease both in assets and liabilities were mainly due to the deconsolidation of a subsidiary previously classified as held for distribution to owners.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company.

Below is a discussion of material changes of accounts which had increased or decreased by 5% or more in CY2025 as compared to PY2024:

Inventories – The 32.30% increase is largely due to higher wheat grain inventory, which increased by 59 million (from P122 million to P181 million).

Prepaid Expenses and Other Current Assets – this account decreased by 45.10%, mainly attributable to reduced advances to suppliers and the utilization of creditable withholding taxes during the year.

Financial assets at FVOCI – There have been material changes of the account because of the mark to market valuation of the Company.

Accrued Retirement Liability – The increase is primarily due to changes in actuarial valuation as well as reclassification adjustments to the Retirement Plan Asset.

The details of the results of discontinued operations of LPC are presented below:

	2025 (Seven Months)	2024 (One Year)	2023 (One Year)
RENTAL INCOME	₱129,284,027	₱269,334,697	₱194,836,591
DIRECT COSTS	56,417,366	94,302,332	85,239,642
GROSS PROFIT	72,866,661	175,032,365	109,596,949
OPERATING EXPENSES	31,283,082	57,737,053	31,711,371
INCOME BEFORE OTHER INCOME (CHARGES) AND INCOME TAX	41,583,579	117,769,002	77,885,578
OTHER INCOME (CHARGES)			
Interest expense	(50,906,849)	(65,159,017)	(43,620,441)
Fair value changes of financial assets at FVTPL	2,110,770	(7,738,342)	(42,006,396)
Dividend income	112,640	165,140	394,390
Interest income	60,487	20,219	19,309
Gain on sale of financial assets at FVTPL	–	6,916,515	728,239
Gain on sale of investment properties	–	–	88,637,478
Other income (expense) - net	259,366	594,850	1,446,392
	(48,363,586)	(65,200,634)	5,598,971
INCOME BEFORE INCOME TAX FROM DISCONTINUED OPERATIONS	(6,780,007)	52,568,368	83,484,549
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	1,463,409	12,540,215	31,369,350
Deferred	–	2,351,202	(38,600)
	1,463,409	14,891,417	31,330,750
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(₱8,243,416)	₱37,676,951	₱52,153,799
Total Net Income (Loss) from Discontinued Operations Attributable To			
Equity of holders of the Parent Company (see Note 25)	(₱4,451,706)	₱22,859,030	₱30,780,173
Non-controlling interest	(3,791,710)	14,817,921	21,373,626
	(₱8,243,416)	₱37,676,951	₱52,153,799
BASIC/DILUTED EARNINGS (LOSS) PER SHARE FROM DISCONTINUED OPERATIONS (see Note 25)	(₱0.03)	₱0.15	₱0.21

The assets and liabilities of LPC classified as held for distribution to owners immediately prior to deconsolidation and as at December 31, 2024 are as follows:

	August 5, 2025	December 31, 2024
ASSETS		
Cash	₱65,501,956	₱31,132,167
Receivables	7,881,636	11,711,495
Financial assets at FVTPL	10,727,565	8,616,795
Accrued rent	15,357,238	17,378,429

Prepaid expenses and other current assets	96,093,173	97,096,185
Investment properties	728,838,887	754,708,388
Financial assets at FVOCI	171,243,132	139,684,188
Property and equipment	313,959	350,551
Net retirement plan asset	1,544,083	1,544,083
Other noncurrent assets	201,156,275	229,262,377
Assets of disposal group classified as held for distribution to owners	₱1,298,675,904	₱1,291,484,658

LIABILITIES

Notes payable	₱1,190,489,195	₱994,724,489
Accounts payable and other current liabilities	244,069,054	82,284,019
Deposits on long-term leases	49,526,938	54,767,868
Unearned rental income	13,838,540	6,019,546
Deferred tax liability	3,825,241	3,825,241
Other noncurrent liability	51,818,876	51,818,876
Liabilities of disposal group classified as held for distribution to owners	₱1,553,597,844	₱1,193,440,039
Net assets (liabilities) classified as held for distribution to owners	(254,921,940)	₱247,134,848
Other components of equity of disposal group held for distribution to owners	(₱130,596,688)	(₱149,090,229)

The net cash flows directly associated with LPC follow:

	2025 (Seven Months)	2024 (One Year)	2023 (One Year)
Operating activities	₱19,594,173	₱159,376,491	₱95,141,954
Investing activities	269,687,112	(197,255,722)	36,083,472
Financing activities	112,324,054	318,720,167	(139,285,708)
NET CASH INFLOW (OUTFLOW)	₱401,605,339	₱280,840,936	(₱8,060,282)

CY 2024

On May 29, 2024, the BOD approved the declaration of property dividends in the form of 14.55 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of ninety-seven (97) shares of LPC for every one (1) share of the Company, to eligible stockholders of the Company as of record date of June 19, 2024, subject to SEC approval. The eventual distribution of the Company's investment in LPC shares as property dividends will result to dilution in the Company's ownership % to 0.40%, hence, losing control over LPC.

As of December 31, 2024, the Company is still waiting for the SEC's approval for the issuance of such property dividends. This regulatory approval is considered customary for a similar transaction. Accordingly, the assets and liabilities related to LPC were classified as part of a disposal group held for distribution to owners and the results of the operations of LPC were presented as a discontinued operation. The result of discontinued operations in 2024 is presented as "Net income from discontinued operations, net of tax" in the consolidated statement of comprehensive income.

As a disclosure requirement of PFRS 5, the Group restated its 2023 and 2022 consolidated statements of comprehensive income to present separately the results of discontinued operations to conform to the 2023 presentation. As of March 26, 2025, the Group is still awaiting SEC approval of the property dividend declaration.

The sales revenue from flour & mill feed business for the year ending December 31, 2024 posted a decrease of 19% from previous year 2023 primarily due to several price decreases implemented as the cost of major raw materials gradually decreased but still coupled with decline in sales volume due to stiff competition. In terms of Sales Value, the Company delivered P1,214.28 million vs. P1,501.18 million in 2024 and 2023, respectively. The Cost of Sales had significant decrease of 31% due to lower US\$ cost of wheat during the year coupled with lower direct operating costs which contributed to the Company's turnaround for the increase in Gross Profit vs. previous years. The lease rental income of the Company amounting to P14.54 million compared to P43.00 million in year 2023 recorded a significant decrease of 66% due to sale of Liberty Building to its subsidiary.

As of the year ended December 31, 2024, the total gross income amounted to P275.14 million, as compared to December 31, 2023 (as restated) which was P128.11 million posted a movement of 114.8%. Significant increase on gross income was due to decrease in cost of sales despite of the increase in the company's rental income. Gross income was accounted as coming from the gross profit from the sale of the company's products, rental and real estate income, interest income, and dividend income. Operating expenses and finance costs amounted to P151.95 million in CY2024 and P161.65 million in PY2023, to a decrease of 6.00% as a result of decrease in interest and marketing expenses. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

The total combined assets amounted to P4.40 billion in CY2024 compared to P4.24 billion in PY2023 which was an increase by 4% while the total combined liabilities for CY2024 amounted to P2.03 billion which is higher by 19%, vs. P1.71 billion in 2023. The effect of the increase (decrease) mainly due to reclassification of the subsidiary classified as held for distribution to owners.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company.

Below is a discussion of material changes of accounts which had increased or decreased by 5% or more in CY2024 as compared to PY2023 (as restated):

Inventories – The significant decrease of 38.70% in inventory is due to reduction in the volume of importation due to better inventory management coupled with decline in \$ wheat price towards the end of the year.

Financial assets at FVOCI – There have been material changes of the account because of the mark to market valuation of the Company.

Accrued Retirement Liability – The increase is primarily due to changes in actuarial valuation.

Take note of the Classification of Subsidiary’s Assets & Liabilities as Held for Distribution to Owners and Discontinued Operations as per below.

The details of the results of discontinued operations pertaining to the subsidiary -LPC is presented below:

	Years Ended December 31		
	2024	2023	2022
RENTAL INCOME (Notes 9 and 13)	₱269,334,697	₱194,836,591	₱230,739,119
DIRECT COSTS (Notes 9 and 15)	94,302,332	85,239,642	77,299,074
GROSS PROFIT	175,032,365	109,596,949	153,440,045
OPERATING EXPENSES (Notes 10, 16, 17, 18 and 20)	57,737,053	31,711,371	24,901,400
INCOME BEFORE OTHER INCOME (CHARGES) AND INCOME TAX	117,769,002	77,885,578	128,538,645
OTHER INCOME (CHARGES)			
Gain on sale of investment properties		88,637,478	–
Interest expense (Notes 9, 11 and 13)	(65,159,017)	(43,620,441)	(27,890,956)
Fair value changes of financial assets at FVTPL (Note 6)	(7,738,342)	(42,006,396)	(58,797,005)
Gain on sale of financial assets at FVTPL (Note 6)	6,916,515	728,239	502,046
Dividend income (Note 6)	165,140	394,390	1,068,560
Interest income (Notes 4 and 5)	20,219	19,309	29,711
Loss on pretermination of lease contract (Notes 13 and 24)	–	–	(85,402,721)
Other income (expense) – net (Note 11)	594,850	1,446,392	578,134
	(65,200,634)	5,598,971	(169,912,231)
INCOME (LOSS) BEFORE INCOME TAX FROM DISCONTINUED OPERATIONS	52,568,368	83,484,549	(41,373,586)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current	12,540,215	31,369,350	21,656,566
Deferred	2,351,202	(38,600)	(17,565,104)
	14,891,417	31,330,750	4,091,462
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	₱37,676,951	₱52,153,799	(₱45,465,048)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE FROM DISCONTINUED OPERATION (Note 14)			
Basic	₱0.0014	₱0.0021	(₱0.0018)
Diluted	₱0.0009	₱0.0013	(₱0.0011)

The assets and liabilities of LPC classified as held for distribution to owners are as follows:

ASSETS	
Cash	₱31,132,167
Receivables	11,711,495
Financial assets at FVTPL	8,616,795
Accrued rent	17,378,429
Prepaid expenses and other current assets	97,096,185
Investment property	754,708,388

Financial assets at FVOCI	139,684,188
Property and equipment	350,551
Net retirement plan asset	1,544,083
Other noncurrent assets	229,262,377
Assets of disposal group classified as held for distribution to owners	₱1,291,484,658
LIABILITIES	
Notes payable	₱994,724,489
Accounts payable and other current liabilities	82,284,019
Deposits on long-term leases	54,767,868
Unearned rental income	6,019,546
Deferred tax liability	3,825,241
Other noncurrent liability	51,818,876
Liabilities of disposal group classified as held for distribution to owners	₱1,193,440,039
Net assets classified as held for distribution to owners	₱247,134,840
Other components of equity of disposal group held for distribution to owners	(₱149,090,229)

CY 2023

The sales revenue from flour & mill feed business for the year ending December 31, 2023 posted a minimal increase of 1% from previous year 2022 primarily due to several price increases implemented to negate effect of price increases of wheat despite decline in sales volume. In terms of Sales Value, the Company delivered P1,501.18 million vs. P1,490.27 million in 2023 and 2022, respectively. Also, the Cost of Sales had slight decrease of 0.28% due to lower US\$ cost of wheat in the last quarter of the year coupled with lower direct operating costs. The combined lease rental income of the Company and from one of the subsidiaries amounting to P237.32 million compared to P265.22 million in year 2022 recorded a significant decrease of 11% due to termination of lease of the biggest lessee of the subsidiary.

As of the year ended December 31, 2023, the total gross income amounted to P238.12 million, as compared to December 31, 2022 which was P260.53 million for a decrease of 8.6%. Decline on gross income was due to decrease in rental income from one of the subsidiaries. Gross income was accounted as coming from the gross profit from the sale of the company's products, rental and real estate income, interest income, and dividend income. Operating expenses and finance costs amounted to P236.98 million in CY2023 and P208.75 million in PY2022, for an increase of 13.5% as a result of increase in interest and marketing expenses. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

The total combined assets amounted to P4.24 billion in CY2023 compared to P4.59 billion in PY2022 which was a decrease by 8% mainly due to reduction in Receivables and Inventories. The total combined liabilities for CY2023 amounted to P1.71 billion which is lower by 14%, vs. P1.97 billion in 2022. The decrease was primarily due to payments made in Trust Receipts and Notes Payable.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company.

For the year 2023 there was one-off transaction which had a material effect on the Company's financial statements.

Below is a discussion of material changes of accounts which had increased or decreased by 5% or more in CY2023 as compared to PY2022:

Financial Assets at FVTPL – The significant decrease made in 2022 is because of the mark to market adjustment made by one of the subsidiaries.

Inventories – The significant decrease of 57.10% in inventory is due to reduction in the volume of importation coupled with decline in \$ wheat price towards the end of the year.

Financial assets at FVOCI – There has been material changes of the account because of the various acquisition of the Company.

Notes payable – The increase is due to reclassification from noncurrent to current by one of the subsidiaries' payables.

Income Tax Payable – Income tax payable increase due to recognition of tax payable from one of its subsidiaries.

Long-term leases - The decrease is because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement PAS 17 on Lease.-and the effect of termination of major lessee of the subsidiary.

Accrued Retirement Liability – The increase is primarily due to changes in actuarial valuation.

Summary of 2026 and 2027 Forecasted Financial Statements

The Company has prepared financial projections for the years ending December 31, 2026 and 2027. The Company expects P317.97 million in CY 2026 and P192.73 million in CY 2027 as net income in flour business.

The Company has approved capital expenditures for the year 2025 - 2026 of about P100 million.

As the forecast is based on assumptions about circumstances and events that have not yet occurred and are subject to significant uncertainties beyond the Company's control, there can be no assurance that the forecast will be realized. Actual results may be materially different from those shown in the forecast. Under no circumstances should the inclusion of the forecasted financial statements be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions, or that the Company will achieve or is likely to achieve the particular results.

Management Discussion of Future Plans for Operation

The Company's BOD has resolved to commence a formal review of strategic options for its flour milling business and certain non-core assets and has appointed an adviser to assist in this process.

The objective of the review is to evaluate all available paths to maximize shareholder value and ensure the Company's capital is allocated to the highest growth opportunities. Options to be considered during the review include, but are not limited to, a potential sale, demerger, joint venture, or the continued retention and further development of the flour business within the Company's existing structure.

7. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The Company's consolidated audited Financial Statements for the year ended 31 December 2025 is attached as Annex "A" of this Report.

8. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING DISCLOSURE

There have been neither changes in nor disagreements with accountants on accounting and financial disclosure.

In compliance with the Code of Corporate Governance and SEC memorandum Circular No.8, Series of 2003, the Corporation has appointed Sycip Gorres Velayo & Co. as the external auditor.

The Company paid P1,860,000 net of VAT and OPE, for the audit services for the group.

In the selection of auditors, the audit committee give nominations to the Board which, the Board along with the stockholders select and approve during the annual stockholders' meeting.

PART III - CONTROL AND COMPENSATION INFORMATION

9. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The Articles of Incorporation of the Company provide that the Directors of the Company shall hold office for one (1) year and until their successors are elected and qualified.

The Directors of the Company are as follows:

Name of Directors	Age	Citizenship	Position
John Carlos Uy	75	Filipino	Chairman of the Board
William L. Ang	74	Filipino	Director
Jose Ma. S. Lopez	81	Filipino	Director
Jose S. Jalandoni	70	Filipino	Director
Lourdes Elisa J. Chan	65	Filipino	Director
Daniel R. Maramba	52	Filipino	Director
Philip S. Huang*	70	Filipino	Director
Willy G. Ng	72	Filipino	Director
Eldrige Marvin B. Acheron	55	Filipino	Director
Raul M. Leopando*	55	Filipino	Director
Valerie Ann C. Ang	45	Filipino	Director

* Independent Director

The Senior Management of the Company is as follows:

Name	Age	Citizenship	Position
John Carlos Uy	75	Filipino	President
Jose Ma. S. Lopez	81	Filipino	Senior Vice President & Treasurer
William L. Ang	74	Filipino	Corporate Secretary

Following is a brief description of the respective backgrounds of the Company's directors and senior management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

John Carlos Uy. 75 years old. He serves as the Chairman of the Board of Directors and President of the Company. He also serves as a director and the general manager of Parity Values, Inc., one of the stockholders of the Company.

William L. Ang, 74 years old. He is a director and Corporate Secretary of the Company. He serves as Vice President and Treasurer of LFM Properties Corporation (LPC). Mr. Ang holds the position of First Vice President and Treasurer of Parity Values, Inc. He is also a stockholder and Treasurer of Trade Demands Corporation.

Jose Ma. S. Lopez. 81 years old. He is a director and Senior Vice President and Treasurer of the Company. Likewise, he is a director in other corporations including Agchem Manufacturing Corporation, LFM Properties Corporation and Liberty

Commodities Corporation. He is also the Senior Vice President for Lopez Sugar Corporation.

Jose S. Jalandoni. 70 years old. He is a director of the Company and Audit Committee Member. He serves as the President of LFM Properties Corporation (LPC). He is a currently the Chairman of Valueline Realty Development Corp and Unicom Ingredients Phils Inc., Chairperson of Kanlaon Farms, Inc., Vice Chairman of Enterprise Car Lease Phils Inc, President of Beechwood Corp and Percom OPC., He also serves as Corporate Secretary of Kanlaon Development Corporation, Piliwood Bacolod Corp, Jayjay Realty Corporation JM & Company, Inc., Assistant Treasurer of JM Profreeze, Assistant Corporate Secretary of JM Brenton, and Director and Officer in Charge in Agchem Manufacturing Corporation.

Lourdes Elisa J. Chan, 65 years old. She is a Director of the Company. She is the Treasurer & Board Member of Kanlaon Development Corporation; Kanlaon Farms, Inc. and Jayjay Realty Corporation; Board Member of JM & Company; Alegria Development Corporation and Valueline Realty & Development Corporation.

Daniel R. Maramba. 52 years old. He is a Director of the Company. He is also the President of Agchem Manufacturing Corp.; Treasurer of New Now Next, Inc. and Mac2 Group Manila, Inc. and Director of Uniguarantee Insurance Brokerage, Inc.

Philip S. Huang. 70 years old. He serves as the Company's Independent Director. He serves as the President for Upson Resources Corporation.

Willy G. Ng. 72 years old. He is a Director of the Company. He is currently a Senior Vice President in the Institutional Banking Group of Asia United Bank.

Eldrige Marvin B. Acheron. 55 years old. He a partner in Acheron & Attorneys, who graduated with second honors from the Ateneo de Manila School of Law. He holds a degree in AB Philosophy from the Ateneo de Manila School of Arts and Sciences. He is the executive publisher of San Anselmo Publications, Inc, as well as the winner of the 2022 Gintong Aklat Award by the Book Development Association of the Philippines.

Raul M. Leopando. 55 years old. He currently serves as the president of Pacific Basin Capital Corporation and Pacific Basin Securities Corporation, and he is a member of the Board of Directors of Upson International. He is also an independent director of LT Group Inc. He holds certifications on seminars on Anti-Money Laundering, Cyber Security, and Corporate Governance. He has also been a guest lecturer for the Ateneo Graduate School of Business, a resource person for thesis defense of Asian Institute of Management graduating students, a resource person of the House of Representatives and the Senate in a public hearing on proposed bills regarding Capital and Financial Markets. He has also served as the Vice Chairman of RCBC Bankard Services Corporation, Senior Consultant or Rizal Commercial Banking Corporation, Adviser to the Board of Directors for RCBC Capital Corporation, Member of the Board of Directors of Investment Houses Association of the Philippines, Maibarara Geothermal Energy Corporation, and PetroGreen Energy Corporation.

Valerie Ann C. Ang, 45 years old. She has held various significant roles at JP Morgan Chase Bank, N.A., in Hong Kong and Singapore, where she provided application support, implemented front office trading systems, and managed high-impact changes related to market data and new portfolios. Valerie has also worked as an Assistant Manager at Value Partners Limited in Hong Kong, documenting business requirements on fund factsheets. Her career began at Hewlett Packard in the Philippines, where she developed tools to streamline financial reporting operations and provided SAP application support. She holds a Master of Commerce in Funds Management from the University of New South Wales, Australia, graduating with distinction, and a Bachelor of Science in Computer Science from De La Salle University, Manila, where she received honorable mention and model thesis presentation awards.

All the directors and officers of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and officers, respectively. None of the directors or officers has been declared bankrupt nor has there been any petition filed by or against any of the directors, nor to any businesses of which they were a part of. Nor have any of them been convicted of any crime, domestic or foreign and there are no criminal proceedings presently pending against any of them. Nor have any of them been temporarily or permanently barred, suspended or otherwise limiting any of their involvement in any type of business.

10. Executive Compensation

The aggregate compensation paid to the Company's Executive Officers for the years 2025 and 2024 are P13.24million and P13.73million respectively.

Information as to the aggregate compensation paid or accrued by the Company during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's President and other Executive Officers of the Company as follows:

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
John Carlos Uy	President	2026	₱13.65 million	₱11.05 million	₱2.60 million
Jose Ma. S. Lopez	SVP-Treasurer				
Donato S. Napo	AVP-Manufacturing				
Maria Luisa L. Quizon	AVP-Finance&Admin				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
John Carlos Uy	President	2025	₱13.24 million	₱10.72 million	₱2.52 million
Jose Ma. S. Lopez	SVP-Treasurer				
Donato S. Napo	AVP-Manufacturing				
Maria Luisa L. Quizon	AVP-Finance&Admin				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
John Carlos Uy	President (starting June 2024)	2024	₱13.73 million	₱9.18 million	₱4.55 million
Sandra Judy Uy	President (until May 2024)				
Jose Ma. S. Lopez	SVP-Treasurer				
Stella Marie Jill Uy	VP Purchasing / Asst. Treasurer (until May 2024)				
Donato S. Napo	AVP-Manufacturing				
Maria Luisa L. Quizon	AVP-Finance&Admin				

11. Security Holders

As of December 31, 2025, there are 462 holders of **common shares** of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2025 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Parity Values, Inc.	59,891,231	39.93%
2.)	PCD Nominee Corp.(F)	49,290,084	32.86%
3.)	Bacsay Management Corporation	5,589,742	3.73%
4.)	Sebring Management Corporation	3,122,102	2.08%
5.)	E.K.I Tourist Development Corporation	2,855,505	1.90%
6.)	L & J Agricultural Inc.	2,417,841	1.61%
7.)	Moreno Jr. Jose	928,277	0.62%
8.)	Lopez Jr., Eduardo S.	915,468	0.61%
9.)	Pulmones, Amelia Kalaw	913,613	0.61%
10.)	Carvina Farms Inc.	769,920	0.51%
11.)	Feria, Paula K.	737,112	0.49%
12.)	Lopez, Jose Ma. S.	735,647	0.49%
13.)	Fajardo, Erwin M.	697,337	0.46%
14.)	Kalaw, Regina	628,116	0.42%
15.)	Hsu, Philip	602,405	0.40%
16.)	Galan, Norma Yu	524,745	0.35%
17.)	Javellana, Maria Teresa V.	509,493	0.34%
18.)	Maramba III, Felix R.	487,934	0.33%
19.)	Quiros, Ma. Cristina V.	475,344	0.32%
20.)	Vargas, Vicente S.	472,353	0.31%

12. Certain Relationships and Related Transactions

Some of the directors of the Company are also directors and stockholders of the different distributors of the different brands of flour of the Company. All transactions, however, between the Company and the distributors are at arm's length transactions and above board.

Family Relationships

Jose S. Jalandoni and Lourdes Jalandoni Chan are siblings. Jose S. Jalandoni, Lourdes Jalandoni Chan, and Jose Ma. S. Lopez are first cousins.

William L. Ang & Valerie Ann C. Ang have a father–daughter relationship.

Other than the above, the Company is not aware of any family relationships among the directors, senior management or persons nominated or chosen by the Company to become directors or senior managers.

PART IV – CORPORATE GOVERNANCE

13. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company continues to abide by the duly adopted Manual on Corporate Governance of the Company (the “Manual”) and the Code of Corporate Governance promulgated by the Securities and Exchange Commission. Pursuant thereto, the Company appointed Ms. Maria Elisa G. Ledesma, as the Compliance Officer of the Company to ensure the Company’s adherence to corporate principles and best practices and monitor compliance with the provisions and requirements of the Manual.

The Company combined the Risk & Oversight with Audit Committee composed of Philip S. Huang as Chairman and Jose S. Jalandoni, Raul M. Leopando and Eldrige Marvin B. Acheron, as members. The Company also constituted its Nomination Committee and appointed Philip S. Huang as its Chairman with Raul M. Leopando and William L. Ang as members. The Company also created its Compensation and Remuneration Committee composed of John Carlos Uy as Chairman and Philip S. Huang and Jose S. Jalandoni as members.

There have been no deviations for the past year from the Company’s Manual of Corporate Governance.

The Company continuously reviews and evaluates its Manual in order to ensure that the Company’s practices are compliant with leading practices on good corporate governance.

PART V – EXHIBITS AND SCHEDULES

Also attached in this report the following attachments:

Annex A - Consolidated Financial Statement


Annex B – Sustainability Report


Annex C – Parent Audited Financial Statement


SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on the 8th of April, 2026.

By:


JOHN CARLOS UY
President


JOSE MA. S. LOPEZ
SVP Treasurer


WILLIAM L. ANG
Corporate Secretary


MARIA LUISA L. QUIZON
AVP-Finance and Administration

SUBSCRIBED AND SWORN to before me this APR 15 2026 day of _____ affiant(s) exhibiting to me their valid IDs, as follows:

Name	Valid IDs
John Carlos Uy	SSS No. 03-2402495-3
Jose Ma. S. Lopez	SSS No. 03-1212721-5
William L. Ang	SC No. 46990
Maria Luisa L. Quizon	SSS No. 03-3938582-3

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Book No. XVII
Series of 2026.


ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-110
(Ren) (2025 - 2026)
Until December 31, 2026
PTR No. 10766722, 01-05-2026; Makati City
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VIII-0012754; 08-27-2024.
Ground Floor, Makati Terraces Condominium
3650 Davila St., Tejeros, Makati City

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	4	7	8	2					
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COMPANY NAME

L	I	B	E	R	T	Y	F	L	O	U	R	M	I	L	L	S	,	I	N	C	.	A	N	D
S	U	B	S	I	D	I	A	R	I	E	S													

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

7	F		L	i	b	e	r	t	y	B	u	i	l	d	i	n	g	,	8	3	5	A	.	A	r
n	a	i	z	A	v	e	n	u	e	,	M	a	k	a	t	i	C	i	t	y					

Form Type A C F S	Department requiring the report C R M D	Secondary License Type, If Applicable N / A
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COMPANY INFORMATION

Company's Email Address mlquizon@libertygroup.com.ph	Company's Telephone Number (02) 8892-5011	Mobile Number 09178294869
No. of Stockholders 462	Annual Meeting (Month / Day) Last Wednesday of July	Fiscal Year (Month / Day) December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person Jose Ma. Lopez	Email Address jmslopez29@gmail.com	Telephone Number/s (02) 8892-5011	Mobile Number —
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CONTACT PERSON'S ADDRESS

7F Liberty Building, 835 A. Arnaiz Avenue, Makati City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.
2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Liberty Flour Mills, Inc.
7F Liberty Building
835 A. Arnaiz Avenue
Makati City

Opinion

We have audited the consolidated financial statements of Liberty Flour Mills, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter in the following section, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Provisions and Contingencies

The Group is involved in legal proceedings and assessments for local and national taxes. This matter is significant to our audit because the determination of whether any provision should be recognized and the estimation of the potential liability resulting from these tax assessments require significant judgment and estimate by management. The inherent uncertainty over the outcome of these tax matters is brought about by the differences in the interpretation and implementation of the relevant laws and tax rulings.

The Group's disclosures about provisions and contingencies are included in Notes 3 and 23 to the consolidated financial statements.

Audit response

We involved our internal specialist in the evaluation of management's assessment on whether any provision for tax contingencies should be recognized, and the estimation of such amount. We discussed with management the status of the tax assessments and obtained correspondences with the relevant tax authorities and opinions of the Group's external legal/tax counsels. We evaluated the tax position of the Group by considering the tax laws, rulings and jurisprudence.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



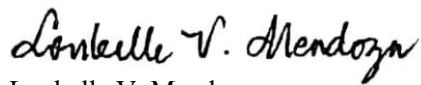
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Loubelle V. Mendoza.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza

Partner

CPA Certificate No. 115161

Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115161-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10765091, January 2, 2026, Makati City

March 25, 2026



LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024 (Note 9)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱100,291,212	₱77,765,585
Receivables (Note 5)	929,419,209	1,161,058,402
Financial assets at fair value through profit or loss (FVTPL) (Note 6)	14,965,350	13,124,130
Inventories (Note 7)	210,690,938	159,215,849
Prepaid expenses and other current assets (Note 8)	57,906,878	173,723,203
	1,313,273,587	1,584,887,169
Assets of disposal group classified as held for distribution to owners (Note 9)	–	1,291,484,658
Total Current Assets	1,313,273,587	2,876,371,827
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	423,132,511	449,381,223
Investment properties (Notes 11, 13 and 26)	705,842,089	704,925,722
Property, plant and equipment (Note 12)	365,549,414	352,563,544
Net retirement plan asset (Note 22)	1,631,137	–
Deferred tax assets (Note 24)	–	2,550,268
Other noncurrent assets (Notes 11 and 13)	47,621,593	10,070,375
Total Noncurrent Assets	1,543,776,744	1,519,491,132
TOTAL ASSETS	₱2,857,050,331	₱4,395,862,959
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	₱561,248,051	₱699,530,299
Notes payable (Note 14)	80,000,000	131,500,000
Income tax payable	35,896,899	–
	677,144,950	831,030,299
Liabilities of disposal group classified as held for distribution to owners (Note 9)	–	1,193,440,039
Total Current Liabilities	677,144,950	2,024,470,338
Noncurrent Liabilities		
Net retirement plan liability (Note 22)	–	3,101,310
Total Liabilities	677,144,950	2,027,571,648
Equity		
Capital stock (Note 16)	1,500,000,000	1,500,000,000
Other components of equity:		
Fair value changes on financial assets at FVOCI (Note 10)	12,469,019	12,308,248
Accumulated remeasurement losses on retirement benefits (Note 22)	754,069	(5,334,084)
Other components of equity associated with asset held for distribution to owners (Note 9)	–	(149,090,229)
Retained earnings (Note 16)	666,682,293	806,229,896
Total Equity Attributable to Equity Holders of the Parent Company	2,179,905,381	2,164,113,831
Non-controlling interests (Note 9)	–	204,177,480
Total Equity	2,179,905,381	2,368,291,311
TOTAL LIABILITIES AND EQUITY	₱2,857,050,331	₱4,395,862,959

See accompanying Notes to Consolidated Financial Statements.



LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS (Notes 17)	₱1,128,654,646	₱1,214,279,902	1,501,182,287
COST OF SALES (Note 18)	944,241,959	982,202,739	1,429,763,511
GROSS PROFIT	184,412,687	232,077,163	71,418,776
OPERATING EXPENSES (Note 19)			
General and administrative expenses	(105,121,007)	(98,652,006)	(90,782,200)
Selling expenses	(20,796,337)	(20,584,545)	(25,654,938)
INCOME (LOSS) BEFORE OTHER INCOME (CHARGES)	58,495,343	112,840,612	(45,018,362)
OTHER INCOME (CHARGES)			
Rental income - net (Notes 11 and 26)	7,261,053	9,788,697	32,603,127
Dividend income (Notes 6 and 10)	24,927,062	24,946,621	13,754,534
Interest expense (Notes 7, 14 and 19)	(24,420,951)	(32,708,533)	(45,211,682)
Interest income (Notes 4 and 10)	8,328,825	8,329,148	10,336,657
Gain on deconsolidation of a subsidiary (Note 9)	981,123,113	-	-
Gain on sale of investment properties (Note 11)	354,076,296	-	-
Other income (charges) - net (Notes 6, 10 and 21)	(9,549,117)	4,981,203	(4,160,170)
INCOME (LOSS) BEFORE INCOME TAX	1,400,241,624	128,177,748	(37,695,896)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)			
Current	82,940,565	23,664,507	2,196,323
Deferred	2,550,268	(2,687,002)	(1,465,212)
	85,490,833	20,977,505	731,111
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	1,314,750,791	107,200,243	(38,427,007)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX (Note 9)	(8,243,416)	37,676,951	52,153,799
NET INCOME	1,306,507,375	144,877,194	13,726,792
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Fair value gain (loss) on debt instruments at FVOCI (Note 10)	(3,926,564)	3,335,894	1,748,093
Fair value loss (gain) on financial assets at FVOCI realized through sale (Note 10)	(88,017)	-	71,435
	(4,014,581)	3,335,894	1,819,528
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Fair value gain on equity investments at FVOCI (Note 10)	35,734,296	23,567,453	12,244,660
Remeasurement gain (loss) on retirement benefits (Note 22)	6,088,153	9,825,929	(12,931,847)
Income tax effect	-	(2,456,482)	3,232,961
	41,822,449	30,936,900	2,545,774
TOTAL OTHER COMPREHENSIVE INCOME	37,807,868	34,272,794	4,365,302
TOTAL COMPREHENSIVE INCOME	₱1,344,315,243	₱179,149,988	₱18,092,094
Net Income (Loss) from Continuing Operations Attributable To			
Equity of holders of the Parent Company	₱1,314,750,791	₱107,200,243	(₱38,427,007)
Non-controlling interest	-	-	-
	₱1,314,750,791	₱107,200,243	(₱38,427,007)

(Forward)



	Years Ended December 31		
	2025	2024	2023
Total Net Income (Loss) Attributable To			
Equity of holders of the Parent Company	₱1,310,299,085	₱130,059,273	(₱7,646,834)
Non-controlling interest	(3,791,710)	14,817,921	21,373,626
	₱1,306,507,375	₱144,877,194	₱13,726,792
Total Comprehensive Income (Loss) Attributable To			
Equity of holders of the Parent Company	₱1,335,041,550	₱159,280,078	(₱6,164,812)
Non-controlling interest	9,273,693	19,869,910	24,256,906
	₱1,344,315,243	₱179,149,988	₱18,092,094
BASIC/DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (Note 25)	₱8.74	₱0.87	(₱0.05)

See accompanying Notes to Consolidated Financial Statements.



LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Equity Attributable to Equity Holders of the Parent Company							Non-controlling Interests (Note 9)	Total
	Other Components of Equity			Other Components of Equity of Disposal Group Classified as Held for Distribution to Owner		Retained Earnings (Note 16)	Total		
	Capital Stock (Note 16)	Fair Value Changes on Financial Assets at FVOCI (Note 10)	Accumulated Remeasurement Gains (Losses) on Retirement Benefits (Note 22)	Distribution to Owner (Note 9)					
BALANCES AT JANUARY 1, 2025	₱1,500,000,000	₱12,308,248	(₱5,334,084)	(₱149,090,229)	₱806,229,896	₱2,164,113,831	₱204,177,480	₱2,368,291,311	
Net income	–	–	–	–	1,310,299,085	1,310,299,085	(3,791,710)	1,306,507,375	
Other comprehensive income	–	160,711	6,088,153	18,493,541	–	24,742,465	13,065,403	37,807,868	
Total comprehensive income	–	160,711	6,088,153	18,493,541	1,310,299,085	1,335,041,550	9,273,693	1,344,315,243	
Cash dividends declared (Note 16)	–	–	–	–	(810,000,000)	(810,000,000)	–	(810,000,000)	
Property dividend distribution (Notes 9 and 16)	–	–	–	–	(509,250,000)	(509,250,000)	–	(509,250,000)	
Deconsolidation of a subsidiary (Note 9)	–	–	–	130,596,688	(130,596,688)	–	(213,451,173)	(213,451,173)	
BALANCES AT DECEMBER 31, 2025	₱1,500,000,000	₱12,469,019	₱754,069	₱–	₱666,682,293	₱2,179,905,381	₱–	₱2,179,905,381	
BALANCES AT JANUARY 1, 2024	₱1,500,000,000	(₱164,223,449)	(₱7,113,421)	–	₱1,021,170,623	₱2,349,833,753	₱184,307,570	₱2,534,141,323	
Net income	–	–	–	–	130,059,273	130,059,273	14,817,921	144,877,194	
Other comprehensive income	–	21,484,174	7,736,631	–	–	29,220,805	5,051,989	34,272,794	
Total comprehensive income	–	21,484,174	7,736,631	–	130,059,273	159,280,078	19,869,910	179,149,988	
Cash dividends declared (Note 16)	–	–	–	–	(345,000,000)	(345,000,000)	–	(345,000,000)	
Discontinued operation (Note 9)	–	155,047,523	(5,957,294)	(149,090,229)	–	–	–	–	
BALANCES AT DECEMBER 31, 2024	₱1,500,000,000	₱12,308,248	(₱5,334,084)	(₱149,090,229)	₱806,229,896	₱2,164,113,831	₱204,177,480	₱2,368,291,311	
BALANCES AT JANUARY 1, 2023	₱1,500,000,000	(₱174,278,934)	₱1,460,042	–	₱1,195,917,457	₱2,523,098,565	₱97,950,664	₱2,621,049,229	
Net loss	–	–	–	–	(7,646,834)	(7,646,834)	21,373,626	13,726,792	
Other comprehensive income (loss)	–	10,055,485	(8,573,463)	–	–	1,482,022	2,883,280	4,365,302	
Total comprehensive income (loss)	–	10,055,485	(8,573,463)	–	(7,646,834)	(6,164,812)	24,256,906	18,092,094	
Cash dividends declared (Note 16)	–	–	–	–	(105,000,000)	(105,000,000)	–	(105,000,000)	
Subsidiary's stock dividend declaration to non-controlling interest (Note 9)	–	–	–	–	(62,100,000)	(62,100,000)	62,100,000	–	
BALANCES AT DECEMBER 31, 2023	₱1,500,000,000	(₱164,223,449)	(₱7,113,421)	–	₱1,021,170,623	₱2,349,833,753	₱184,307,570	₱2,534,141,323	

See accompanying Notes to Consolidated Financial Statements.



LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax from continuing operations	₱1,400,241,624	₱128,177,748	(₱37,695,896)
Income (loss) before income tax from discontinued operations (Note 9)	(6,780,007)	52,568,368	83,484,549
Adjustments to reconcile profit before income tax to net cash flows:			
Gain on deconsolidation of a subsidiary (Note 9)	(981,123,113)	–	–
Gain on sale of investment properties (Note 11)	(354,076,296)	–	(88,637,478)
Interest expense (Notes 7, 14 and 19)	75,327,800	97,867,550	88,832,123
Depreciation and amortization (Notes 11, 12, 18 and 19)	57,862,265	82,476,133	71,547,860
Dividend income (Notes 6, 9 and 10)	(25,039,702)	(25,111,761)	(14,148,924)
Interest income (Notes 4, 9 and 10)	(8,389,312)	(8,359,108)	(10,355,966)
Fair value loss on financial assets at FVTPL (Notes 6 and 21)	(3,951,990)	1,784,275	42,831,799
Change in net retirement asset (Note 22)	1,355,706	297,875	1,932,027
Unrealized foreign currency exchange loss (gain)	(495,346)	55,761	(736,275)
Loss (gain) on sale of debt securities at FVOCI (Note 10)	(88,017)	–	71,435
Gain on sale of financial assets at FVTPL (Notes 6)	–	320,079	(728,239)
Change in net retirement liability (Note 22)	–	2,911,971	–
Provision for input tax	–	53,214	250,785
Gain on sale of property, plant and equipment	–	–	(2,575,595)
Loss on pretermination of lease contract	–	–	1,997,784
Working capital changes:			
Decrease (increase) in:			
Receivables	435,639,606	(20,103,747)	103,038,130
Inventories	(51,475,089)	100,567,225	346,471,260
Accrued rent	2,003,191	(7,298,945)	(435,699)
Prepaid expenses and other current assets	61,305,214	(26,166,500)	(34,711,974)
Increase (decrease) in:			
Accounts payable and other current liabilities	31,692,588	(438,232,590)	18,350,841
Deposits on long-term leases	(7,056,172)	10,536,972	(167,764)
Unearned rental income	7,848,993	(1,793,753)	2,304,702
Cash generated from operations	634,801,943	(49,449,233)	570,919,485
Income taxes paid	(47,043,666)	(31,158,106)	(33,338,151)
Interest received	8,389,312	8,359,108	10,355,966
Net cash provided by (used in) operating activities	596,147,589	(72,248,231)	547,937,300
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of:			
Investment properties (Note 11 and 30)	(6,862,188)	(9,115,579)	(16,963,133)
Property, plant and equipment (Note 12)	(40,792,475)	(55,141,588)	(19,922,988)
Financial assets at FVTPL (Note 6)	–	–	(9,497,644)
Financial assets at FVOCI (Note 10)	–	–	(225,002,500)
Proceeds from:			
Sale of investment properties (Note 11)	355,872,550	–	89,285,714
Redemption of financial assets at FVOCI (Note 10)	29,997,500	119,030,000	44,000,000
Sale of financial assets at FVTPL (Note 6)	–	17,627,220	62,686,239
Sale of property and equipment	–	–	3,107,142
Disposal of a subsidiary (see Note 9)	(65,501,956)	–	–
Dividends received	25,039,702	25,111,761	14,148,924
Decrease (increase) in other noncurrent assets	41,490,393	(215,090,510)	752,911
Net cash provided by (used in) investing activities	339,243,526	(117,578,696)	(57,405,335)

(Forward)



	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of bank loans (Note 14)	344,000,000	606,000,000	₱113,000,000
Payments of:			
Loan payments (Note 14)	(199,735,294)	(242,470,588)	(358,970,588)
Dividends paid (Note 16)	(980,896,104)	(44,631,810)	(99,934,945)
Interest paid	(69,706,484)	(92,298,101)	(87,914,945)
Installment payable	(38,155,119)	(26,219,677)	(18,381,857)
Payable to a related party	-	-	(37,730,000)
Net cash provided by (used in) financing activities	(944,493,001)	200,379,824	(489,932,335)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	495,346	(55,761)	736,275
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,606,540)	10,497,136	1,335,905
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Notes 4 and 9)	108,897,752	98,400,616	97,064,711
CASH AND CASH EQUIVALENTS AT END OF YEAR (Notes 4 and 9)	₱100,291,212	₱108,897,752	₱98,400,616

See accompanying Notes to Consolidated Financial Statements.



LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Liberty Flour Mills, Inc. (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 26, 1958. On December 28, 2008, the Parent Company extended its corporate life for another 50 years. The Parent Company is engaged primarily in the manufacture of flour, utilization of its by-products and the distribution and sales of its produce. The common shares of the Parent Company were listed beginning January 24, 1966 and have been traded in the Philippine Stock Exchange (PSE) since then.

Following are the Parent Company's subsidiaries and the respective ownership as at December 31, 2025 and 2024:

	Country of Incorporation	Principal Activities	Percentage of Ownership	
			2025	2024
LFM Properties Corporation (LPC) ^(a)	Philippines	Leasing out office spaces and condominium units	0.40%	58.60%
Liberty Engineering Corporation (LEC) ^(b)	Philippines	Sale, lease and purchase of equipment and machinery	100.00%	100.00%

(a) Registered with the SEC on December 18, 1995. Deconsolidated in August 2025 (see Note 9).

(b) Registered with the SEC on December 10, 1965. Extended its corporate life for another 50 years from December 31, 2015.

The Parent Company and its subsidiaries are collectively referred to in the consolidated financial statements as “the Group”. The Parent Company's registered office is 7F Liberty Building, 835 A. Arnaiz Avenue, Makati City.

On May 29, 2024, the Parent Company's Board of Directors (BOD) approved the declaration of property dividends in the form of 14.55 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of ninety-seven (97) shares of LPC for every one (1) share of the Parent Company, to eligible stockholders of the Parent Company as of record date of June 19, 2024. In August 2025, the SEC approved the property dividend distribution (see Notes 9 and 16).

Business Operations of the Parent Company

The Parent Company has been operating under the authorization of a Certificate of Non-Conformance (CNC) issued by the Mandaluyong City Government in accordance with applicable Mandaluyong City ordinances which include the Zoning Ordinance. Under the Zoning Ordinance and the Comprehensive Land Use Plan guidebook published by the Housing and Land Use Regulatory Board (HLURB), a CNC is issued to owners of non-conforming uses existing at the time of the adoption of the Zoning Ordinance. The CNC legally permits the Parent Company's flour mill operations in an area now designated and zoned for high-density mixed development use. The CNC is issued in accordance with the zoning ordinances of Mandaluyong City, as well compliance with the conditions for the lawful use or operation of the subject area. Failure to comply with the conditions stipulated in the CNC shall render the certificate null and void and shall constitute a violation of the Zoning Ordinance subject to criminal and/or administrative action. In October 2024, the Parent Company is able to meet the conditions indicated therein. The CNC is secured every two years, with the Parent Company's latest renewal in 2024 valid until November 2026.



Management assessed that the Parent Company can continue its business operations and secure the renewal of the CNC every two years on the basis of the following:

- The Parent Company has been in existence since 1958, preceding the enactment of the relevant zoning ordinances of Mandaluyong City, and able to secure the CNC for the past 2 decades since its effectivity;
- The HLURB acknowledges the continuity of non-confirming activities existing prior to the approval of zoning ordinances for local governments at the city/municipal levels through the issuance of a CNC;
- The Mandaluyong City zoning ordinance provides that vested rights upon the effectivity of such ordinance shall not be impaired;
- There has been no indication, nor notice from the Mandaluyong City local government of its intention to revise the land use plan which would create an obstacle to the continued operations of the flour mill in the area; and
- The peaceful state of operations has been continued to the current date without any indication that would prompt a change in the circumstances.

Management is undertaking a review of the operations and intends to conduct study of the strategic plans for the Parent Company.

Authorization for Issuance of the Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on March 25, 2026.

2. **Material Accounting Policy Information**

Basis of Preparation

The consolidated financial statements of the Group are prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The consolidated financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The consolidated financial statements are presented in Philippine peso (peso), which is the Group's functional and presentation currency, and rounded to the nearest peso except as otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 of each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the following criteria are met:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.



Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, and income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

On a loss of control of a subsidiary, the Group deconsolidates the assets and liabilities and any non-controlling interest relating to a former subsidiary. Any retained interest in the former subsidiary is measured at fair value. A gain or loss is recognized in profit or loss in the consolidated statement of comprehensive income equal to the fair values of the consideration received and retained interest less the carrying amounts of the assets and liabilities and any non-controlling interest in the subsidiary that is deconsolidated. As the intragroup elimination no longer applies, any deferred gain on the Parent Company's sale to a subsidiary in the past is realized and forms part of the gain or loss. Accumulated remeasurement gains or losses on retirement benefits and fair value changes on equity instruments at FVOCI would not be reclassified to profit or loss when the parent loses control of the subsidiary but transferred to retained earnings.

Disposal Group Held for Distribution to Owners and Discontinued Operations

The Group classifies noncurrent assets and disposal group as held for distribution to owners if their carrying amounts will be recovered principally through distribution to owners. As such, noncurrent assets and disposal groups are measured at the lower of their carrying amounts and fair value less costs to distribute (i.e., the incremental costs directly attributable to the distribution, excluding finance costs and income taxes).

The Group regards the criteria for held for distribution to owners classification as met only when:

- the Group is committed to the plan to distribute the asset or disposal group to the owners, which should be available for immediate distribution in its present condition;
- the distribution is highly probable (i.e., expected to happen within one year from the date of the classification); and
- actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

The Group presents separately the assets and liabilities of disposal group classified as held for distribution to owners in the consolidated statement of financial position.



The Group classifies a disposal group as discontinued operation if it is a component of the Group that either has been disposed of, or is classified as held for distribution to owners, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group excludes discontinued operations from the results of continuing operations and presents them as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income. The Group re-present the prior periods results of discontinued operations in the statements of comprehensive income so that the disclosures relate to all operations that have been discontinued by the end of the reporting period.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standard effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of this new standard did not have an impact on the consolidated financial statements of the Group.

▪ Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*



Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
 - Required totals, subtotals and new categories in the statement of profit or loss
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation

The Group is currently assessing the impact of adopting PFRS 18 in its financial reporting, including its data collection process.

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Fair Value Measurement

The Group measures financial instruments, such as financial assets at FVTPL and financial assets at FVOCI at fair value at the end of reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable



- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

“Day 1” Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and the fair value (a “Day 1” difference) in the consolidated statement of comprehensive income. In cases where data which is not observable is used, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.



The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortized cost (debt instruments).* This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
 - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, receivables and refundable deposits recorded under "Other noncurrent assets" are included in this category as at December 31, 2025 and 2024.

- *Financial assets at FVOCI (debt instruments).* The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
 - The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group's debt instruments at FVOCI includes government and corporate bonds as at December 31, 2025 and 2024.

- *Financial assets designated at FVOCI (equity instruments).* Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as



a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial asset designated at FVOCI includes quoted and unquoted equity investments as at December 31, 2025 and 2024.

- *Financial assets at FVTPL.* Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristic and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded with a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

The Group has no derivative asset as at December 31, 2025 and 2024.

Impairment of financial assets. The Group recognizes an expected credit loss (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



ECLs are recognized in two stages, as follows: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90-180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities consist only of loans and borrowings. As at December 31, 2025 and 2024, the Group's loans and borrowings consist of notes payable, accounts payable and other current liabilities and deposits on long-term leases. The Group has no financial liabilities at FVTPL or derivatives designated as hedging instruments in an effective hedge and no freestanding or embedded derivatives as at December 31, 2025 and 2024.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium or acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is recognized in profit or loss.

Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as a liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or



- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The contractual right to receive cash flows from the financial asset has expired; or
- the Group retains the right to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a “pass-through” arrangement and has neither transferred nor retained substantially all the risk and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is extinguished, i.e., when discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.



Inventories

Inventories are valued at the lower of cost (computed using the first-in, first-out method for raw materials and using moving-average for finished goods) and net realizable value (NRV). Cost of finished goods such as flour and mill feeds represents the costs of direct materials, direct labor and a proportion of production overhead. Cost of raw materials such as wheat grains represents the cost of purchase and other costs directly attributable to its acquisition. NRV is the selling price in the ordinary course of business less the costs of completion and the estimated costs necessary to make the sale.

Prepaid Expenses and Other Current Assets

Value-added Tax. Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable included as part of “Accounts payable and other current liabilities” in the consolidated statement of financial position.

When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset included as part of “Prepaid expenses and other current assets” in the consolidated statement of financial position to the extent of the recoverable amount.

Store supplies. Store supplies under “Prepaid expenses and other current assets” are incidental items necessary for maintenance activities that are expected to be consumed within the 12 months or within the normal operating cycle.

Prepayments. Prepayments are expenses paid in advance are recorded as asset before they are utilized. This account comprises insurance premiums, and other prepaid items. The insurance premiums and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepayments that are expected to be realized within 12 months from the balance sheet date are classified as current assets, otherwise these are classified as other noncurrent assets.

Advances to suppliers. Advances to suppliers represents deposits on order placement to suppliers.

Investment Properties

Investment properties consist of properties (land or a building or part of a building or a combination) held to earn rentals or for capital appreciation or both, rather than for:

- a. use in the production or supply of goods or services or for administrative purposes; or
- b. sale in the ordinary course of business.

These assets, except for land, are measured at cost, including transaction costs less accumulated depreciation and accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Land is carried at cost (initial purchase price and other cost directly attributable to such property) less any impairment in value.



Depreciation is computed on a straight-line basis over the estimated lives of the properties:

	<u>Number of Years</u>
Condominium units	10-25
Building and building improvements	10

Investment properties are derecognized either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of comprehensive income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Construction in progress is stated at cost. Such cost includes cost of constructive and other direct costs, cost of replacing part of the investment property and borrowing costs for long-term construction projects if the recognition criteria are met. Construction in progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property, plant and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged in profit or loss in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional costs of the property, plant and equipment.

Depreciation commences once the assets are available for use. Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

	<u>Number of Years</u>
Land improvements	20
Mill machinery and equipment	10
Building and building equipment	10–20
Transportation equipment	3–5
Other equipment	2–5
Leasehold improvements	Straight-line method based on the estimated useful life of the leased asset or the term of the lease, whichever is shorter



Impairment of Nonfinancial Assets

The carrying values of nonfinancial assets (investment properties, property, plant and equipment and other nonfinancial assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The estimated recoverable amount of an asset is the higher of an asset's fair value less costs to sell and value-in-use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction less costs of disposal while value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Capital Stock

Capital stock is measured at par value for all shares issued and outstanding. When the Parent Company purchases its own capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. Other comprehensive income (loss) includes gains and losses on changes in fair value of financial assets at FVOCI in 2025 and 2024, and remeasurement gains or losses on retirement benefits.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, dividend distributions, prior period adjustments, effects of the changes in accounting policy and other capital adjustments.

Dividend Distribution

Dividends on common shares are deducted from unappropriated retained earnings when approved by the BOD of the Parent Company, except for stock dividends and property dividends, which also require the approval by the SEC. Cash and property dividends are recognized as a liability while stock dividends are recognized as additional issued shares. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Distribution of Non-cash Assets to Owners

Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners*, provides that the liability to pay a dividend shall be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity, which is the date: (a) when declaration of the dividend, e.g. by management or the board of directors, is approved by the relevant authority, e.g. the shareholders, if the jurisdiction requires such approval, (b) when the dividend is declared, e.g. by management or the board of directors, if the jurisdiction does not require further approval. Further, it requires that an entity shall measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed (stock price in the case of investment in listed/quoted shares). IFRIC 17, however, does not apply when the non-cash asset is ultimately controlled by the same party or parties before and after the distribution. In such cases, the Parent Company measures the liability



to distribute non-cash assets as a dividend to its owners at the carrying amount of the assets to be distributed.

Basic/Diluted Earnings per Share

Basic earnings per share are computed by dividing net income for the year by the weighted average number of common shares, excluding treasury stock, outstanding during the year.

Diluted earnings per share is calculated by dividing the income for the year attributable to common stockholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potentially dilutive common shares, if any. The Parent Company has no dilutive shares.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. Revenue is recognized when the Group satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent and concluded that it is acting as a principal in all arrangements.

The following specific recognition criteria must be met before revenue is recognized:

Sales. Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Bill-and-hold arrangement. The following criteria must be met for a customer to have obtained control of a product:

- the reason for the bill-and-hold arrangement must be substantive (for example, the customer has requested the arrangement);
- the product must be identified separately as belonging to the customer;
- the product currently must be ready for physical transfer to the customer; and
- the entity cannot have the ability to use the product or to direct it to another customer.

Rental Income

Rental income from operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred specifically to earn revenue from an operating lease are recognized as an expense in profit or loss in the period in which they are incurred.

Interest Income

Interest income is recognized as the interest on cash in banks, loans receivable and investment in debt securities accrues.



Dividend Income

Dividend income is recognized from investments in equity securities when the Group's right to receive the payment is established.

Other Income

Other income includes income from projects from which revenue is recognized when the performance of contractually agreed tasks has been rendered.

Costs and Expenses

Costs and expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability, other than equity transactions with equity holders, has arisen that can be measured reliably.

Costs of Sales. Cost of sales is recognized as expense when the related goods are sold.

Costs of Services. Cost of services includes expenses incurred for the generation of revenue from rental income. Cost of services is expensed as incurred.

Administrative and Selling Expenses. Administrative expenses constitute costs of administering the business. Selling expenses are costs incurred to sell or distribute the merchandise. Administrative and selling expenses are expensed as incurred.

Leases

The determination whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Company as a Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Borrowing costs include interest charges, foreign exchange differentials that qualify for capitalization and other costs incurred in connection with the borrowing of funds. All other borrowing costs are expensed as incurred.

Retirement Benefit Costs

The Group operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The retirement benefits cost comprises of service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.



Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the defined benefit liability and the return on plan assets (excluding amounts included in the net interest on the defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under “Administrative expenses” in the consolidated statement of comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Income Taxes

Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Current income tax for the current and prior periods shall, to the extent unpaid, be recognized as a liability under “Income tax payable” account in the consolidated statement of financial position.

If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under “Prepaid expenses and other current assets” account in the consolidated statement of financial position.

Deferred Tax. Deferred tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date.

Deferred tax liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each



reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities, and the deferred tax assets relate to the same taxable entity and the same tax authority.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the money and, where appropriate, the risks specific to the liability where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is recognized in profit or loss, net of reimbursement.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefit is probable.

Segment Reporting

The Group's operating business is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segment is presented in Note 30 to the consolidated financial statements. The Group revenue producing segments are located in the Philippines (i.e. geographical location). Therefore, geographical segment information is no longer presented.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and amounts reported in the consolidated financial statements.



In the opinion of management, the consolidated financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates, and such estimates will be adjusted accordingly when the effects become determinable.

Judgments

Classification of Financial Instruments. The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Classification of Assets and Liabilities of a Subsidiary as Held for Distribution to Owners and Results of Operations as Discontinued Operations. With the declaration of LPC shares as property dividends, as of December 31, 2024, the Group assessed that the related assets and liabilities of LPC met the criteria to be classified as held for distribution to owners and the results of operations as discontinued operations for the following reasons:

- LPC represents a separate major line of business within the Group and its revenue, costs, expenses and cash flows can be separately measured.
- The investment in LPC is available for immediate distribution in its present condition.
- The Parent Company's BOD approved the declaration of the Parent Company's ownership interest in LPC as property dividends and approval of the SEC is expected in 2025.

The asset classified as held for distribution to owners was measured at the lower of the carrying amount and fair value less costs to distribute

Classification of Leases- Group as Lessor. The Group has entered into the property leases where it has determined that the risk and rewards related to those properties are retained by the Group. As such, these lease agreements are accounted for as operating leases.

Estimates

Definition of Default and Credit-Impaired Financial Assets. Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 90-180 days past due on its contractual payments, which is consistent with the Group's definition of default, except for trade receivables from related parties which is 180 days past due on its contractual payments.
- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
 - a. The borrower is experiencing financial difficulty or is insolvent;
 - b. The borrower is in breach of financial covenant(s);
 - c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
 - d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes, unless otherwise stated. The default definition has been applied consistently to model the probability of default, loss given default and expected actual default throughout the Group's ECL calculation.



Simplified Approach for Trade Receivables. The Group uses a provision matrix to calculate ECLs for trade receivables from related parties. The provision rates are based on days past due. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of Instruments for Losses Measured on Collective Basis. For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. Since the Group has only three customers, the Group does not model their expected credit loss provisions on a collective basis.

Macro-economic Forecasts and Forward-looking Information. Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use. Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 4 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The allowance for expected credit losses amounted to ₱1.92 million as at December 31, 2025 and 2024. The carrying value of receivables amounted to ₱929.42 million and ₱1,161.06 million as at December 31, 2025 and 2024, respectively (see Note 5).

Evaluation of Net Realizable Value of Inventories. The Group writes down the cost of inventories whenever the net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a periodic basis. Inventory items identified to be obsolete or unusable are written off and charged as expense in the parent statement of comprehensive income.

The Group has no allowance for inventory obsolescence as at December 31, 2025 and 2024. The carrying value of inventories amounted to ₱210.69 million and ₱159.22 million as at December 31, 2025 and 2024, respectively (see Note 7).

Impairment of financial assets at FVOCI (debt instruments). The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).



For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The allowance for impairment loss amounted to ₱11.25 million as at December 31, 2025 and 2024. The carrying value of investment in debt instruments classified as financial assets at FVOCI amounted to ₱83.27 million and ₱107.20 million as at December 31, 2025 and 2024, respectively (see Notes 10 and 28).

Estimation of Fair Value of Investments in Unquoted Equity Securities. The fair values of the unquoted equity securities have been estimated using the adjusted net asset method which involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities and assumes certain discount rates. The determination of discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted equity instruments at fair value, management applied judgment in selecting the valuation technique and used assumptions in estimating the fair value of assets and liabilities. The assets subject to adjustments are property, plant and equipment, retirement benefit assets, financial assets at FVPL and intangible assets.

As at December 31, 2025 and 2024, the carrying value of unquoted financial instruments amounting to ₱12.29 million and ₱10.99 million, approximate their fair values (see Notes 10 and 28).

Fair value of investment properties. The Group is required to disclose for each class of investment properties the fair value of that class of assets in a way that permits it to be compared with the corresponding carrying amount in the consolidated statements of financial position, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these investment properties would affect the disclosures made by management. The fair values of the Group's investment properties are set out in Note 28.

Impairment of investment properties. The Group determines whether there are indications of impairment of the Group's investment properties. Indications of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results.

Determining the fair value of these nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. It requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial condition and results of operations. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

As at December 31, 2025 and 2024, no impairment indicators were identified for the Group's investment properties.



The aggregate carrying value of these assets amounted to ₱705.84 million and ₱704.93 million as at December 31, 2025 and 2024, respectively (see Note 11).

Estimation of Retirement Benefits Liability and Costs. The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rates and salary increase rates. All assumptions are reviewed at each reporting date.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement liabilities. In determining the appropriate discount rate, the Group considers the interest rates in government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit obligation. Further details about defined benefit obligation are presented in Note 22.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect the cost of employee benefits and related obligation.

The carrying value of the Group's net retirement plan asset amounted to ₱1.63 million as at December 31, 2025; and the Group's net retirement plan liability amounted to ₱3.10 million as at December 31, 2024 (see Note 22).

Recognition of Deferred Tax Assets. The Group reviews the carrying amounts of deferred income tax assets at each reporting date and adjusts the balance to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

As at December 31, 2025 and 2024, the Group recognized deferred tax asset on NOLCO amounting to ₱2.55 million (nil as at December 31, 2025) (see Note 24).

As at December 31, 2025 and 2024, the Group did not recognize deferred tax assets on deductible temporary differences, unused NOLCO and net retirement plan amounting to ₱7.97 million and ₱13.37 million, respectively, as management assessed that there will be no sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized (see Note 24). As at December 31, 2025 and 2024, the Group did not also recognize deferred tax asset amounting to ₱6.09 million on fair value loss on financial assets at FVOCI as management believes that that there is no expected sufficient capital gain against which the fair value loss can be offset to realize the benefit of such deferred tax asset (see Note 24).

Provisions and Contingencies. The Group is involved in legal proceedings and tax assessments. The determination of whether any provision should be recognized and the estimation of the potential liability resulting from these assessments require significant judgment and estimate by management. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and implementation of the laws and regulations. The Group currently does not believe these tax assessments and claims could materially reduce its profitability. It is possible, however, that future financial performance could be materially affected by the changes in judgment and estimate or in the effectiveness of strategies relating to these tax assessments and claims (see Note 23).



4. Cash and Cash Equivalents

	2025	2024
Cash on hand	₱5,779,788	₱428,265
Cash in banks	90,416,702	44,329,320
Cash in equivalents	4,094,722	33,008,000
Cash and cash equivalents attributable to continuing operations	₱100,291,212	₱77,765,585
Cash and cash equivalents attributable to discontinued operations (see Note 9)	-	31,132,167
	₱100,291,212	₱108,897,752

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Interest income earned on cash in banks and cash equivalents amounted to ₱2.46 million in 2025, ₱0.12 million in 2024 and ₱0.13 million in 2023.

5. Receivables

	2025	2024
Trade receivables from:		
Related parties (see Notes 17 and 26)	₱895,598,087	₱1,133,303,060
Third parties (see Notes 17)	2,009,291	2,130,130
Rent receivables from:		
Third parties	1,393,093	1,558,404
Related parties (see Note 26)	65,901	169,371
Advances to officers and employees	1,245,722	426,298
Others	31,024,500	25,388,524
	931,336,594	1,162,975,787
Less allowance for expected credit losses (ECL)	1,917,385	1,917,385
	₱929,419,209	₱1,161,058,402

Trade receivables arise from sale of flour and mill feeds. These are noninterest-bearing with average credit terms of 120 days and 90 days for related parties and third parties, respectively.

Rent receivables arise from leasing the Group's investment properties. These include interest-bearing receivables with average credit terms of 30 days. In 2025, 2024 and 2023, no interests have been charged to tenants as the Company's rent receivables were normally collected within the credit term.

Advances to officers and employees are noninterest-bearing and are normally settled through salary deductions within one month from availment date.

Movement in allowance for ECL for trade receivables as follows:

	2025	2024
Beginning balance	₱1,917,385	₱7,841,313
Reversal from continuing operations (see Note 19)	-	(4,874,247)
Written off receivables from discontinued operation	-	(1,049,681)
	₱1,917,385	₱1,917,385



6. Financial Assets at Fair Value through Profit or Loss

Financial assets at FVTPL represents the Group's investment in quoted equity securities held for trading purposes as follows:

	2025	2024
Balance at beginning of year	₱13,124,130	₱41,472,499
Changes in fair value from:		
Continued operation (see Note 21)	1,841,220	(1,282,527)
Discontinued operation	–	(501,748)
Disposals from continued operation	–	(17,947,299)
Reclassification to assets classified as held for distribution to owners (see Note 9)	–	(8,616,795)
	₱14,965,350	₱13,124,130

Dividend income earned on financial assets at FVTPL amounted to ₱0.81 million in 2025, ₱0.64 million in 2024 and ₱0.69 million in 2023.

7. Inventories

	2025	2024
At cost:		
Wheat grains	₱181,127,632	₱122,069,739
Flour	19,908,115	16,940,583
Supplies	9,448,729	11,531,261
Mill feeds	206,462	8,674,266
	₱210,690,938	₱159,215,849

The cost of inventories recognized under “Cost of sales” in the consolidated statements of comprehensive income amounted to ₱944.24 million in 2025, ₱982.20 million in 2024 and ₱1,429.76 million in 2023 (see Note 18).

Under the terms of agreements covering trust receipts, certain inventories have been released to the Parent Company during the year in trust for the banks. The outstanding liabilities under such trust receipts amounted to ₱246.70 million and ₱190.65 million as at December 31, 2025 and 2024, respectively (see Note 15). Interest expense recognized on liabilities under trust receipts amounted to ₱18.39 million in 2025 (based on annual interest of 6.00% to 6.65%), ₱22.98 million in 2024 (based on annual interest of 6.00% to 6.85%) and ₱23.45 million in 2023 (based on annual interest of 6.20% to 7.10%).

The Group has no allowance for inventory obsolescence as at December 31, 2025 and 2024.



8. Prepaid Expenses and Other Current Assets

	2025	2024
Store supplies	₱20,949,806	₱18,539,231
Advances to suppliers	20,545,318	19,548,074
Advance VAT on importation	7,591,300	9,646,010
Utility deposits	3,078,949	3,077,186
Prepaid insurance	2,609,871	2,904,866
Prepaid taxes	2,646,386	2,631,710
Prepaid importation cost	–	11,966,888
Creditable withholding taxes	–	105,236,815
Others	485,248	172,423
	₱57,906,878	₱173,723,203

9. Assets and Liabilities of Disposal Group Classified as Held for Distribution to Owners and Discontinued Operations

On May 29, 2024, the BOD approved the declaration of property dividends in the form of 14.55 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of ninety-seven (97) shares of LPC for every one (1) share of the Parent Company, to eligible stockholders of the Parent Company as of record date of June 19, 2024, subject to SEC approval. The eventual distribution of the Parent Company's investment in LPC shares as property dividends will result to dilution in the Parent Company's ownership to 0.40%, hence, losing control over LPC.

As of December 31, 2024, the Parent Company is still waiting for the SEC's approval for the issuance of such property dividends. This regulatory approval is considered customary for a similar transaction. Accordingly, the assets and liabilities related to LPC were classified as part of a disposal group held for distribution to owners and the results of the operations of LPC were presented as a discontinued operation. The results of discontinued operations in 2024 is presented as "Net income from discontinued operations, net of tax" in the consolidated statement of comprehensive income. As a disclosure requirement of PFRS 5, the Group restated its 2023 and 2022 consolidated statements of comprehensive income to present separately the results of discontinued operations to conform with the 2024 presentation.

On August 5, 2025, the SEC approved the property dividend distribution. Accordingly, the Parent Company recognized the property dividend distribution at fair value amounting to ₱509.25 million and deconsolidated LPC resulting in recognition of a gain on deconsolidation amounting to ₱981.12 million (including deferred gain), as part of the Group's net income from continuing operations in the 2025 consolidated statement of comprehensive income.

The Parent Company's retained interest in LPC was recognized as equity instrument designated at FVOCI with fair value amounting to ₱3.50 million upon deconsolidation.



The details of the results of discontinued operations of LPC are presented below:

	August 5, 2025 (Seven Months)	December 31, 2024 (One Year)	December 31, 2023 (One Year)
RENTAL INCOME	₱129,284,027	₱269,334,697	₱194,836,591
DIRECT COSTS	56,417,366	94,302,332	85,239,642
GROSS PROFIT	72,866,661	175,032,365	109,596,949
OPERATING EXPENSES	31,283,082	57,737,053	31,711,371
INCOME BEFORE OTHER INCOME (CHARGES) AND INCOME TAX	41,583,579	117,769,002	77,885,578
OTHER INCOME (CHARGES)			
Interest expense	(50,906,849)	(65,159,017)	(43,620,441)
Fair value changes of financial assets at FVTPL	2,110,770	(7,738,342)	(42,006,396)
Dividend income	112,640	165,140	394,390
Interest income	60,487	20,219	19,309
Gain on sale of financial assets at FVTPL	-	6,916,515	728,239
Gain on sale of investment properties	-	-	88,637,478
Other income (expense) - net	259,366	594,850	1,446,392
	(48,363,586)	(65,200,634)	5,598,971
INCOME (LOSS) BEFORE INCOME TAX FROM DISCONTINUED OPERATIONS	(6,780,007)	52,568,368	83,484,549
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	1,463,409	12,540,215	31,369,350
Deferred	-	2,351,202	(38,600)
	1,463,409	14,891,417	31,330,750
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(₱8,243,416)	₱37,676,951	₱52,153,799
Total Net Income (Loss) from Discontinued Operations Attributable To			
Equity of holders of the Parent Company (see Note 25)	(₱4,451,706)	₱22,859,030	₱30,780,173
Non-controlling interest	(3,791,710)	14,817,921	21,373,626
	(₱8,243,416)	₱37,676,951	₱52,153,799
BASIC/DILUTED EARNINGS (LOSS) PER SHARE FROM DISCONTINUED OPERATIONS (see Note 25)	(₱0.03)	₱0.15	₱0.21

The assets and liabilities of LPC classified as held for distribution to owners immediately prior to deconsolidation and as at December 31, 2024 are as follows:

	August 5, 2025	December 31, 2024
ASSETS		
Cash	₱65,501,956	₱31,132,167
Receivables	7,881,636	11,711,495
Financial assets at FVTPL	10,727,565	8,616,795
Accrued rent	15,357,238	17,378,429
Prepaid expenses and other current assets	96,093,173	46,160,676
Investment properties	1,704,326,467	754,708,388
Financial assets at FVOCI	171,243,132	139,684,188
Property and equipment	313,959	350,551
Net retirement plan asset	1,544,083	1,544,083
Other noncurrent assets	201,156,275	280,197,886
Assets of disposal group classified as held for distribution to owners	₱2,274,163,484	₱1,291,484,658

(Forward)



	August 5, 2025	December 31, 2024
LIABILITIES		
Notes payable	₱1,190,489,195	₱994,724,489
Accounts payable and other current liabilities	244,069,054	82,284,019
Deposits on long-term leases	49,526,938	54,767,868
Unearned rental income	13,838,540	6,019,546
Deferred tax liability	3,825,241	3,825,241
Other noncurrent liability	51,818,876	51,818,876
Liabilities of disposal group classified as held for distribution to owners	₱1,553,597,844	₱1,193,440,039
Net assets classified as held for distribution to owners	₱720,565,640	₱98,044,619
Other components of equity of disposal group held for distribution to owners	(₱130,596,688)	(₱149,090,229)

The net cash flows directly associated with LPC follow:

	2025 (Seven Months)	2024 (One Year)	2023 (One Year)
Operating activities	₱19,594,173	₱159,376,491	₱95,141,954
Investing activities	269,687,112	(197,255,722)	36,083,472
Financing activities	112,324,054	318,720,167	(139,285,708)
NET CASH INFLOW (OUTFLOW)	₱401,605,339	₱280,840,936	(₱8,060,282)

Non-controlling Interest

On November 25, 2020, the BOD approved the declaration of property dividends in the form of 10.35 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of sixty-nine (69) shares of LPC for every one (1) share of the Parent Company, to eligible stockholders of the Parent Company as of record date of December 18, 2020. Accordingly, the Parent Company recognized dividends payable amounting to ₱88.0 million, equivalent to the proportionate carrying value of investment in LPC declared as property dividends representing 41.40% of LPC's outstanding capital stock. The declaration and distribution of the LPC shares to its shareholders as property dividends did not result in a loss of control as the Parent Company retains 58.60% of LPC's total shares outstanding.

In August 2021, the Parent Company secured the SEC's approval. In November 2021, the application for eCAR has been approved by the BIR but the release of eCARs was partially done for the 439 stockholders by the BIR. The stock certificates for property dividends were distributed on June 30, 2022.

Subsidiary's Declaration of Stock Dividends. On March 27, 2023, the BOD of LPC has approved the declaration of stock dividends in the total amount of ₱150,000,000 corresponding to 15,000,000,000 common shares and the amendment of the Articles of Incorporation (AOI) increasing authorized capital stock to seven hundred million pesos (₱700,000,000) which will increase the common shares to seventy billion (70,000,000,000) with a par value of ₱0.01 per share. The stock dividend declaration was ratified during the Annual Stockholders' Meeting held last July 26, 2023. LPC's stock dividend declaration resulted in recognition of noncontrolling interest amounting to ₱62.1 million. On October 15, 2025, the BOD of LPC readopts and reaffirms the resolution passed during the meeting held on November 20, 2024, providing that the entire stock dividend shall be sourced from the increase in LPC's authorized capital stock, and that such stock dividend shall be utilized to fund LPC's capital increase.



Financial information of subsidiary that has material non-controlling interest is provided below:

Proportion of equity interest held by non-controlling interests owning 41.40% immediately prior to deconsolidation and as at December 31, 2024 follows:

	August 5, 2025	December 31, 2024
Accumulated balances of non-controlling interest	₱213,451,173	₱204,177,480
Total comprehensive income allocated to non-controlling interest	9,273,693	19,869,910

10. Financial Assets at Fair Value through Other Comprehensive Income

	2025	2024
Debt securities	₱83,270,600	₱107,197,164
Equity securities:		
Quoted	327,568,714	331,190,056
Unquoted	12,293,197	10,994,003
	₱423,132,511	₱449,381,223

The Company did not purchase equity securities in 2025 and 2024.

The Group has redeemed the debt securities upon maturity with a carrying value amounting to ₱20.00 million and ₱80.00 million in 2025 and 2024, respectively. The Group also sold quoted equity securities with a carrying amount of ₱10.00 million and ₱39.03 million in 2025 and 2024, respectively.

Fair value changes on financial assets at FVOCI follow:

	2025	2024
Balance at beginning of year	₱12,308,248	(₱169,685,926)
Fair value gain recognized in other comprehensive income from:		
Continuing operation:		
Equity securities	4,175,352	10,477,664
Debt securities	(3,926,564)	3,335,894
Discontinued operation*	-	13,089,789
Fair value gain realized through sale (see Note 21)	(88,017)	-
Reclassification to other component of equity of disposal group classified as held for distribution to owners (including noncontrolling interest of ₱0.04 million)	-	155,090,827
Balance at end of year	₱12,469,019	₱12,308,248

*Fair value gain on equity investment at FVOCI from discontinued operations in 2025 amounted to ₱31.56 million

Interest income earned on debt securities amounted to ₱5.87 million in 2025, ₱8.21 million in 2024 and ₱10.23 million in 2023. Dividend income earned on equity securities amounted to ₱24.12 million in 2025, ₱24.30 million in 2024 and ₱13.06 million in 2023.



The Group debt securities includes Russian debt securities. In February 2022, a number of countries (including Australia, EU, Japan, Singapore, UK, the US and others) imposed new sanctions against Russian government entities, state-owned enterprises or sanctioned entities and individuals linked to Russia anywhere in the world and announcements of potential additional sanctions following the conflict in Ukraine initiated on February 24, 2022. Subsequently, new sanctions have been imposed. Sanctions have also been imposed on Belarus. Due to ongoing war between Russia and Ukraine and continuous decline in market value, the Group retained its allowance for impairment loss on debt securities amounting to ₱11.25 million, which was recognized in 2022.

11. Investment Properties

	2025		
	Land	Building and Building Improvements	Total
Cost			
Balance at beginning of year	₱690,234,088	₱54,932,926	₱745,167,014
Additions	–	6,062,276	6,062,276
Disposals	(1,796,254)	–	(1,796,254)
Balance at end of year	688,437,834	60,995,202	749,433,036
Accumulated Depreciation			
Balance at beginning of year	–	40,241,292	40,241,292
Depreciation	–	3,349,655	3,349,655
Balance at end of year	–	43,590,947	43,590,947
Net book values	₱688,437,834	₱17,404,255	₱705,842,089

	2024		
	Land	Building and Building Improvements	Total
Cost			
Balance at beginning of year	₱992,517,963	₱1,021,562,699	₱2,014,080,662
Additions	–	9,115,579	9,115,579
Transfer to a disposal group (see Note 9)	(302,283,875)	(975,745,352)	(1,278,029,227)
Balance at end of year	690,234,088	54,932,926	745,167,014
Accumulated Depreciation			
Balance at beginning of year	–	507,360,810	507,360,810
Depreciation	–	56,201,321	56,201,321
Transfer to a disposal group (see Note 9)	–	(523,320,839)	(523,320,839)
Balance at end of year	–	40,241,292	40,241,292
Net book values	₱690,234,088	₱14,691,634	₱704,925,722

The Group leases out spaces in its building under various operating leases (see Note 27).



Rental income and the related expenses recognized on the office spaces of the Group's building are as follows:

	2025	2024	2023
Rental income	₱15,123,506	₱14,543,155	₱42,482,691
Direct operating expenses:			
Depreciation and amortization	4,195,323	1,864,457	2,618,800
Outside services	2,195,318	1,759,434	4,669,313
Communication, light and water	993,062	835,521	1,118,518
Repairs and maintenance	44,420	–	180,670
Insurance and others	434,330	295,046	1,292,263
	7,862,453	4,754,458	9,879,564
	₱7,261,053	₱9,788,697	₱32,603,127

Direct operating expenses incurred for non-income generating properties amounted to ₱3.35 million in 2025, ₱5.91 million in 2024 and ₱4.91 million in 2023.

Depreciation expense charged to operation is as follows:

	2025	2024	2023
Continuing operations	₱3,349,655	₱10,998,378	₱1,891,177
Discontinued operation	26,669,413	45,202,943	43,197,551
	₱30,019,068	₱56,201,321	₱45,088,728

The Group has refundable deposits for utilities installation on its investment properties amounting to ₱0.37 million and ₱0.45 million as at December 31, 2025 and 2024, presented as part of "Other noncurrent assets" in the consolidated statements of financial position (see Note 13).

On December 10, 2025, the Parent Company sold to Haus Talk, Inc. (HTI) certain parcels of land in Angono and Teresa Rizal with an aggregate carrying value of ₱1.80 million for a total consideration of ₱366.88 million, resulting in a gain on sale of ₱354.08 million.

The aggregate fair value of investment properties amounted to ₱6.78 billion and ₱5.30 billion as at December 31, 2025 and 2024, respectively. These have been determined based on valuations performed by a qualified and independent appraiser accredited by the SEC in 2025 and 2024. The valuation undertaken considered the highest and best use and established estimated value by processes involving comparison (Level 3). Management assessed that the fair value of certain investment properties as at December 31, 2025 approximates the fair value from the last independent valuation as no significant changes on the properties have taken place since the latest appraisal, or will take place in the near future, in the market, economic or legal environment in which the Group operates or in the market to which the investment property is dedicated.

The following describes the valuation techniques used and key inputs to valuation of investment properties:

2025 and 2024			
	Current use	Valuation technique	Significant unobservable input
Land	Commercial Parking space	Market Approach	Adjusted sales price of comparable properties
Building and building improvements	Commercial	Cost Approach	Current market prices of similar materials, labor, contractors' overhead and manufactured equipment



Significant increases (decreases) in estimated inputs above would result in a significantly higher (lower) fair value of the properties.

The highest and best use of the Parent Company’s land and building is as commercial utility, which is their current use. The highest and best use of land held for capital appreciation at measurement date would be for residential utility or development. For strategic reasons, the land is not being used in this manner.

Land Acquisition. On January 12, 2024, the Parent Company entered into a Memorandum of Agreement amending the payment schedule (per request of the Seller) of the September 2022 contract of Conditional Sale entered into by the Parent Company for the purchase of land for a consideration of ₱18.69 million (exclusive of VAT) payable on installment basis where earnest money amounting to ₱2.80 million has been paid at that time.

Advance payment made in 2024 amounted to ₱4.00 million (exclusive of VAT), which was recognized as deposit under “Other noncurrent assets” in the 2024 consolidated statement of financial position. The unpaid consideration shall be paid upon the fulfillment of certain conditions under the Agreement.

12. Property, Plant and Equipment

	2025							Total
	Land and Land Improvements	Mill Machinery and Equipment	Building and Building Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction In Progress	
Cost								
Beginning balances	₱25,335,572	₱473,745,573	₱205,486,068	₱50,924,356	₱-	₱41,749,117	₱36,523,729	₱833,764,415
Additions	-	11,087,770	10,237,678	12,188,590	-	5,543,218	1,674,094	40,731,350
Reclassification	664,000	-	36,507,410	-	-	-	(37,171,410)	-
Ending balances	25,999,572	484,833,343	252,231,156	63,112,946	-	47,292,335	1,026,413	874,495,765
Accumulated Depreciation								
Beginning balances	20,360,828	259,144,361	115,852,214	49,093,971	-	36,749,497	-	481,200,871
Depreciation and amortization (see Notes 18 and 19)	978,535	14,835,640	7,755,243	2,874,505	-	1,301,557	-	27,745,480
Ending balances	21,339,363	273,980,001	123,607,457	51,968,476	-	38,051,054	-	508,946,351
Net Book Values	₱4,660,209	₱210,853,342	₱128,623,699	₱11,144,470	₱-	₱9,241,281	₱1,026,413	₱365,549,414

	2024							Total
	Land and Land Improvements	Mill Machinery and Equipment	Building and Building Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction In Progress	
Cost								
Beginning balances	₱25,335,572	₱458,207,206	₱202,253,925	₱50,816,974	₱839,842	₱47,290,936	₱1,847,488	₱786,591,943
Additions	-	15,538,367	3,232,143	307,382	-	1,387,455	34,676,241	55,141,588
Transfer to a disposal group (see Note 9)	-	-	-	(200,000)	(839,842)	(6,929,274)	-	(7,969,116)
Ending balances	25,335,572	473,745,573	205,486,068	50,924,356	-	41,749,117	36,523,729	833,764,415
Accumulated Depreciation								
Beginning balances	19,382,293	244,640,182	108,695,887	47,856,652	839,842	41,129,768	-	462,544,624
Depreciation and amortization (see Notes 18 and 19)	978,535	14,504,179	7,156,327	1,437,319	-	2,198,452	-	26,274,812
Transfer to a disposal group (see Note 9)	-	-	-	(200,000)	(839,842)	(6,578,723)	-	(7,618,565)
Ending balances	20,360,828	259,144,361	115,852,214	49,093,971	-	36,749,497	-	481,200,871
Net Book Values	₱4,974,744	₱214,601,212	₱89,633,853	₱1,830,385	₱-	₱4,999,620	₱36,523,729	₱352,563,544

Depreciation expense charged to operation is as follows:

	2025*	2024	2023
Continuing operations	₱27,745,480	₱25,271,370	₱25,287,963
Discontinued operations	97,717	1,003,442	1,171,169
	₱27,843,197	₱26,274,812	₱26,459,132

*Discontinued operations up to August 5, 2025



13. Other Noncurrent Assets

	2025	2024
Advances to suppliers (see Note 11)	₱46,231,078	₱8,602,688
Refundable deposits (see Note 10)	368,515	445,687
Others	1,022,000	1,022,000
	₱47,621,593	₱10,070,375

Advances to suppliers primarily pertain to advance payments to suppliers for the renovation and improvements of the facilities and for future purchase of land (see Note 11).

14. Notes Payable

On various dates during 2025, the Parent Company availed the ₱80.00 million short-term loans availed in 2025 with terms of 180-360 days at 6.0% to 6.65% interest per annum for 2025.

On various dates during 2024, the Parent Company rolled over the ₱131.50 million short-term loans availed in 2023 with terms of 180-360 days at 6.5% to 6.80% interest per annum for 2024.

On various dates, the Group availed short-term loans in 2023 (with interest ranging from 6.2% to 6.75%) totaling ₱113.00 million for land acquisitions and for payment of trust receipts for the importation of wheat grains, with terms of 360 days at 3.00% to 7.00% and 3.00% to 7.00% interest per annum for 2022. On various dates during 2023, the Group rolled over the ₱342.50 million short-term loans availed in 2022.

The future expected principal settlements of the Group's notes payable within one year amounted to ₱80.00 million and ₱131.50 million as at December 31, 2025 and 2024, respectively (nil beyond one year).

Interest expense on notes charged to operations follows:

	2025*	2024	2023
Continuing operations (see Note 19)	₱6,027,868	₱9,729,825	₱21,765,555
Discontinued operation	44,809,768	61,530,178	41,725,676
	₱50,837,636	₱71,260,003	₱63,491,231

*Discontinued operations up to August 5, 2025.

15. Accounts Payable and Other Current Liabilities

	2025	2024
Liabilities under trust receipts (see Note 7)	₱246,703,408	₱190,649,253
Dividends payable	160,917,097	331,813,201
Output VAT - net	60,916,525	88,784,102
Trade payables	31,862,147	53,077,655

(Forward)



	2025	2024
Customers and tenants' deposits	₱10,521,482	₱9,699,396
Accrued selling, freight and outside services	5,064,520	5,368,388
Withholding tax, HDMF and SSS payable	2,600,780	2,610,712
Others	42,662,092	17,527,592
	₱561,248,051	₱699,530,299

Dividends payable consist of dividends declared but not yet claimed.

Liabilities under trust receipts are short-term loan with the banks for importation of wheat grains, with terms of 180 days at 6.00% to 6.65% interest per annum for 2025 and 6.00% to 6.85% interest per annum for 2024 (see Note 7).

Trade payables are noninterest-bearing and normally with payment terms of 30 to 60 days.

Customers and tenants' deposits represent advances and deposits that will be applied against subsequent deliveries and rentals and are generally outstanding within 30 days from receipt of payment. The tenants' deposit shall not be applied to the monthly rentals but shall be refunded within 15 days after the tenant vacates the leased premises, less deductions, if any.

Accrued selling and freight expenses represents unbilled freight cost incurred for deliveries made by third party service providers.

Others primarily include advance payment from HTI amounting to ₱35.66 million as of December 31, 2025; and earnest money of ₱10.0 million as of December 31, 2024 in relation to the Company's Memorandum of Agreement with HTI involving the sale of parcels of land in Rizal Province, subject to certain conditions precedent. It also includes accruals for unbilled services that will be settled within the next financial year.

16. Equity

Capital Stock

The Parent Company's capital stock as at December 31, 2025 and 2024 follows:

	No. of Shares	Amount
Authorized capital stock - ₱10 par value	200,000,000	₱2.00 billion
Issued and outstanding	150,000,000	₱1.50 billion

Issued and outstanding shares as at December 31, 2025 and 2024 are held by 462 and 451 equity holders, respectively.

The Parent Company's incorporation papers were filed with the SEC on December 18, 1958. The corporation was capitalized at ₱4.00 million divided into 240,000 common shares with par value at ₱10.00 each and 160,000 preferred shares also with a par value of ₱10.00 each.



The BOD has placed in the market the total share of stock provided in the incorporation, and made the following calls:

	Original Stockholders	New Subscription	Amount Due
December 31, 1958	25% common shares		₱600,000
November 30, 1959	4% common shares		100,000
December 31, 1959		17% common shares	400,000
February 29, 1960		25% preferred shares	400,000
April 30, 1960		25% preferred shares	400,000
June 30, 1960		25% preferred shares	400,000
August 31, 1960	4% common shares	25% preferred shares	500,000
October 31, 1960		25% common shares	600,000
December 31, 1960		25% common shares	600,000
			<u>₱4,000,000</u>

In 1962, the Parent Company issued 20% common stock dividend. Consequently, the Parent Company increased the authorized capital stock with the approval of the SEC to ₱4.40 million of common shares and ₱2.00 million of preferred shares.

On September 24, 1965, the stockholders authorized the increase in the common stock of the corporation from ₱4.40 million divided into 440,000 common shares with par value of ₱10.00 per share to ₱7.6 million divided into 760,000 common shares with par value of ₱10.00 each. In the same meeting, the stockholders resolved to declare and issue a 20% stock dividend to common stockholders of record as at September 1, 1965. This stock dividend declaration involved the issuance of 83,951 common shares, with a total par value of ₱839,510, under the following terms:

- a) that the 19,951 shares with a par value of ₱199,510 are to be issued out of the remaining unissued common stock presently authorized; and
- b) that 64,000 shares with a par value of ₱640,000 are to be issued out of the increase in the common stock of 320,000 common shares.

In April 1966, the Parent Company paid out 20% stock dividends and in November 1966, the Parent Company paid out again 10% stock dividends.

On March 17, 1966, the SEC approved the increase in the common stock to ₱9.6 million divided in 960,000 common shares from ₱9.6 million divided into 760,000 common shares as authorized by the stockholders last September 24, 1965.

On March 19, 1968, the stockholders approved the increase of authorized capital stock from ₱9.6 million to ₱12.00 million to be divided into 1.20 million shares with a par value of ₱10.00 each to wit:

	No. of shares	Amount
Common stock	1,000,000 shares	₱10,000,000
Preferred stock	200,000 shares	2,000,000

The application for the proposed increase in the Parent Company's capitalization was approved by the SEC in November 1968.

In 1970, the Parent Company declared 17.64% stock dividends on common shares amounting to ₱1,499,620 (149,833 shares and ₱1,290 in cash for fractional shares).



In 1971, the Parent Company redeemed the outstanding preferred shares represented by 160,049 preferred shares.

On May 4, 1972, the stockholders approved to eliminate and retire all the 200,000 preferred shares with a par value of ₱10.00 each, thereby, decreasing its capital stock from ₱12.00 million to ₱10.00 million and to create 1,000,000 more common shares at a par value of ₱10.00 each thereby increasing the capital stock of the corporation from ₱10.00 million to ₱20.00 million to be divided into 2.00 million common shares at a par value of ₱10.00 per share. In relation to such an increase, the stockholders declared stock dividend of 20% on the issued and outstanding shares of ₱10.00 million. On October 6, 1972, the SEC approved the application for the retirement of its preferred shares and the increase of its common shares.

On May 6, 1977, the stockholders approved a resolution to increase the capital stock from ₱20.00 million (2.00 million shares at ₱10.00 par value) to ₱30.00 million (3.00 million shares at ₱10.00 par value) and that subscription to the capital stock increase in the amount of ₱2.00 million shall be paid through stock dividend. In December 1977, the SEC approved the registration of the capital stock increase and stock dividend declaration.

On February 9, 1981, the SEC approved the Parent Company's application for the registration of its increase in authorized capital stock from ₱30.00 million (3.00 million shares at ₱10.00 par value) to ₱50.00 million (5.00 million shares at ₱10.00 par value). Capital base went up from ₱30.00 million to ₱40.25 million due to the ₱10.25 million given as stock dividend.

In 1982, the Parent Company distributed ₱9.75 million stock dividend to complete the outstanding capital stock to the full ₱50.00 million which is also the authorized capitalization.

On November 9, 1983, the stockholders approved the increase in authorized capital stock from ₱50.00 million (5.00 million shares at ₱10.00 par value) to ₱100.00 million (10.00 million shares at ₱10.00 par value) and the declaration of a 25% stock dividend or an equivalent sum of ₱12.50 million on such increase to stockholders of record as at November 9, 1983. The increase in authorized capital stock and stock dividend declaration was approved by the SEC on May 4, 1984.

On June 10, 1985, a 10% stock dividend was declared to stockholders of record as at May 10, 1985. The weighted average shares outstanding and all per share amounts included in the financial statements are based on the increased number of shares giving retroactive effect to these stock dividends.

On February 21, 1985, the Makati Stock Exchange approved the listing of 10.00 million common shares of the Parent Company's capital stock which are duly registered with the SEC.

On May 9, 1986, a stock dividend of 21.212% was declared to stockholders of record as at May 28, 1986. The weighted average shares outstanding and all per share amounts included in the financial statements are based on the increased number of shares giving retroactive effect to these stocks dividend.

On January 12, 1987, the stockholders approved to increase the authorized capital stock from ₱100.00 million to ₱200.00 million; and the declaration of 25% stock dividend to stockholders of record as at February 11, 1987 to cover subscription to the said capital stock increase. On June 30, 1987, the SEC approved the application for such increase.



In February 1988, the SEC, for registration and licensing purposes with the PSE, issued to the Parent Company a Certificate of permit to sell securities which authorizes the sale of the said capital stock increase of 10.00 million common shares worth ₱100.00 million to the public.

On April 12, 1988, a stock dividend of 40% was declared to stockholders of record as at May 26, 1988.

On May 10, 1989, the stockholders declared a stock dividend of 14.2857% to stockholders of record as at May 29, 1989. On the same date, the stockholders subsequently approved to increase the authorized capital stock from ₱200.00 million to ₱500.00 million which was approved by the SEC on September 4, 1989.

On May 10, 1991, a 10% stock dividend was declared to stockholders of record as at July 26, 1991.

On May 14, 1993, a 20% stock dividend was declared to stockholders of record as at June 12, 1993.

On May 9, 1997, the BOD approved the declaration of stock dividends of 3.70 million common shares equivalent to 10.1928% to stockholders of record as at June 6, 1997. Consequently, the number of common shares outstanding was increased from 36.30 million shares to 40.00 million common shares.

On July 27, 2011, the BOD declared a 25% stock dividend equivalent to 10.00 million shares amounting to ₱100.00 million with ₱10.00 par value to stockholders of record as at September 15, 2011. The stock certificates were issued and distributed on February 20, 2012.

On January 13, 2015, the SEC approved the issuance of the stock dividend to stockholders of record as at January 30, 2015. The stock certificates were issued and distributed to the stockholders on February 23, 2015. Accordingly, stock dividends distributable amounting to ₱375.00 million recognized as at December 31, 2014 was derecognized in 2015.

On November 16, 2015, the BOD declared 71.42% stock dividend or 62.50 million shares to be taken from the reversal of ₱1.82 billion appropriated retained earnings as at December 31, 2014. On December 15, 2015, the SEC approved the issuance of the stock dividend. The stock certificates were issued and distributed to the stockholders on December 21, 2015.

Retained Earnings

As at December 31, 2025 and 2024, the consolidated retained earnings include undistributed net accumulated earnings of subsidiaries amounting to ₱10.50 million and ₱519.67 million, respectively. Such undistributed net earnings are not currently available for dividend distribution unless declared by the BOD of the subsidiaries.

Cash Dividends

Below is the summary of cash dividends declared for the years ended 2025, 2024 and 2023:

Date of Declaration	Date of Record	Date of payment	Dividend per share	Total amount
December 17, 2025	January 15, 2026	February 10, 2026	₱0.60	₱90.0 million
October 08, 2025	October 28, 2025	November 19, 2025	₱2.80	₱420.0 million
May 16, 2025	June 9, 2025	July 02, 2025	₱2.00	₱300.0 million
December 18, 2024	January 10, 2025	February 04, 2025	₱2.00	300.0 million
May 29, 2024	June 19, 2024	July 12, 2024	₱0.30	45.0 million
October 23, 2023	November 15, 2023	December 6, 2023	₱0.20	30.0 million
March 29, 2023	April 19, 2023	May 12, 2023	₱0.50	75.0 million



Property Dividends

On May 29, 2024, the BOD approved the declaration of property dividends in the form of 14.55 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of ninety-seven (97) shares of LPC for every one (1) share of the Company, to eligible stockholders of the Company as of record date of June 19, 2024. As of December 31, 2024, no approval yet from SEC.

On August 5, 2025, the Company obtained SEC's approval for the distribution of the property dividends. Accordingly, the Parent Company recognized the property dividend distribution at fair value amounting to ₱509.25 million (see Note 9).

17. Revenue from Contracts with Customers

Disaggregated Revenue Information

Below is the disaggregation of the Parent Company's revenue from contracts with customers by major sources:

	2025	2024	2023
Sales of bakery flour	₱1,039,126,390	₱1,088,706,191	₱1,319,690,666
Sales of mill feeds	89,528,256	125,573,711	181,491,621
	₱1,128,654,646	₱1,214,279,902	₱1,501,182,287

Obligations

Revenues from sale of bakery flour and mill feeds are recognized when the goods are sold at a point in time upon delivery or transfer of control of goods.

The Group's trade receivables from related parties and third parties amounting to ₱897.61 million and ₱1,135.43 million as at December 31, 2025 and 2024, respectively, arise from sale of flour and mill feeds with its related parties and third parties. These are noninterest-bearing with average credit terms of 120 days and 90 days for related parties and third parties, respectively (see Note 5).

The Group has no contract assets and contract liabilities as at December 31, 2025 and 2024.

18. Cost of Sales

	2025	2024	2023
Materials used	₱837,309,404	₱876,193,372	₱1,331,922,779
Direct labor (see Note 20)	36,047,527	34,332,907	35,996,211
Overhead:			
Utilities	36,413,471	37,448,986	32,295,545
Depreciation (see Note 12)	20,249,845	19,282,055	18,874,036
Repairs and maintenance	4,043,940	3,927,238	2,595,778
Other factory overhead	10,177,772	11,018,181	8,079,162
	₱944,241,959	₱982,202,739	₱1,429,763,511



19. Expenses

General and Administrative Expenses

	2025	2024	2023
Outside services	₱39,656,869	₱31,346,623	₱32,783,066
Salaries and wages (see Notes 20 and 26)	18,404,189	16,055,237	15,334,222
Employee benefits and bonuses (see Notes 20, 22 and 26)	14,759,419	23,083,958	12,506,027
Representation	6,350,923	228,749	623,502
Taxes and licenses	5,877,241	5,887,728	9,198,099
Depreciation and amortization (see Notes 11 and 12)	5,240,014	13,697,583	4,257,824
Membership and subscription	3,944,198	3,237,371	2,522,976
Insurance	1,872,097	1,359,681	1,165,989
Communication, light and water	1,235,139	1,307,989	1,305,141
Per diem	985,000	825,000	775,000
Rent expense	808,613	—	—
Office supplies	637,327	584,311	403,738
Repairs and maintenance	266,265	605,414	478,879
Provision for input VAT	76,745	53,214	250,785
Provision for (reversal of) expected credit losses (see Note 5)	—	(4,874,247)	4,673,574
Others	5,006,968	5,253,395	4,503,378
	₱105,121,007	₱98,652,006	₱90,782,200

Selling Expenses

	2025	2024	2023
Promotional and marketing expenses (see Note 26)	₱17,506,027	₱17,506,027	₱17,656,295
Freight and handling fees	1,880,357	1,652,865	6,570,164
Depreciation and amortization (see Note 12)	1,409,953	1,425,653	1,428,479
	₱20,796,337	₱20,584,545	₱25,654,938

Interest Expense

	2025	2024	2023
Liabilities under trust receipts (see Note 7)	₱18,393,083	₱22,978,708	₱23,446,127
Notes payable (see Note 14)	6,027,868	9,729,825	21,765,555
	₱24,420,951	₱32,708,533	₱45,211,682



20. Personnel Costs

	2025	2024	2023
Direct labor (see Note 18)	₱36,047,527	₱34,332,907	₱35,996,211
Salaries and wages (see Notes 19 and 26)	18,404,189	16,055,237	15,334,222
Bonus and allowances (see Note 19)	9,293,818	15,181,080	7,195,292
Retirement benefit costs (see Notes 19, 22 and 26)	1,355,706	2,911,971	1,994,044
Other employee benefits (see Notes 19 and 26)	4,109,895	4,990,907	3,316,691
	₱69,211,135	₱73,472,102	₱63,836,460

21. Other Income (Charges) - Net

	2025	2024	2023
Fair value loss on financial assets at FVTPL (see Note 6)	₱1,841,220	(₱1,282,527)	(₱825,403)
Unrealized foreign exchange gain (loss)	495,346	(55,761)	736,275
Gain (loss) on sale of debt securities at FVOCI (see Note 10)	88,017	-	(71,435)
Gain on sale of property, plant and equipment	-	71,429	2,575,595
Loss on lease pre-termination (see Note 27)	-	-	(1,997,784)
Other income (charges) - net	(11,973,700)	6,248,062	(4,577,418)
	(₱9,549,117)	₱4,981,203	(₱4,160,170)

In 2025, other income (charges) - net mainly includes realized foreign exchange losses and taxes. In 2024, other income (charges) -net primarily includes income from scrap sales. In 2023, it mainly includes loss on receivable write-off. .



22. Retirement Benefits

The Group has a non-contributory defined benefit retirement plan covering its regular employees.

Under the terms of Liberty Flour Mills, Inc. Retirement Plan, the Parent Company is required to pay its regular employees retirement benefits equivalent to 30 days for every year of credited service upon reaching the compulsory retirement age of 65. Optional retirement is allowed for an employee who reaches the age of 50 and who has completed 20 years of credited service to the Parent Company.

The Retirement Plan is administered by a Trustee appointed by the Parent Company and is responsible for the general administration of the Retirement Plan and the management of the retirement fund. The Trustee may seek the advice of legal or investment counsel and may appoint an investment manager or managers to manage the Fund, an independent accountant to audit the fund and an Actuarial Advisor to value the fund.

The Parent Company's appointed Retirement Committee will coordinate closely with the Trustee in the implementation of the Retirement Plan.

LPC also has a non-contributory defined benefit retirement plan covering its regular employees. LPC is required to pay its regular employees retirement benefits equivalent to 22.5 days for every year of credited service upon reaching the compulsory retirement age of 65. Optional retirement is allowed for an employee who reaches the age of 50 and who has completed 15 years of credited service to LPC.

Changes in net retirement asset as at December 31, 2025 and 2024 follow:

	Net Retirement Cost in Profit or Loss in the Parent Company Statements of Comprehensive Income					Benefits Directly Paid by the Company	Benefits Contributed from Plan Assets	Contributions to the Plan Asset	Remeasurements in Other Comprehensive Income					Balance at End of Year	
	Balance at Beginning of Year	Current Service Cost	Settlement loss	Net Interest	Subtotal				Actuarial Loss Excluding Amount included in Net Interest	Actuarial Changes Arising from Financial Assumptions	Actuarial Changes Arising from Experience	Actuarial Changes Arising from Demographic Assumptions	Effect of Asset Ceiling		Subtotal
December 31, 2025															
Present value of defined benefit obligation	₱31,726,171	₱1,067,050	₱-	₱1,938,469	₱3,005,519	₱-	(₱3,246,014)	₱-	₱-	(₱191,393)	₱171,137	(₱633,479)	₱-	(₱653,735)	₱30,831,941
Fair value of plan assets	(28,624,861)	-	-	(1,649,813)	(1,649,813)	-	3,246,014	-	(5,585,092)	-	-	-	150,674	(5,434,418)	(32,463,078)
Net defined benefit liability (asset)	₱3,101,310	₱1,067,050	₱-	₱288,656	₱1,355,706	₱-	₱-	₱-	(₱5,585,092)	(₱191,393)	₱171,137	(₱633,479)	₱150,674	(₱6,088,153)	(₱1,631,137)
December 31, 2024															
Present value of defined benefit obligation	₱44,928,816	₱1,810,250	₱-	₱2,758,629	₱4,568,879	₱-	(₱13,491,055)	₱-	₱-	₱46,944	(₱2,136,040)	(₱2,191,373)	₱-	(₱4,280,469)	₱31,726,171
Fair value of plan assets	(33,730,992)	-	-	(1,656,908)	(1,656,908)	-	13,491,055	-	(6,728,016)	-	-	-	-	(6,728,016)	(28,624,861)
Net defined benefit liability (asset)	₱11,197,824	₱1,810,250	₱-	₱1,101,721	₱2,911,971	₱-	₱-	₱-	(₱6,728,016)	₱46,944	(₱2,136,040)	(₱2,191,373)	₱-	(₱11,008,485)	₱3,101,310
December 31, 2023															
Present value of defined benefit obligation	₱42,342,231	₱1,742,395	₱-	₱3,086,749	₱4,829,144	₱-	(₱7,110,983)	₱-	₱-	₱3,553,874	₱1,314,550	₱-	₱-	₱4,868,424	₱44,928,816
Fair value of plan assets	(42,445,748)	-	-	(2,835,100)	(2,835,100)	-	7,110,983	-	4,446,969	-	-	-	(8,096)	4,438,873	(33,730,992)
Net defined benefit liability (asset)	(₱103,517)	₱1,742,395	₱-	₱251,649	₱1,994,044	₱-	₱-	₱-	₱4,446,969	₱3,553,874	₱1,314,550	₱-	(₱8,096)	₱9,307,297	(₱11,197,824)



The Parent Company is expected to contribute ₱15.00 million to its defined benefit pension plan in 2026 while LPC has no expected contribution in the next financial period.

The overall expected rate of return used to determine present value of defined benefit obligation and fair value of plan assets is based on the prevailing rate of return on government securities applicable to the period over which the obligation is to be settled.

The composition of the plan assets follows:

	2025	2024
Cash in banks	₱18,790,262	₱16,922,033
Money market placements	–	10,937
Investment in bonds	16,543,161	18,063,592
Investments in equity securities:		
Industrial	8,463,314	4,702,793
Mining and oil	1,969,717	1,767,344
Services	1,587,000	1,878,000
Financials	567,060	528,564
Others	1,749,939	914,323
BPI Philippine Equity Index Fund	1,077,434	930,002
Liabilities	(18,134,135)	(17,092,727)
Effect of asset ceiling	(150,674)	–
	₱32,463,078	₱28,624,861

Investments in equity securities can be transacted through the PSE. The plan assets include shares of stock of the Parent Company with fair value of ₱8.04 million and ₱4.26 million as at December 31, 2025 and 2024, respectively. Fair value changes recognized by the retirement plan assets for the changes in market values of the shares of stock of the Parent Company amounted to gain of ₱3.78 million and ₱1.38 million in 2025 and 2024, respectively. With respect to the plan's investment in the Parent Company's shares of stock:

- a. There are no restrictions or limitations on the shares provided in the plan,
- b. The Board of Trustees of the plan exercises voting rights over the shares, and
- c. There was no material gain or loss over the shares in 2025.

BPI Philippine Equity Index Fund is an index tracker Unit Investment Trust Fund that mimics the performance of the PSE index (PSEi). It buys all the stocks that comprise the PSEi in the same weight as the index.

The carrying amount of the Group's plan assets represents their fair values as at December 31, 2025 and 2024.

The latest actuarial valuation of the Group's plan is as at December 31, 2025. The principal actuarial assumptions used to determine retirement benefits costs as at January 1 are as follows:

	2025	2024
Discount rate	6.25%	6.11%
Future salary increases	5.00%	5.00%

The Retirement Plan Committee has no specific matching strategy between the plan assets and the plan liabilities.



Movements in the principal actuarial assumptions may result in an increase or decrease in the year-end defined benefit obligation (DBO). As such, the following sensitivity analysis shows the effects of 100 basis points (bps) movement in the discount and salary increase rates as at December 31:

		2025		2024	
		Increase (decrease) in DBO	Increase (decrease) in DBO	Increase (decrease) in DBO	Increase (decrease) in DBO
Discount rate	+100 bps	(4.10%)	(₱1,279,342)	(4.60%)	(₱1,469,724)
	- 100 bps	4.70%	1,440,861	5.30%	1,678,502
Salary increase rate	+100 bps	4.70%	1,444,463	5.30%	1,680,360
	-100 bps	(4.20%)	(1,305,416)	(4.70%)	(1,497,611)

The average duration of the defined benefit obligation at the end of the period is 4.4 years in 2025 and 5.0 years in 2024 for the Parent Company.

The table below shows the payments that are to be made in the future years out of the defined benefit obligation as at December 31:

	2025	2024
Year 1	₱13,892,820	₱15,755,849
Year 2	1,219,361	530,958
Year 3	1,292,735	657,036
Year 4	1,356,574	695,748
Year 5	4,078,390	785,616
Year 6- 10	12,074,771	15,152,136

Other Comprehensive Income

Movements in remeasurement gains (losses) on retirement benefits recognized in “other components of equity” under the equity section of the consolidated statements of financial position follows:

	2025	2024
Beginning balance	(₱5,334,084)	(₱7,640,744)
Remeasurement gains (losses) on retirement benefits in other comprehensive income from:		
Continuing operation	6,088,153	11,008,485
Discontinued operation	–	(1,182,556)
Reclassification to other components of equity associated with asset held for distribution to owners (including noncontrolling interest of ₱0.89 million)	–	(5,062,787)
Total	6,088,153	4,763,142
Income tax effect from:		
Continued operation	–	(2,752,121)
Discontinued operation	–	295,639
	6,088,153	2,306,660
Ending balance	₱754,069	(₱5,334,084)



23. Provisions and Contingencies

a. Application for Exemption of Properties from Republic Act (R.A.) 6657

In 2015, the Parent Company submitted with the Department of Agrarian Reform (DAR) its Application for Exemption from Comprehensive Agrarian Reform Program (CARP), also known as R.A. 6657, for its land property located in Angono, Rizal recognized under “Investment properties” in the consolidated statements of financial position. The Application for Exemption was partially granted in 2016. In August 2016, the Parent Company filed a Motion for Partial Reconsideration on the remaining hectares of the said land property with a carrying value of ₱1.03 million.

On June 29, 2020, The Land Use Cases Committee (LUCC) rendered an Order favorably finding that the Teresa Landholdings are within the Lungsod Silangan Townsite. On November 20, 2020, the LUCC affirmed its Order and denied Kapisan ng Magsasaka ng Teresa, Angono, Inc. (KMTAI) Motion for Reconsideration. Barring a possible appeal, the Order will attain finality, exempting the Teresa Landholdings from CARP Coverage.

As of March 24, 2021, KMTAI & BANTE has since appealed the denial of its Motion for Reconsideration to the Office of the President, in which LFMI has been ordered to comment on the same. Consequently, the Parent Company filed a corresponding comment/opposition to the KMTAI & BANTE appeal.

On September 3, 2025, the Parent Company received a copy of the August 12, 2025 Decision of the Office of the President affirming and granting a Certificate of Finality in favor of the Company.

On October 24, 2025, the Parent Company received a copy of the Motion for Reconsideration from second group – BANTE Group praying that the August 12, 2025 Decision be reversed and set aside.

On March 5, 2026, the Parent Company received a Decision that the Motion for Reconsideration filed by KMTAI & BANTE was Denied and that the August 12, 2025 Decision of the Office of the President was Affirmed, granting a Certificate of Finality in favor of the Parent Company.

b. Tax Assessments

As discussed in Note 3, the Group is currently involved in certain tax assessments and claims occurring in the ordinary course of business.

In consultation with the Group’s external legal counsels, management believes that the ultimate disposition of the above matters will not have any material adverse effect on the Group’s operations or its financial condition.

No further details were provided as allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, because these may prejudice the Group’s position in relation to these ongoing claims and assessments.



24. Income Taxes

Provision for current income tax represents RCIT in 2025, 2024 and 2023. In 2025, the Parent Company elected to use Optional Standard Deduction (OSD); while in 2024 and 2023, the Parent Company used itemized deduction in computing for its taxable income.

The OSD is equivalent to 40% of gross income, as provided by law, in lieu of the itemized allowable deductions, in accordance with Revenue Regulations (RR) No. 16-2008, *Implementing the Provisions of Section 34(L) of the Tax Code of 1997, as Amended by Section 3 of Republic Act No. 9504, Dealing on the Optional Standard Deduction Allowed to Individuals and Corporations in Computing Their Taxable Income*.

The reconciliation of the provision for income tax computed at the statutory income tax rate with the provision for income tax as shown in the consolidated statements of comprehensive income follows:

	2025	2024	2023
Income tax at statutory income tax rate at 25%	₱349,886,879	₱31,755,272	₱43,179,613
Income tax at statutory income tax rate at 20%	138,821	231,332	45,944
Additions to (reductions in) income tax resulting from:			
Gain on deconsolidation of a subsidiary	(245,280,778)	-	-
Electing OSD over itemized deductions	(15,014,333)	-	-
Dividend income exempt from tax	(6,114,375)	(6,119,174)	(3,327,975)
Interest income subjected to final tax	(2,077,719)	(2,081,507)	(2,583,851)
Movement in unrecognized deferred tax assets	(565,759)	(5,468,063)	13,311,074
Loss on sale and fair value changes on financial assets at FVTPL	(482,309)	320,631	206,351
Nondeductible expenses	4,767,139	2,339,014	2,560,973
Expired NOLCO	233,267	-	-
	₱85,490,833	₱20,977,505	₱731,111

The Group's recognized deferred tax asset as at December 31, 2024 pertains to unamortized past service cost amounting to ₱2.55 million.

Deferred taxes for the following deductible temporary differences and unused NOLCO have not been recognized as management assessed that no sufficient future taxable profits will be available to allow all or part of these deferred tax assets to be utilized and/or due to expected availment of the OSD method in future years.

	2025	2024
Unamortized past service cost	₱42,285,818	₱42,285,818
NOLCO	4,303,618	3,726,513
Provision for:		
Expected credit losses	1,917,385	1,917,385
Probable losses	3,134,053	3,134,053

(Forward)



	2025	2024
Unrealized foreign exchange loss	₱55,761	₱55,761
Net retirement liability (asset)	(1,631,136)	3,101,310
	₱50,065,499	₱54,220,841

The deferred tax assets and liabilities as at December 31, 2025 were measured using the appropriate corporate income tax rate on the years these are expected to be reversed or settled. The Group availed of the OSD in computing for current income tax and computed deferred income tax using the 15% tax rate as at December 31, 2025.

Revenue Regulations No. 25-2020

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which state that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as deduction from taxable income for the next five (5) consecutive taxable years immediately following the year of such loss.

As at December 31, 2025, the Group’s NOLCO that can be claimed as deduction against taxable income and regular income tax due, respectively, are as follows:

Year Incurred	Expiry Year	NOLCO
2020	2025	₱438,547
2021	2026	486,919
2022	2025	727,788
2023	2026	864,699
2024	2027	1,208,560
2025	2028	1,743,440
Total		₱5,469,953
Less: Expired		1,166,335
		₱4,303,618

Revenue Memorandum Circular (RMC) No. 69-2023

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the CREATE Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021. Consequently, the Group recognized MCIT using the effective rate of 1.5% in 2023 and 2% starting 2024 in accordance with RMC 69-2023.

25. Basic/Diluted Earnings Per Share

The computation of basic/diluted earnings per share is as follows:

	2025	2024	2023
Net income (loss) attributable to equity holders of the Parent Company	₱1,310,299,084	₱130,059,273	(₱7,646,834)
Divided by weighted average number of shares (see Note 16)	150,000,000	150,000,000	150,000,000
Basic/diluted earnings (loss) per share	₱8.74	₱0.87	(₱0.05)



	2025	2024	2023
Net income (loss) from continuing operations	₱1,314,750,791	₱107,200,243	(₱38,427,007)
Divided by weighted average number of shares (see Note 16)	150,000,000	150,000,000	150,000,000
Basic/diluted earnings (loss) per share	₱8.77	₱0.72	(₱0.26)

	2025	2024	2023
Net income (loss) from discontinued operations attributable to equity holders of the Parent Company	(₱4,451,706)	₱22,859,030	₱30,780,173
Divided by weighted average number of shares (see Note 16)	150,000,000	150,000,000	150,000,000
Basic/diluted earnings (loss) per share	(₱0.03)	₱0.15	₱0.21

The Group does not have potentially dilutive common shares in 2025, 2024 and 2023. Therefore, the basic and diluted earnings per share are the same.

26. Related Party Transactions

Related party relationship exists when the party has the ability to control directly or indirectly, through one or more intermediaries or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Related party receivables are generally settled in cash.

The transactions with its related parties for each of the years and their account balances as at December 31 follow:

	Amount/Volume Income (Expense)			Outstanding Receivable Balance		Terms	Conditions
	2025	2024	2023	2025	2024		
Stockholder							
Parity Values, Inc. (PVI)							
Sales*	₱660,788,500	₱692,675,553	₱647,843,183	₱576,390,745	₱804,715,595	120 days	Unsecured, with impairment of ₱1,577,644 as at December 31, 2025 and 2024, respectively.
Developmental Rights	-	-	37,730,000	-	-	5 years; 5.25% interest per annum	Unsecured, not impaired
Rent income	-	-	2,339,525	-	-	30 days	Unsecured, not impaired
Promotional and marketing expenses	(14,875,000)	(14,875,000)	(14,875,000)	-	-	On demand	-
Others	-	-	-	-	-	30 days	Unsecured, not impaired
Under Common Control							
Liberty Commodities Corporation							
Sales*	301,167,524	336,970,962	356,042,702	224,239,396	225,121,977	120 days	Unsecured, not impaired
Rent income	-	-	3,270,072	-	169,371	30 days	Unsecured, not impaired
Promotional and marketing expenses	(2,625,000)	(2,625,000)	(2,625,000)	-	-	On demand	-

(Forward)



	Amount/Volume Income (Expense)			Outstanding Receivable Balance		Terms	Conditions
	2025	2024	2023	2025	2024		
Trade Demands Corporation (TDC) Sales*	₱166,698,622	₱183,346,419	₱197,432,106	₱94,967,945	₱103,465,488	120 days	Unsecured; with impairment of ₱339,741 as at December 31, 2025 and 2024, respectively.
Trade receivables from related parties (see Note 5)				₱895,598,086	₱1,133,303,060		
Rent receivables from related parties (see Note 5)				₱-	₱169,371		

*Revenues from transactions with these related parties under “Bakery Flour” segment individually amount to 10% or more of the Group’s revenues in 2025, 2024 and 2023

- a. Promotional and marketing expenses are amounts paid outright in cash to related party distributors for the Group’s support in their marketing and promotional activities.

Outstanding balances of the intercompany receivables at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees received for any related party receivables. Allowance for expected credit losses on receivables from related parties has been recognized as at December 31, 2025 and 2024.

- b. In 2023, the Parent Company has written off the receivable from its retirement plan amounting to ₱7.23 million and recognized the loss under “Other income (charges) – net” in the consolidated statement of comprehensive income (see Note 21).
- c. The key management personnel compensation is as follows:

	2025	2024	2023
Short-term employee benefits	₱13,237,595	₱13,726,407	₱12,879,955
Post-employment benefits and others	1,989,782	3,074,779	7,122,593
	₱15,227,377	₱16,801,186	₱20,002,548

Short-term employee benefits include management bonus given to the Group’s directors and officers (see Notes 18 and 19).

27. Leases

The Group leases out office spaces principally to third parties under various operating lease arrangements. The leases are for a term of one to five years and may be renewed upon mutual agreement of the parties.

The lease contracts provide for the payment by the lessee of a security deposit. These are shown as part of “Customers and tenants’ deposits” under “Accounts Payable and Other Current Liabilities” account in the statements of financial position which amounted to ₱10,521,482 and ₱9,699,393 as at December 31, 2025 and 2024, respectively.

Rental income amounted to ₱15.12 million, ₱14.54 million and ₱42.48 million in 2025, 2024 and 2023, respectively (see Note 11).

As a result of sale of land and building, the Company recognized loss on pre-termination of lease contract amounting to ₱2.00 million presented under “Other income (charges) - net” in the 2023 statement of comprehensive income (see Note 21).



The future minimum lease receivables under non-cancellable leases are as follows:

	2025	2024
Year 1	₱7,686,438	₱901,535
Year 2	5,956,497	946,614
Year 3	1,000,692	533,701
Year 4	–	560,388
	₱14,643,627	₱2,942,238

28. Financial Instruments and Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, trade receivables, financial assets at FVTPL, financial assets at FVOCI, and notes payable. The main purpose of these financial instruments is to fund the Group's operations. The other financial assets and financial liabilities arising directly from its operations are refundable deposits recorded under "Other noncurrent assets" account, liabilities under trust receipts, accounts payable and accrued expenses.

The main risks arising from the Group's financial instruments are credit risk, equity price risk, and liquidity risk. The Group's exposure to foreign currency risk is minimal as this only relates to the Group's foreign currency-denominated cash in banks. The Group's exposure to interest rate risk is minimal as the interest of notes payable are stated at fixed rate. The BOD reviews and approves policies for managing each of these risks.

Credit Risk

Credit risk represents the loss that the Group would incur if the counterparty failed to perform under its contractual obligations. The Group has established controls and procedures in its credit policy to determine and monitor the credit worthiness of customers and counterparties. The Group is operating under a sound credit-granting process over its distributors. Credit monitoring process involves a weekly check over collections based on a benchmark.

The Group is also potentially subject to concentrations of credit risk in its accounts receivable. Majority of the Group's entire trade receivables and revenues are concentrated with its three distributors as at December 31, 2025 and 2024. The Group has been transacting business with these distributors for a long time and has not encountered any credit issue with them. While there is delay in collection of some trade receivables (those classified under "Past due but not impaired") the Group is in close coordination with the distributor to bring their accounts to current. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, financial assets at FVTPL, financial assets at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.



Credit Risk Exposures. The table below shows the gross maximum exposure to on- and off-balance sheet credit risk exposures of the Group, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques as at December 31:

	2025	2024
Financial assets at amortized cost		
Cash and cash equivalents*	₱94,511,424	₱77,337,320
Trade and other receivables**	930,090,872	1,162,549,489
Other noncurrent assets***	1,390,515	1,467,687
Debt securities at FVOCI	83,270,600	107,197,164
	₱1,109,263,411	₱1,348,551,660

*excluding cash on hand, amounting to ₱5.78 million and ₱0.43 million as at December 31, 2025 and 2024, respectively.

**excluding advances to officers and employees amounting to ₱1.25 million and ₱0.43 million as at December 31, 2025 and 2024, respectively; before considering provision for expected credit losses ₱1.92 million for past due and impaired accounts as at December 31, 2025 and 2024, respectively.

***pertains to refundable deposits and others in 2025 and 2024

The following table summarizes the credit quality of the Group's financial assets per category as at December 31:

	2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	
Low	₱210,197,039	₱322,675,626	₱-	₱532,872,665
Moderate	-	576,390,746	-	576,390,746
High	-	-	-	-
Gross carrying amount	₱210,197,039	₱899,066,372	-	1,109,263,411
ECL	-	1,917,385	-	1,917,385
Carrying amount	₱210,197,039	₱897,148,987	₱-	₱1,107,346,026
	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Low	₱211,390,695	₱330,315,240	₱-	₱541,705,935
Moderate	-	806,845,725	-	806,845,725
High	-	-	-	-
Gross carrying amount	211,390,695	1,137,160,965	-	1,348,551,660
ECL	-	1,917,385	-	1,917,385
Carrying amount	₱211,390,695	₱1,135,243,580	₱-	₱1,346,634,275

The credit quality of the financial assets was determined as follows:

Low Risk - This includes cash and cash equivalents and financial assets at FVOCI with recycling with counterparties with good credit or bank standing, thus credit risk is minimal. This normally includes large prime financial institutions, companies and government agencies. For receivables, this consists of accounts with counterparties with no history of default on the agreed contract terms.

Moderate Risk - This includes receivables with counterparties with little history of default on the agreed contract terms.

High Risk - This includes receivables that consist of accounts with counterparties with history of default on the agreed contract terms.



Set out below is the information about the credit risk exposure on the Group's trade receivables and rent receivables using a provision matrix:

		2025								
		Current	1-30 days	31 - 60 days	61-90 days	91-120 days	121-150 days	151-180 days	More than 180 days	Total
Trade receivables -										
PVI										
Expected credit loss rate		0.05%	0.18%	0.20%	0.22%	0.26%	0.32%	3.46%	0.00%	0.27%
Estimated total gross carrying amount at default		₱261,300,305	₱59,536,700	₱62,016,005	₱58,016,870	₱54,900,820	₱58,404,735	₱22,215,310	₱-	₱576,390,745
Expected credit loss		118,574	109,295	125,740	125,180	143,970	185,548	769,336	-	1,577,643
TDC										
Expected credit loss rate		0.21%	0.75%	0.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%
Estimated total gross carrying amount at default		₱65,347,961	₱18,122,810	₱11,497,174	₱-	₱-	₱-	₱-	₱-	₱94,967,945
Expected credit loss		138,810	136,395	64,537	-	-	-	-	-	339,742
LCC										
Expected credit loss rate		-	-	-	-	-	-	-	-	-
Estimated total gross carrying amount at default		₱122,328,586	₱27,244,475	₱26,727,208	₱23,145,640	₱24,793,487	₱-	₱-	₱-	₱224,239,396
Expected credit loss		-	-	-	-	-	-	-	-	-
		2024								
		Current	1-30 days	31 - 60 days	61-90 days	91-120 days	121-150 days	151-180 days	More than 180 days	Total
Trade receivables -										
PVI										
Expected credit loss rate		0.04%	0.15%	0.16%	0.17%	0.18%	0.24%	0.38%	0.27%	
Estimated total gross carrying amount at default		₱270,428,840	₱59,647,525	₱66,006,495	₱63,352,110	₱65,548,255	₱64,944,815	₱55,983,615	₱158,803,940	₱804,715,595
Expected credit loss		118,574	109,295	125,740	125,180	143,970	185,548	251,748	517,589	1,577,643
TDC										
Expected credit loss rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default		₱75,716,172	₱19,021,237	₱8,728,079	₱-	₱-	₱-	₱-	₱-	₱103,465,488
Expected credit loss		138,810	136,395	64,537	-	-	-	-	-	339,742
LCC										
Expected credit loss rate		-	-	-	-	-	-	-	-	-
Estimated total gross carrying amount at default		₱112,193,333	₱26,390,651	₱33,692,865	₱31,151,615	₱19,398,583	₱187,300	₱-	₱2,107,630	₱225,121,977
Expected credit loss		-	-	-	-	-	-	-	-	-

As at December 31, 2025 and 2024, allowance for expected credit losses are recognized for trade receivables from Parity Values, Inc. and Trade Demands Corporation, both third parties, and rent receivables subjected to impairment.

Interest Rate Risk

The Group's exposure to the risk for changes in interest rates relates primarily to its notes payable and liabilities under trust receipts. The Group's practice is to manage its interest cost by reference to current market borrowing rates. The following table sets forth the impact of a reasonably possible change in interest rates on the Group's income before income tax, with all other variables held constant. There is no impact on equity other than those already affecting pre-tax income.



2025		2024	
Change in Interest Rates	Sensitivity of Income Before Tax	Change in Interest Rates	Sensitivity of Income Before Tax
+100 bps	(₱3,267,034)	+100 bps	(₱3,221,493)
- 100 bps	₱3,267,034	- 100 bps	3,221,493

Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to equity price risk because of investments in quoted equity securities, which are classified in the consolidated statements of financial position as financial assets at FVTPL and at FVOCI investments.

The Group's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position. The change in market prices used in the sensitivity analysis is determined based on the highest and lowest stock prices of a financial instrument during the period. The Group has determined that for financial assets at FVOCI, a decrease or increase on the stock prices would only impact equity and would not have an effect on profit or loss. The Group has determined that for financial assets at FVTPL, a decrease and increase on the stock prices could have an impact on the profit or loss.

As at December 31, 2025 and 2024, the effect on profit or loss and equity as a result of an increase (decrease) in fair value of equity securities classified as financial assets at FVTPL and in fair value of financial assets classified at FVOCI follows:

	2025	
	Increase (decrease) in rate	Increase (decrease) in profit or loss/equity
Financial assets at FVTPL	1% (1%)	₱149,645 (149,645)
Financial assets at FVOCI	0% (0%)	0 (0)
	2024	
	Increase (decrease) in rate	Increase (decrease) in profit or loss/equity
Financial assets at FVTPL	1% (1%)	₱131,241 (131,241)
Financial assets at FVOCI	7% (7%)	21,507,274 (21,507,274)

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to pay its obligations when they fall due under normal and stress circumstances. The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.



The tables below summarize the maturity profile of financial assets that can be used by the Group to manage its liquidity risks and the maturity profile of the Group's other financial liabilities as at December 31:

	2025			Total
	Less than 3 Months	3 to 12 Months	More than 12 months	
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	₱100,291,212	₱-	₱-	₱100,291,212
Trade receivables from related parties and third parties	321,216,632	576,390,746	-	897,607,378
Rent receivables:				
Third parties	1,393,093	-	-	1,393,093
Related parties	65,901	-	-	65,901
Advances to officers and employees	1,245,722	-	-	1,245,722
Other receivables	31,024,500	-	-	31,024,500
Other noncurrent assets	46,599,593	-	-	46,599,593
Financial assets at FVTPL	14,965,350	-	-	14,965,350
Financial assets at FVOCI:				
Equity securities	-	-	339,861,911	339,861,911
Debt securities	-	-	83,270,600	83,270,600
Total financial assets	₱516,802,003	₱576,390,746	₱423,132,511	₱1,516,325,260
Financial Liabilities				
Notes payable, including interest	₱-	₱80,000,000	₱	₱80,000,000
Accounts payable and other current liabilities:				
Dividends payable	246,703,408	-	-	246,703,408
Liabilities under trust receipts	160,917,097	-	-	160,917,097
Trade payables	31,862,147	-	-	31,862,147
Customers and tenants' deposits	10,521,482	-	-	10,521,482
Accrued selling, freight, outside services and other expenses	5,064,520	-	-	5,064,520
Total financial liabilities	₱455,068,654	₱80,000,000	₱-	₱535,068,654
Net financial asset	₱61,733,349	₱546,390,746	₱-	₱981,256,606

	2024			Total
	Less than 3 Months	3 to 12 Months	More than 12 months	
Financial Assets				
Loans and receivables:				
Cash and cash equivalents:	₱77,765,585	₱-	₱-	₱77,765,585
Trade receivables from related parties and third parties	330,717,595	804,715,595	-	1,135,433,190
Rent receivables:				
Third parties	1,558,404	-	-	1,558,404
Related parties	169,371	-	-	169,371
Advances to officers and employees	426,298	-	-	426,298
Other receivables	25,388,524	-	-	25,388,524
Other noncurrent assets	-	-	1,467,687	1,467,687
Financial assets at FVTPL	13,124,130	-	-	13,124,130
Financial assets at FVOCI:				
Equity securities	-	-	342,184,059	342,184,059
Debt securities	-	20,000,000	87,197,164	107,197,164
Total financial assets	₱449,149,907	₱824,715,595	₱430,848,910	₱1,704,714,412
Financial Liabilities				
Notes payable, including interest	₱-	₱131,500,000	₱-	₱131,500,000
Accounts payable and other current liabilities:				
Liabilities under trust receipts	190,649,253	-	-	190,649,253
Dividends payable	331,813,201	-	-	331,813,201
Trade payables	53,079,655	-	-	53,079,655
Customers and tenants' deposits	9,699,396	-	-	9,699,396
Accrued selling, freight, outside services and other expenses	5,368,388	-	-	5,368,388
Total financial liabilities	590,609,893	-	131,500,000	722,109,893
Net financial asset (liabilities)	(₱141,459,986)	₱824,715,595	₱299,348,910	₱982,604,519



Fair Value

The carrying values of cash and cash equivalents, receivables, notes payable, accounts payable and other current liabilities approximate their fair values due to their short-term nature. The carrying value of unquoted equity securities approximate their fair values based on the adjusted net asset method.

The following are the Group's financial instruments whose carrying amounts are measured at fair value:

	Carrying Value		Fair Value	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Financial Assets				
Financial assets at FVTPL	₱14,965,350	₱13,124,130	₱14,965,350	₱13,124,130
Financial assets at FVOCI	423,132,511	449,381,223	423,132,511	449,381,223

Financial assets at FVTPL and financial assets at FVOCI are carried at their fair values based on quoted market prices.

Fair Value Hierarchy

Below table presents the fair value measurement hierarchy of the Group's financial assets carried at fair value and nonfinancial assets whose fair values are disclosed as at December 31:

	2025			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Financial assets at FVTPL	₱14,965,350	₱14,965,350	₱-	₱-
Financial assets at FVOCI:				
Quoted debt securities	83,270,600	83,270,600	-	-
Quoted equity securities	327,568,714	327,568,714	-	-
Unquoted equity securities	12,293,197	-	-	12,293,197
Nonfinancial assets for which fair values are disclosed				
Investment properties	6,780,507,179	-	-	6,780,507,179
	2024			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Financial assets at FVTPL	₱13,124,130	₱13,124,130	₱-	₱-
Financial assets at FVOCI:				
Quoted debt securities	107,197,164	107,197,164	-	-
Quoted equity securities	331,190,056	331,190,056	-	-
Unquoted equity securities	10,994,003	-	-	10,994,003
Nonfinancial assets for which fair values are disclosed				
Investment properties	5,304,717,141	-	-	5,304,717,141

The disclosures on the fair value of investment properties carried at cost are included in Note 11.

In 2025 and 2024, there were no transfers between the fair value measurement hierarchy levels.



29. Capital Management Policies

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2025 and 2024.

The Group monitors capital by having a daily monitoring of receipts and collections, regular release of disbursements to suppliers, monthly cash flow report preparation and monthly review of capital expenditure requirements. The Group at this point, with its healthy cash flow, is not looking for any bank loans to finance its operations and renovations. The Group strives to earn a minimum return double the annual inflation rate.

The following table summarizes the total capital considered by the Group as at December 31:

	2025	2024
Capital stock	₱1,500,000,000	₱1,500,000,000
Retained earnings	666,682,293	806,229,896
	₱2,166,682,293	₱2,306,229,896

The Group is not subject to any externally imposed capital requirements.

30. Supplemental Disclosure of Cash Flow Information

The changes in the Group's liabilities arising from financing activities follow:

December 31, 2025

Continuing operations

	January 1	Cash flows	Noncash charges*	December 31
Notes payable	₱131,500,000	(₱51,500,000)	₱-	₱80,000,000
Interest payable	-	(24,420,951)	24,420,951	-
Dividends payable (see Note 14)	331,813,201	(980,896,104)	810,000,000	160,917,097
Total liabilities	₱463,313,201	(₱1,056,817,055)	₱834,420,951	₱240,917,097

*Noncash charges pertain to declaration of dividends and accrual of interests on note payable and reclassification of notes payable, other noncurrent liability and interest payable attributable to liabilities of disposal group classified as held for distribution to owners.



Discontinued operations

	January 1	Cash flows	Noncash charges*	December 31
Notes payable	₱994,724,429	₱195,764,706	₱-	₱1,190,489,135
Installment payable	101,534,231	(38,155,119)	-	63,379,112
Interest payable	3,771,292	(45,285,533)	(44,809,768)	3,295,527
Total liabilities	₱1,100,029,952	₱112,324,054	(₱44,809,768)	₱1,257,163,774

*Noncash charges pertain to declaration of dividends and accrual of interests on note payable and reclassification of notes payable, other noncurrent liability and interest payable attributable to liabilities of disposal group classified as held for distribution to owners.

December 31, 2024

Continuing operations

	January 1	Cash flows	Noncash charges*	December 31
Notes payable	₱172,500,000	(₱41,000,000)	₱-	₱131,500,000
Interest payable	31,445,011	(44,631,810)	345,000,000	331,813,201
Dividends payable (see Note 14)	-	(32,708,533)	32,708,533	-
Total liabilities	₱203,945,011	(₱118,340,343)	₱377,708,533	₱463,313,201

*Noncash charges pertain to declaration of dividends and accrual of interests on note payable and reclassification of notes payable, other noncurrent liability and interest payable attributable to liabilities of disposal group classified as held for distribution to owners.

Discontinued operations

	January 1	Cash flows	Noncash charges*	December 31
Notes payable	₱590,195,017	₱404,529,412	₱-	₱994,724,429
Installment payable	127,753,908	(26,219,677)	-	101,534,231
Interest Payable	1,830,682	(59,589,568)	61,530,178	3,771,292
Total liabilities	₱719,779,607	₱318,720,167	₱61,530,178	₱1,100,029,952

December 31, 2023

Continuing operations

	January 1	Cash flows	Noncash charges*	December 31
Notes payable	₱378,000,000	(₱205,500,000)	-	₱172,500,000
Interest payable	-	(45,211,682)	45,211,682	-
Dividends payable (see Note 14)	26,379,956	(99,934,945)	105,000,000	31,445,011
Total liabilities	₱404,379,956	(₱350,646,627)	₱150,211,682	₱203,945,011

*Noncash charges pertain to declaration of dividends and accrual of interests on note payable.

	January 1	Cash flows	Noncash charges*	December 31
Notes payable	₱630,800,782	(₱40,470,588)	(₱135,177)	₱590,195,017
Installment payable	146,135,765	(18,381,857)	-	127,753,908
Payable to related party	37,730,000	(37,730,000)	-	-
Interest payable	2,673,152	(42,703,263)	41,860,793	1,830,682
Total liabilities	₱817,339,699	(₱139,285,708)	₱41,725,616	₱719,779,607

*Noncash charges pertain to declaration of dividends and accrual of interests on note payable.



31. Segment Information

The Group's operating business are organized and managed separately according to industry. The industry segments where the Group operates are as follows:

- a. Bakery flour - manufacturing of flour and distribution/sales of its produce.
- b. Mill feed - utilization of its by-products and distribution/sales of its produce; and
- c. Real estate and investment - leasing of office and commercial units and investment in securities.

The Group has only one geographical segment as its operations are solely based in the Philippines.

The Executive Committee, the Group's chief operating decision maker, monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross margin and net income and is measured consistently with gross margin and net income in the consolidated financial statements.

On a consolidated basis, the Group's performance is evaluated based on revenue, income before tax and net income for the year.

The following tables on business segments present the revenue and profit information for each of the three years in the period ended December 31, 2025 and the segment assets as at December 31:

	2025			
	Bakery Flour	Mill Feed	Real Estate and Investment	Consolidated
Revenue				
Sales – related parties	₱1,039,126,390	₱89,528,256	₱–	₱1,128,654,646
Dividend income	–	–	24,927,062	24,927,062
Rental income	–	–	15,123,506	15,123,506
Interest income	–	–	8,328,825	8,325,825
Total	1,039,126,390	89,528,256	48,379,393	1,177,034,039
Cost of sales/services	869,341,868	74,900,091	7,862,453	952,104,412
Gross profit on sales/income	169,784,522	14,628,165	40,516,940	224,929,627
Selling and administrative expenses	(115,929,204)	(9,988,140)	–	(125,917,344)
Interest expense	–	–	(24,420,951)	(24,420,951)
Gain on sale of investment properties	–	–	–	354,076,296
Gain on deconsolidation of a subsidiary LPC	–	–	–	981,123,113
Other income (charges) - net	(7,207,998)	(621,021)	(1,720,098)	(9,549,117)
Provision for income tax	–	–	–	(85,490,833)
Net income from continuing operations	₱46,647,320	₱4,019,004	₱14,375,891	₱1,314,750,791
Net loss from discontinued operations, net of tax	₱–	₱–	(₱8,243,416)	(₱8,243,416)
Property, plant and equipment	₱344,180,849	₱21,368,565	₱–	₱365,549,414
Investment properties	₱–	–	₱705,842,089	₱705,842,089
Depreciation and amortization	₱26,123,590	₱1,621,890	₱3,349,655	₱31,095,135
Additions to property, plant and equipment and investment properties	₱38,350,357	₱2,380,993	₱6,062,276	₱46,793,626



	2024			
	Bakery Flour	Mill Feed	Real Estate and Investment	Consolidated
Revenue				
Sales – related parties	₱1,088,706,191	₱125,573,711	₱–	₱1,214,279,902
Rental income	–	–	14,543,155	14,543,155
Interest income	–	–	8,329,148	8,329,148
Dividend income	–	–	24,946,621	24,946,621
Total	1,088,706,191	125,573,711	47,818,924	1,262,098,826
Cost of sales/services	895,259,338	86,943,401	4,754,458	986,957,197
Gross profit on sales/income	193,446,853	38,630,310	43,064,466	275,141,629
Selling and administrative expenses	(106,905,806)	(12,330,745)	–	(119,236,551)
Interest expense	–	–	(32,708,533)	(32,708,533)
Other charges – net	3,799,721	438,268	743,214	4,981,203
Provision for income tax	–	–	–	(20,977,505)
Net income from continuing operations	₱90,340,768	₱26,737,833	₱11,099,147	₱107,200,243
Net income from discontinued operations, net of tax	₱–	₱–	₱37,676,951	₱37,676,951
Property, plant and equipment	₱344,180,849	₱21,368,565	₱–	₱365,549,414
Investment properties	–	–	₱705,407,601	₱705,407,601
Depreciation and amortization	₱23,794,106	₱1,477,264	₱10,998,378	₱36,269,748
Additions to property, plant and equipment and investment properties	₱51,533,910	₱3,199,497	₱963,500	₱55,696,907

	2023			
	Bakery Flour	Mill Feed	Real Estate and Investment	Consolidated
Revenue				
Sales – related parties	₱1,319,690,666	₱181,491,621	₱–	₱1,501,182,287
Rental income	–	–	42,482,691	42,482,691
Interest income	–	–	10,336,657	10,336,657
Dividend income	–	–	13,754,534	13,754,534
Total	1,319,690,666	181,491,621	66,573,882	1,567,756,169
Cost of sales/services	1,256,906,357	172,857,154	9,879,564	1,439,643,075
Gross profit on sales/income	62,784,309	8,634,467	56,694,318	128,113,094
Selling and administrative expenses	(100,610,844)	(13,836,595)	(1,989,699)	(116,437,138)
Interest expense	–	–	–	(45,211,682)
Other charges – net	(3,501,908)	(481,603)	(176,659)	(4,160,170)
Provision for income tax	–	–	–	(731,111)
Net income from continuing operations	(₱41,328,443)	(₱5,683,731)	₱54,527,960	(₱38,427,007)
Net income from discontinued operations, net of tax	₱–	₱–	₱52,153,799	₱52,153,799
Property, plant and equipment	₱304,214,278	₱18,887,229	–	₱323,101,507
Investment properties	₱–	₱–	₱704,925,722	₱704,925,722
Depreciation and amortization	₱23,809,729	₱1,478,234	₱1,891,177	₱27,179,140
Additions to property, plant and equipment and investment properties	₱18,705,414	₱1,161,331	₱16,963,133	₱36,829,878

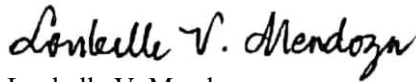


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Liberty Flour Mills, Inc.
7F Liberty Building
835 A. Arnaiz Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Liberty Flour Mills, Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 25, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza
Partner

CPA Certificate No. 115161

Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115161-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10765091, January 2, 2026, Makati City

March 25, 2026

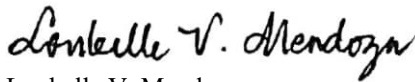


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Liberty Flour Mills, Inc.
7F Liberty Building
835 A. Arnaiz Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Liberty Flour Mills, Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 25, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza
Partner

CPA Certificate No. 115161

Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115161-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10765091, January 2, 2026, Makati City

March 25, 2026



LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2025

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C : Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES

ANNEX A: RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2025

	Amount
Unappropriated retained earnings, beginning	₱1,250,187,730
Add: Category A: Items that are directly credited to unappropriated retained earnings	—
Less: Category B: Items that are directly debited to unappropriated retained earnings	—
Property dividends distributed during the reporting period	509,250,000
Cash dividends declared during the reporting period	810,000,000
	<u>1,319,250,000</u>
Unappropriated retained earnings, as adjusted	(69,062,270)
Add: Net income for the current year	717,307,354
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	(1,841,220)
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	—
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting (net of tax):	—
Sub-total	<u>(1,841,220)</u>
Adjusted Net Income	715,466,134
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	—
Add: Category E: Adjustments related to relief granted by the SEC and BSP	—
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution:	
Net movement in deferred tax asset not considered in the reconciling items under the previous categories	2,550,268
Sub-total	<u>2,550,268</u>
Total retained earnings, end of the reporting period available for dividend	₱648,954,132

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES

**ANNEX B: MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN
THE GROUP**

DECEMBER 31, 2025

Liberty Flour Mills, Inc.



100%

Liberty
Engineering
Corporation

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**ANNEX C: SCHEDULE A. FINANCIAL ASSETS****DECEMBER 31, 2025**

Name of Issuing Entity and Association of each issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Financial Position	Value based on Market Quotation at End of Reporting Period	Income and Received and Accrued
N/A	N/A	N/A	₱-	₱-

The aggregate cost or aggregate market value of the Group's FVPL as at December 31, 2025 does not constitute 5% or more of total current assets.

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**ANNEX C: SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES,
AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2025**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
N/A	₱-	₱-	₱-	₱-	₱-	₱-	₱-

The Group does not have receivables from individual directors, officers, employees and principal stockholders aggregating above one million pesos (₱1.0 million) or 1% of total consolidated assets, whichever is less, as at December 31, 2025.

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES

**ANNEX C: SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2025**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written off			
LFM Properties Corporation	₱568,400,000	–	(₱568,400,000)	–	–	–	₱–

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**ANNEX C: SCHEDULE D. LONG - TERM DEBT****DECEMBER 31, 2025**

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption “Current portion of notes payable” in related Statement of Financial Position	Amount shown under Caption “Notes payable – net of current portion” in related Statement of Financial Position
N/A	₱–	₱–	₱–
	–	–	–
Total	₱–	₱–	₱–

The Group has no long-term debt as at December 31, 2025.

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES

ANNEX C: SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2025

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Non-Current	Balance at End of Period
N/A	₹-	₹-	₹-	₹-	₹-	₹-	₹-

The Group does not have noncurrent indebtedness to related parties at December 31, 2025.

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES

ANNEX C: SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2025

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amounts Owned by Person for which Statement is Filed	Nature of Guarantee
N/A	N/A	₱-	₱-	N/A

The Group does not have guarantees of securities of other issuing entities as at December 31, 2025.

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**ANNEX C: SCHEDULE G. CAPITAL STOCK****DECEMBER 31, 2025**

Title of Issue	Number of shares Authorized	Number of Shares Outstanding	Number of Shares Reserved	Number of Shares held by Related Parties	Number of Shares held by Directors and Officers	Number of Shares held by Others
Common	200,000,000	150,000,000			13,872,297	136,127,703
	200,000,000	150,000,000			13,872,297	136,127,703

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS (Annex 68-E)****DECEMBER 31, 2025**

		December 31	
	Formula	2025	2024
Current Ratio	Total current assets/Total current liabilities	1.94	1.42
Acid Test Ratio	(Cash and cash equivalents + Receivable) / Total current liabilities	1.52	0.61
Solvency Ratio	(Net income + Depreciation)/ Total liabilities	2.01	0.11
Debt-to-Equity Ratio	Total liabilities/Total equity	0.31	0.86
Asset-to-Equity Ratio	Total assets/Total equity	1.31	1.86
Interest Rate Coverage Ratio	Earnings before interest and tax/Interest expense	58.34	4.92
Return on Equity	Net income/Total equity	0.60	0.05
Return on Assets	Net income/Total assets	0.46	0.02
Net Profit Margin	Net income/Revenue	1.16	0.09

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED
INFORMATION
DECEMBER 31, 2025

	December 31	
	2025	2024
Audit Services		
Liberty Flour Mills, Inc.	₱960,000	₱900,000
LFM Properties Corporation	800,000	750,000
Liberty Engineering Corporation	100,000	97,000
	1,860,000	1,747,000
Non-audit Services		
Other assurance services	450,000	–
Tax services	1,026,050	200,000
All other services	1,100,000	–
	2,576,050	200,000
Total Audit and Non-audit Fees	₱4,436,050	₱1,947,000

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

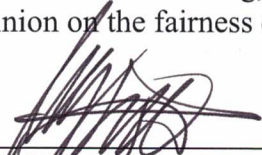
The management of Liberty Flour Mills, Inc. (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



JOHN CARLOS UY
Chairman of the Board



JOHN CARLOS UY
President



JOSE MA. S. LOPEZ
Chief Financial Officer

Signed this 25th day of March 2026

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI CITY) S.S.

SUBSCRIBED AND SWORN TO before me this APR 15 2026, in
MAKATI CITY affiants exhibiting to me their competent evidence of identity as
follows:

Name	Identification Document Presented	Issue/Expiry Date
JOHN CARLOS UY	SSS ID No. 03-2402495-3	
JOSE MA. S. LOPEZ	SC ID No. 2253477	May 2004

Doc. No. 253
Page No. 38
Book No. 10/11
Series of 2026.


ATTY. RENE M. M. VILLA
Notary Public of Makati City
Appointment No. M-110
(Ren) (2025-2026)
Until December 31, 2026
PTR No. 10766722, 01-05-2026, Makati City
IBP Lifetime No. 013096, 12-27-2013, I.C.
Roll No. 37226
MCLE Compliance No. VIII-0012754; 08-27-2024
Ground Floor, Makati Terraces Condominium
3650 Davila St., Tejeros, Makati City

SUSTAINABILITY REPORT

LIBERTY FLOUR MILLS, INC.

Company Details	
Name of Organization	Liberty Flour Mills, Inc.
Location of Headquarters	Liberty Building, 835 A. Arnaiz Avenue, Makati City
Location of Operations	528 F. Blumentritt Extension Mandaluyong City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report is limited to the operations of Liberty Flour Mills, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	The primary activity of the corporation is the milling and manufacturing of various kinds of hard and soft flour. These include <i>El Superior</i> and <i>LFM Bakers</i> which is used for the baking of bread; <i>Pine Tree</i> and <i>LFM Soft Flour</i> which is used for the Manufacture of biscuits and cookies; and an all-purpose flour sold under the brand name <i>Maya All-Purpose Flour</i> . The company also sells Mill feed, which is a by-product of the manufacturing process, which is used as a component for animal feeds.
Reporting Period	For the year ending on December 31, 2025
Highest Ranking Person responsible for this report	JOHN CARLOS UY President

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
<p>Liberty Flour Mills, Inc. acknowledges that in the course of running its business, there will be significant impacts on the environment as well as the communities that surround where we do business in. Hence, in the application of the materiality principle, it was of critical importance that in drafting and creating the sustainability report there be a descent into the particulars.</p> <p>Consequently, in the course of preparation of the report, the company looked at what its strengths are, what areas need improvement, what risks are of concern or of a growing concern, and how risks can be mitigated. However, the analysis did not stop there. There was a descent into the particulars of whether the strengths, mitigation measures for areas of improvement and risk diversion would create a substantial impact to our stakeholders and the environment.</p> <p>The Company acknowledges that if continuing strengths and mitigation measures carry with them negative and harmful social and environmental impacts, this would not be a sustainable practice for the company.</p> <p>There were also instances when the report when its application or requested information was difficult to extract, since the company does not or has not kept track of such data, nor does it possess historical data. In this scenario, while no accurate information could be provided, it gave</p>

¹ See [GRI 102-46](#) (2016) for more guidance.

insight to what additional matters the Company should be paying attention to. Additionally, when the report called for the Company to provide a course of action it will undertake in the future, the most sustainable option was selected.

Furthermore, if there was a request for disclosure of information, and the information requested for was not certain, the figures chosen to be reported were conservative estimates that leaned away from showing an over-compliance with sustainability goals, rather would provide for figures which would serve as a benchmark for the company to improve on. The logic and reason behind this choice of methodology is in the ingrained tendency for there to be complacency when figures and data slant favorably towards the Company.

For the year 2025, the dynamics of the COVID-19 Pandemic in 2020-2021 were also considered for purposes of the materiality principle.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount - In Thousands of Pesos	Units
Direct economic value generated (revenue)	1,143,778,152	PhP
Direct economic value distributed:		
a. Operating costs	124,924,022	PhP
b. Employee wages and benefits	31,163,608	PhP
c. Payments to suppliers, other operating costs	916,056,886	PhP
d. Dividends given to stockholders and interest payments to loan providers	834,420,951	PhP
e. Taxes given to government	91,368,074	PhP
f. Investments to community (e.g. donations, CSR)	-	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The largest risk faced by the Company is the trend of increasing prices of raw materials, particularly wheat.</p> <p>Wheat, the quality of which is needed to produce flour, cannot be sourced locally – hence the Company's wheat requirement is sourced from overseas. Over the past year, there has been a trend of an increase in the price of wheat, added to this is the fluctuation of</p>	<p>Employees and customers</p>	<p>The increase in the price of wheat, and the fluctuations in foreign currency are matters that cannot be controlled by the Company. Hence, to mitigate the risk the company has implemented the following:</p> <ul style="list-style-type: none"> • Modernization of the Milling Facilities – The modernization of the milling facilities aims to enhance the efficiency of the Company's milling activities. Correspondingly, this is anticipated to reduce the overall

<p>foreign currency rates. All of this conspire to create a steady and unpredictable rise in prices to an essential raw material.</p>		<p>manufacturing cost that is attributed to the flour milled. Which in turn, facilitates the offsetting of the increase in the price of raw materials.</p> <ul style="list-style-type: none"> Minimizing Variable Input Costs – In the course of production, there are variable input costs that go into the milling process. The company constantly studies on how these variable input costs can be minimized, and when minimized, if these can be further reduced or maintained at the given cost level.
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>The Company sees multiple economic opportunities in what has been termed the <i>Fourth Industrial Revolution</i> (“FIRE”) – which pertains to the rapid digitalization that is prevalent in our lives today.</p> <ul style="list-style-type: none"> There is a growing demand for flour. Such demand is brought about by different segments of society engaging in baking activities. These may be used for the manufacturing or consumption of breads, cakes, biscuits, and the like. <p>Additionally, the rise in online commerce by Micro and Small entrepreneurs, particularly those offering food, creates an avenue of largely untapped customers.</p> <ul style="list-style-type: none"> FIRE has created a broader wealth of knowledge and exposure to our consumer base – including social media influence on consumer behavior. Over the past years, 	<p>Consumers, suppliers, manufacturers, delivery chains and employees</p>	<p>To maximize these opportunities, the company has enhanced its Research and Development to produce flours that would cater to various customer demands.</p>

<p>there has been an increase in the demand for alternative types of flour, such as whole wheat flour, low glycemic flour, among others.</p> <p>The consumer demand for alternative and specialized flours are avenues which the company can use to diversify its offerings.</p>		
--	--	--

Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
<p>The Company has a Risk Oversight Committee which is primarily for tracking, collating, and analyzing the various risks that LFM faces.</p>	<p>Natural disasters (eg. Typhoons and floods) are risks that the Company faces. As mentioned above, wheat, which is an essential raw material in the production of flour is sourced from abroad. This being the case, natural calamities play a big role in the management of the company's supply chain.</p> <p>In addition to affecting the supply chain, natural disasters also affect the distribution of the Company's goods. Being perishable in nature, there is a need to deliver the goods from the factory to end consumer as quick as possible.</p>	<p>To mitigate the supply chain risk, the Company ensures that it has sufficient stock of its raw materials.</p> <p>To mitigate distribution risks, the Company ensures that it has made the proper arrangements and provisions with its partners to ensure the delivery of the goods.</p>	<p>To measure the effects of natural calamities, the Company looks at the following:</p> <ul style="list-style-type: none"> • Number of days of delay for the raw materials. • Number of undelivered locations for distribution of products. • Time of downtime of the manufacturing facility. • Costs to repair any damage to property, plant and equipment. • Costs of damaged or spoiled raw materials and finished goods.
<p>In addition to the Risk Management and Oversight Committee, the Executive Board</p>	<p>The Company looks into the severity and probability of the climate-related</p>	<p>The Company identifies, assesses and manages climate-related risks through a</p>	<p>Natural catastrophes, such as floods and typhoons, will directly affect the Company's</p>

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

oversees all risk and opportunities, including physical risks related to climate.	risks/opportunities on wheat production which can result to variation on wheat prices. Furthermore, physical safety risks related to frequently occurring typhoons and flooding which can hamper the milling process as well as delivery of flour to our customers.	risk-based thinking associated with ISO 9001:2015	operations. These are measured through the following: <ul style="list-style-type: none"> • Number of days of non-milling of flour. • Number of days of Work Suspension due to typhoons and calamity in the flour milling area and delivery to various customer sites. • Costs of repair or replaced damage or destroyed assets. • Costs for maintenance due to wear and tear on or damage to infrastructure.
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Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	<i>Variable, and subject to change.</i>	%

Note: As mentioned earlier, the main raw material used by the Company is wheat. The percentage of local suppliers will change depending on the amount of wheat sourced from abroad.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Suppliers and Contractors are chosen based on predetermined requirements and their capacity to fulfill the needs of the Company in the most economically feasible manner.	Employees, Suppliers, Contractors, and Customers.	The Company requires that those that it deals with possess all the necessary permits and licenses and financial stability necessary to operate.

Wheat, which is the main raw material needed to produce flour, is not endemic to the Philippines. Consequently, this has to be imported from the United States of America. Given the fact of its importation, there is a need to have the wheat transported in barges and transferred to the silo. All of these contribute to the use of fossil fuels.	Community	The Company tries to maximize shipments and place orders in the most economic manner possible. This would both aim to reduce the Company's costs as well as the indirect fossil fuel impact.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Poor production yield (as a result of climate-related factor) of wheat in the US affects the price of this key raw material for flour production. This leads to a poor quality of flour.	Suppliers	Close monitoring of wheat prices and constant search for the best wheat qualities suitable for local flour production.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Best global practices in flour milling can be readily accessed, with advancement in digital technology.	Suppliers	Research and development in modernized milling operations to maximize efficiency.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	No formal training	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	No formal training	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	No formal training	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has an Anti-Corruption Policy in its Code of Corporate Governance.	Employees, suppliers, service providers, and Government.	The Company has an Anti-Corruption and Bribery policy which prohibits directors, officers, management, and all employees from offering or receiving any benefit to "facilitate transactions. To implement such policy, the Company has a Whistleblowing Policy which can be found in the Company's Code of Corporate Governance.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Bribery and corruption may be facilitated by employees, suppliers, or service providers, without the knowledge of the Company.	Employees, suppliers, service providers, and the Government.	In the exercise of its day-to-day operations, the Company endeavors to ensure that employees handling government facing roles do not engage in corrupt practices. It is difficult to monitor compliance with this from the supplier and service provider's side since their operations are not controlled by the Company. However, in the selection of suppliers and service providers the Company selects those with good reputations – both business wise and ethically.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
An opportunity that the Company has is to communicate the anti-corruption policy, not only to government and regulatory facing employees, rather to all.	Employees	Management will endeavor to come up with a training program, if feasible, to orient its employees on the Anti-Bribery and Corruption Policy and Whistleblowing Policy of the Company.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	None	#
Number of incidents in which employees were dismissed or disciplined for corruption	None	#

Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	#
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
For the 2025 Fiscal Year, there were no reports or incidents that the Company has knowledge of.	Employees, suppliers, service providers, and the Government.	To ensure that this remains the same moving forward, the Company will communicate such to its directors, officers, and employees.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
If there is a lapse in oversight, some employees or suppliers, or service providers, may be tempted to engage in corrupt practices to help expedite certain matters.	Employees, suppliers, service providers, and the Government.	To ensure that this does not happen, the Company will endeavor to monitor transactions that its employees have with the government, as well as remind its suppliers and service providers, that the company will not tolerate them engaging in corrupt practices.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No opportunities identified.		

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	NONE	NONE
Energy consumption (gasoline)	75.89	GJ
Energy consumption (LPG)	224.80	GJ
Energy consumption (diesel)	335.60	GJ
Energy consumption (electricity)	3,863,442.60	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	128.187	GJ
Energy reduction (LPG)	8.048	GJ
Energy reduction (diesel)	NONE	GJ
Energy reduction (electricity)	375,410.02	kWh
Energy reduction (gasoline)	NONE	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The milling and production of flour consumes a great amount of electricity.	Community	The Company seeks to ensure that the use of energy is in the most efficient manner. Furthermore, the Company is upgrading its machinery, and such upgrade would make the mills run more efficiently, hence consume less power.
<p>Wheat, which is the main raw material needed to produce flour, is not endemic to the Philippines. Consequently, this has to be imported from the United States of America.</p> <p>Given the fact of its importation, there is a need to have the wheat transported in barges and transferred to silo. All of these contribute to the use of fossil fuels.</p> <p>These are metrics that the Company cannot accurately measure since these are indirectly attributable and not directly incurred.</p>	Community	The Company tries to maximize shipments and place orders in the most economic manner possible. This would both aim to reduce the Company's costs as well as the indirect fossil fuel impact.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks were reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company makes a constant effort to try and lower the amount of energy consumption that the company consumes in every aspect of its operations. This not only helps the environment, it also reduces the Company's operating costs.	Employees, Community	The Company implements measures to try and lessen its energy consumption. Among these measures is the modernization and utilization of upcoming technologies for the manufacturing of flour.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	8,311	m ³
Water consumption	8,062	m ³
Water recycled and reused	NONE	m ³

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Bulk of the Company's use of water would be directly attributable to or because of its manufacturing activities. Additionally, there will be large water consumption for the lavatory facilities.	Employees	
Another source for the company's use of water would be those that are necessary for the upkeep and cleaning of facilities and employee lavatory use. These are further exacerbated by the COVID-19 pandemic where people are encouraged to constantly disinfect. Consequently, there is less focus given to reducing water consumption, and greater attention to sanitizing and disinfecting the premises. This necessarily entails an increase in the usage of water.	Employees and the Company	The Company tries to reduce its water consumption by scheduling the most optimal time for sanitation. Employees are also reminded to be conscientious with their use of water.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks were reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company makes a constant effort to try and lower the amount of water consumption that the company consumes in every aspect	Employees, Community	The Company implements measures to try and lessen its water consumption. These are done through employee reminders to conserve water, and try

of its operations. This not only helps the environment, it also reduces the Company's operating costs.		and use upcoming technologies in flour milling that make the milling process more efficient and less draining on natural resources.
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Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
<ul style="list-style-type: none"> renewable 	NONE	kg/liters
<ul style="list-style-type: none"> non-renewable 	45,602,680	kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	NONE	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Being engaged in the manufacturing of commodities, the products that are used by the company are non-renewable in nature, since they are meant for consumption.</p> <p>Manufacturing activities generate waste and contribute to environmental impact.</p>	Customers and Community	<p>The Company's a goal is to create as little waste in the manufacturing process as possible. Less waste does not only help the environment, rather it has a direct correlation to the efficiency that raw materials are used.</p> <p>Furthermore, all by-products that are not usable, are discarded and recycled properly.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
When there is a lapse in production quality, there is a greater possibility of producing rejects. The rejects, which are unfit for human or livestock consumption, are treated as waste and disposed of.	Community	<p>To mitigate the risk of poor production quality, the Company ensures that there is a step by step process in place for the manufacturing of flour.</p> <p>Management also invests in new technologies that aid the manufacturing process by reducing the instances of human error. When the rate of human error has an inverse relation to the amount of production related waste generated by the Company.</p>
Overproduction (i.e. when the Company's production exceeds consumer demand) increases the	Company, Customers, and Community	Management monitors market developments and tries to match

risk of waste brought about by spoilages.		production volume with the anticipated demand.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has an opportunity to manufacture flour in a more efficient manner with the upgrade of its milling facilities.	Employees and Community	To aid in the efficiency and decrease human error, the Company is upgrading its milling equipment.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	n/a	
Habitats protected or restored	n/a	Ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	n/a	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable		

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	none	kg
Energy indirect (Scope 2) GHG Emissions	none	kg
Emissions of ozone-depleting substances (ODS)	none	kg

³ International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable		

Air pollutants

Disclosure	Quantity	Units
NO _x	None	kg
SO _x	None	kg
Persistent organic pollutants (POPs)	None	kg
Volatile organic compounds (VOCs)	None	kg
Hazardous air pollutants (HAPs)	None	kg
Particulate matter (PM)	None	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	87,465	kg
Reusable	NONE	kg
Recyclable	NONE	kg
Composted	NONE	kg

Incinerated	NONE	kg
Residuals/Landfilled	87,465	kg

Note: The Company has no accurate means to determine the exact weight of all its solid waste produced.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Since the company is engaged in manufacturing, there solids wastes are generated that are the byproducts of the manufacturing activities.	Community	As a matter of policy, the Company tries to reduce the amount of waste from its manufacturing activities. Furthermore, there are safeguards and procedures in place to ensure that the solid waste is disposed of properly. There are also some by-products of the milling process which may be used for other purposes. Among this are the use and sale of mill feeds to producers of animal feeds.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks were reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities were reported or identified.		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	388	kg
Total weight of hazardous waste transported	NONE	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company, through the course of its manufacturing activities, generates hazardous waste.	Employees and Community	The Company ensures that there are proper measures and safeguards in place for the identification and handling of hazardous waste. These are implemented to ensure the safety of the

		<p>Company's employees, as well as ensuring its proper disposal.</p> <p>In the transportation of hazardous waste, the Company ensures that it handles the hazardous waste properly. If the hazardous waste is beyond the competency of the Company to handle, the services of a duly licensed and accredited third-party provider are secured.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risk reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant risk reported or identified.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	650.737	Cubic meters
Percent of wastewater recycled	NONE	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As a by-product of manufacturing, toilets, and sanitation facilities, the Company produces waste water.	Employees and Community	The company does not transport nor handle its own wastewater. However, to ensure that the proper handling of the wastewater, the Company ensures that the necessary facilities are in place to ensure that wastewater reaches the proper sewage.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risk reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunity reported or identified.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	none	#
No. of cases resolved through dispute resolution mechanism	none	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴	68	
a. Number of female employees	16	#
b. Number of male employees	52	#
Attrition rate ⁵	0.060606	Rate
Ratio of lowest paid employee against minimum wage	n/a	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	31	44
PhilHealth	Y	n/a	n/a
Pag-ibig	Y	31	29
Parental leaves	Y	0.06	0.02
Vacation leaves	Y	38	67
Sick leaves	Y	75	79
Medical benefits (aside from PhilHealth))	Y	13	2
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	Y	1	1
Further education support	N	n/a	n/a
Company stock options	N	n/a	n/a
Telecommuting	N	n/a	n/a
Flexible-working Hours	N	n/a	n/a
(Others)		n/a	n/a

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Flour milling requires strong technical experience, not typically acquired through vocational nor academic training. Our flour millers have at least 30 years of flour milling experience, generally homegrown, and considered pioneers in the flour milling industry since 1958.	Due to the lack of organic expertise that relates to flour milling, the Company invests time and resources to train its employees.

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁵ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Valuable time and resources are invested in our employees to ensure that they have the necessary capabilities to perform their jobs. Furthermore, they are considered by the Company as key personnel who have grown with the Company throughout the years	
What are the Risk/s Identified?	Management Approach
The aging workforce of the Company and lack of training vocational schools on flour milling for new millers poses the risk of a gap in continuity; especially when older flour millers retire or they develop health issues associated with aging.	Succession planning is slowly being put in place to develop the younger workforce. Additionally, to manage the health risk of aging employees, the Company has secured HMO coverage and other medical benefits to ensure that the health concerns of the Company's older employees are addressed. The Company is also studying various degrees of automation that would reduce reliance on physical labor.
What are the Opportunity/ies Identified?	Management Approach
As global flour milling industry moves towards automation, flour millers are slowly being eased out of the industry. This is an opportunity for tapping into the consultancy roles of these experts in the local flour milling industry.	Competitive salary and benefits packages have been designed. Technical training on recent updates in flour milling and baking industry has been offered to the employees.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	61	2,199 Hours
a. Female employees	13	366 hours
b. Male employees	48	1833 hours
Average training hours provided to employees	61	66.40 Hours
a. Female employees	13	28.20 hours/employee
b. Male employees	48	38.20 hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
As mentioned above, the skills required for flour milling are not organic to the Philippines.	The Company invests time and resources to the training of employees to ensure that they possess the necessary expertise for the flour milling functions of the Company.

What are the Risk/s Identified?	Management Approach
Flour milling technical courses are not available in the country, thus access to latest trends is limited. Although training provided abroad were done in the previous years, this was limited with travel restrictions imposed by sponsoring countries.	Updates on local flour milling industry experts are instead sought.
What are the Opportunity/ies Identified?	Management Approach
As technology advances, the need for digital literacy and skills are needed more than ever. Aside from automation to improve flour milling efficiency, our employees will need quicker and better access to information to keep up with the fast-changing world	Digitalization and automation of the processes are being studied.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	81	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has entered into a <i>Collective Bargaining Agreement (CBA)</i> with its employees' union.	As part and parcel of recognizing the employee's union, the Company endeavors to always maintain good relationships as well as negotiate in good faith with the union.
What are the Risk/s Identified?	Management Approach
No significant risk reported or identified.	
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	23.52	%
% of male workers in the workforce	76.48	%
Number of employees from indigenous communities and/or vulnerable sector*	7	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company supports diversity in employment, where of prime importance is skill and qualification. The Company does not discriminate as to matters such as, race, sex, religion, gender orientation, political opinion, and others.	The Company implements an “ <i>equal employment opportunity for all</i> ” policy, and strays from discriminating against applicants.
What are the Risk/s Identified?	Management Approach
No significant risk reported or identified.	
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	147,264	Hours
No. of work-related injuries	0	Case
No. of work-related fatalities	0	0
No. of work related ill-health	0	0
No. of safety drills	3	drill

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company values the health, safety, and wellbeing of its employees. In furtherance of such, the company implements and complies with safety, health and welfare standards, and policies.	In the interest of the health of the Company's employees the former has implemented the following, among others: <ul style="list-style-type: none"> • Annual physical check-up. • HMO benefits for all employees. • On-site medical assistance for any work-related accidents. Our Company employs an occupational health doctor and an occupational health nurse at the Mandaluyong plant and another at the Makati office. • Hospitalization plan contract with Etiqa Life and General Assurance Philippines, Inc. and Philippine British Assurance Company, Inc.

	<ul style="list-style-type: none"> Memorandum of Agreement with VRP Medical Center.
What are the Risk/s Identified?	Management Approach
One risk that faces the Company is the aging workforce, which comes with the corresponding health issues	<p>As mentioned above, Succession planning is slowly being put in place to develop the younger workforce.</p> <p>Also, to try and mitigate these risks the Company has secured a Hospitalization Plan, HMO Benefits, among others, to ensure that Company employees have health security.</p>
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	None	None

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For 2024, there were no incidents related to human rights abuse.	Employees are given an avenue through which they could voice out any complaints and concerns, including human rights violations. Under the Code of Corporate Governance, the employees have a grievance mechanism where they can submit complaints to the internal auditor, the audit committee, or any responsible officer of the Company. The choice of which avenue to course complaints is at the reporting employee's discretion.
What are the Risk/s Identified?	Management Approach
If the Company does not respect and honor human rights, these will have massive negative impacts on	The Company undertakes and ensures that it respects and values human rights. Furthermore,

the morale of the employees which may lead to strikes, lockouts, work stoppages, pickets, mass resignations and the like.	as part of the Company's Code of Corporate Governance, employees are treated as partners in value growth and creation.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	The Company does not have a specific policy for suppliers, rather there is a general Anti-Corruption Policy in the Code of Corporate Governance. It is available through this link: http://www.libertygroup.com.ph/pdf/LFM_Revised_Code_of_Corporate%20Governance_2019.pdf

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Suppliers and service providers are selected based on their ability to fulfill the needs and requirements of the Corporation.	Before a supplier is selected, the company does a background check of the following, among others: historical performance with the company; historical performance with other companies or businesses; and reputation for fair and good dealing.
What are the Risk/s Identified?	Management Approach
As mentioned previously, wheat, which is the most essential ingredient of flour manufacturing, is sourced from abroad. Furthermore, the Philippine climate is not suitable for wheat related agriculture. The lack of local sourcing places great reliance on importations of this essential raw material.	To mitigate this risk, the company ensures that it has a sufficient amount of raw materials to maintain production.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
DepEd	NCR	Youth	N	Food	Aside from baking skills training, the end product (bread), it also provides nutrition to these youth

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	n/a	#
CP secured	n/a	#

What are the Risk/s Identified?	Management Approach
Not applicable	
What are the Opportunity/ies Identified?	Management Approach
Not applicable	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Distributors – 4.6 (Very Good) Bakers - 4.8 (Very Good)	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer satisfaction is essential to the Company, because it leads to repeat purchases and brand loyalty.	The Company does extensive research and development to try and modify its goods to fit consumer preferences and anticipate future demand.
What are the Risk/s Identified?	Management Approach
The Company is engaged in the manufacturing of goods meant for human consumption. This being the case, a decrease in customer satisfaction would have a direct negative impact on the goodwill and sales of the Company.	There are stringent quality control measures in place to ensure that the goods produced would be to the satisfaction of our customers.
What are the Opportunity/ies Identified?	Management Approach
The Company sees opportunity in developing new recipes and types of flour that would suit consumer preferences.	The Company tries to keep abreast of the changing consumer demands and preferences for the goods that it currently produces, as well as anticipate what consumers may demand in the future.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	NONE	#
No. of complaints addressed	NONE	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The complaints that the Company receives primarily concern the products produced by the Company.	To ensure that the customer concerns are addressed the company immediately escalates this to the relevant officer for rectification.

What are the Risk/s Identified?	Management Approach
The Company is exposed to health risks that may arise from products that are not manufactured according to the standards of the Food and Drug Administration, as well as best practices.	The Company implements stringent quality control as well as maintenance of its manufacturing equipment to ensure that goods are produced according to the aforementioned standards.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Being engaged in the sale of consumer goods, brand recognition is an essential aspect of the Company's business.	The Company engages in marketing activities to promote its products. Furthermore, the company also designs and creates packaging that would appeal to the consumer and create a natural draw to the Company's products.
What are the Risk/s Identified?	Management Approach
No significant risk reported or identified.	
What are the Opportunity/ies Identified?	Management Approach
The company, using online platforms both for purchase and delivery, may make its products available to a wider segment of the population.	The Company studies how it can create and/ or increase engagement with untapped customers through digital means.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
During its operations, the Company does not, as a practice, store the information of the consumers that purchase its goods - hence, this topic is immaterial.	
What are the Risk/s Identified?	Management Approach
Not applicable, please see explanation above.	
What are the Opportunity/ies Identified?	Management Approach
Not applicable, please see explanation above.	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	None

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
For the year 2025, there were no data breaches or security incidents.	The Company values information security, especially in these evolving times. To ensure that the Company is insulated from cyber threats, it has implemented the necessary safety and security measures as well as hired the services of a third-party contractor with more expertise on the subject to handle the matter.
What are the Risk/s Identified?	Management Approach
The increasing reliance on information technology infrastructure makes the Company susceptible to cyber-attacks, data breaches, security incidents, and the like.	As mentioned above, the company has in place security measures which would address these concerns. However, to not compromise the security systems of the company, the specifics of such shall be left out.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.



Contribution to UN SDG's:

The Company is engaged in the production and manufacturing of affordable flour, which is an integral component and raw of Filipino food staples such as bread. By manufacturing and offering affordable flour, consumer goods which are produced using the Company's products may now be offered to the consuming public at lower prices.

Mill feeds, which is a by-product of flour manufacturing, is used as an essential component for animal feeds. By providing a component of animal feeds at an affordable price, this in turn helps lower the cost of raising livestock and poultry, which leads to lower prices offered to consumers.

The ability to offer various raw materials for the manufacturing and production of consumer goods, livestock, and poultry leads to the Company's products helping vulnerable segments of the population gain access to means which they daily sustenance needs may be met.

Negative Impacts and mitigation measures:

Being engaged in manufacturing of consumer goods, the Company has a large carbon footprint in terms of the use of fossil fuels. It imports wheat, which is transported through barges and ships, and transports raw materials through the use of trucks and vans.

To mitigate the fossil fuel impact, the Company tries to minimize its carbon footprint by making sure that the logistics of the company are conducted at an optimal manner.

Another negative impact that may result from the operations of the company is a large amount of solid waste that may result from spoilages and/or goods not manufactured according to standards.

To mitigate this risk, the company has in place strict quality control mechanisms to ensure that goods are produced in compliance with regulations and best practices.

A common mitigation measure to the above would be the modernization and use of information technology which would be

leveraged in such a way that it would help create efficiency as well as control systems in all aspects of the Company's operations.



Contribution to UN SDG's:

Through its operations, the Company creates employment opportunity for the community. However, the company is not content with just providing employment, rather such employment should be able to sustain. In furtherance of this, the Company's goal is to pay all its employees a living wage and not just minimum wage.

Negative Impacts and mitigation measures:

A negative impact of job creation would be the Company's indirect contribution to the increase in fossil fuel usage, arising from the fossil fuels consumed by employees going to and from work.

To mitigate these risks, the Company tries to encourage employees to use alternative modes of transportation that would not require the use of fossil fuels.

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Liberty Flour Mills, Inc.
7F Liberty Building
835 A. Arnaiz Avenue
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Liberty Flour Mills, Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2025 and 2024, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the parent company financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

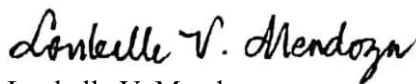


Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 30 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Liberty Flour Mills, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Loubelle V. Mendoza.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza

Partner

CPA Certificate No. 115161

Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115161-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10765091, January 2, 2026, Makati City

March 25, 2026



LIBERTY FLOUR MILLS, INC.**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱94,766,381	₱73,169,174
Receivables (Note 5)	928,795,287	1,160,454,698
Due from a related party (Notes 11 and 24)	–	568,400,000
Inventories (Note 6)	210,690,938	159,215,849
Financial assets at fair value through profit or loss (FVTPL) (Note 7)	14,965,350	13,124,130
Prepaid expenses and other current assets (Note 8)	57,778,345	68,775,553
	1,306,996,301	2,043,139,404
Noncurrent asset held for distribution to owners (Note 9)	–	123,711,767
Total Current Assets	1,306,996,301	2,166,851,171
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	399,244,511	425,409,223
Investment properties (Note 11)	705,407,601	704,491,234
Investment in subsidiaries (Note 9)	29,620,550	30,470,803
Property, plant and equipment (Note 12)	365,549,414	352,563,544
Deferred tax asset - net (Note 23)	–	2,550,268
Net retirement plan asset (Note 21)	1,631,137	–
Other noncurrent assets (Note 8 and 11)	47,621,593	10,070,375
Total Noncurrent Assets	1,549,074,806	1,525,555,447
TOTAL ASSETS	₱2,856,071,107	₱3,692,406,618
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 13)	₱561,116,911	₱699,636,358
Notes payable (Note 14)	80,000,000	131,500,000
Income tax payable	35,896,899	86,151,678
Total Current Liabilities	677,013,810	917,288,036
Noncurrent Liability		
Net retirement plan liability (Note 21)	–	3,101,310
Total Liabilities	677,013,810	920,389,346
Equity		
Capital stock (Note 15)	1,500,000,000	1,500,000,000
Other components of equity:		
Fair value changes on financial assets at FVOCI (Note 10)	22,122,069	19,227,551
Accumulated rereasurement gains (losses) on retirement benefits (Note 21)	754,069	(5,334,084)
Retained earnings (Note 15)	656,181,159	1,258,123,805
Total Equity	2,179,057,297	2,772,017,272
TOTAL LIABILITIES AND EQUITY	₱2,856,071,107	₱3,692,406,618

See accompanying Notes to Parent Company Financial Statements.



LIBERTY FLOUR MILLS, INC.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2025	2024
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 16)	₱1,128,654,646	₱1,214,279,902
COST OF SALES (Note 17)	944,241,959	982,202,739
GROSS PROFIT	184,412,687	232,077,163
OPERATING EXPENSES (Note 18)		
General and administrative expenses	(104,542,017)	(99,478,549)
Selling expenses	(20,796,337)	(20,584,545)
OTHER INCOME (CHARGES)		
Gain on sale of investment properties (Note 11)	354,076,296	–
Gain on property dividend distribution (Notes 9 and 15)	385,538,233	–
Interest expense (Notes 6, 13, 14 and 18)	(24,420,951)	(32,708,533)
Rental income - net (Notes 11, 24 and 25)	7,261,053	9,788,697
Interest income (Notes 4 and 10)	8,239,093	8,313,557
Dividend income (Notes 7 and 10)	22,579,247	22,596,993
Other income (charges) - net (Notes 7, 10 and 20)	(9,549,117)	4,981,203
INCOME BEFORE INCOME TAX	802,798,187	124,985,986
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 23)		
Current	82,940,565	212,983,203
Deferred	2,550,268	(192,005,698)
	85,490,833	20,977,505
NET INCOME	717,307,354	104,008,481
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Fair value gain (loss) on debt instruments at FVOCI (Note 10)	(3,926,564)	3,335,894
Fair value gain on financial assets at FVOCI realized through sale (Note 10)	(88,017)	–
	(4,014,581)	3,335,894
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Fair value gain on equity investments at FVOCI (Note 10)	6,909,099	10,429,664
Remeasurement gain on retirement benefits (Note 21)	6,088,153	11,008,485
Income tax effect	–	(2,752,121)
	12,977,252	18,686,028
TOTAL OTHER COMPREHENSIVE INCOME	8,982,671	22,021,922
TOTAL COMPREHENSIVE INCOME	₱726,290,025	₱126,030,403
BASIC/DILUTED INCOME PER SHARE (Note 15)	₱4.78	₱0.69

See accompanying Notes to Parent Company Financial Statements.



LIBERTY FLOUR MILLS, INC.

**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	Other Components of Equity				Total
	Capital Stock (Note 15)	Fair Value Changes on Financial Assets at FVOCI (Note 10)	Accumulated Remeasurement Gains (Losses) on Retirement Benefits (Note 21)	Retained Earnings (Note 15)	
BALANCES AT JANUARY 1, 2025	₱1,500,000,000	₱19,227,551	(₱5,334,084)	₱1,258,123,805	₱2,772,017,272
Net income	–	–	–	717,307,354	717,307,354
Other comprehensive income	–	2,894,518	6,088,153	–	8,982,671
Total comprehensive income	–	2,894,518	6,088,153	717,307,354	726,290,025
Property dividend distribution (Note 15)	–	–	–	(509,250,000)	(509,250,000)
Cash dividends declared (Note 15)	–	–	–	(810,000,000)	(810,000,000)
BALANCES AT DECEMBER 31, 2025	₱1,500,000,000	₱22,122,069	₱754,069	₱656,181,159	₱2,179,057,297
BALANCES AT JANUARY 1, 2024	₱1,500,000,000	₱5,461,993	(₱13,590,448)	₱1,499,115,324	₱2,990,986,869
Net income	–	–	–	104,008,481	104,008,481
Other comprehensive income	–	13,765,558	8,256,364	–	22,021,922
Total comprehensive income	–	13,765,558	8,256,364	104,008,481	126,030,403
Cash dividends declared (Note 15)	–	–	–	(345,000,000)	(,000,000)
BALANCES AT DECEMBER 31, 2024	₱1,500,000,000	₱19,227,551	(₱5,334,084)	₱1,258,123,805	₱2,772,017,272

See accompanying Notes to Parent Company Financial Statements.



LIBERTY FLOUR MILLS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱802,798,187	₱124,985,986
Adjustments to reconcile profit before income tax to net cash flows:		
Depreciation and amortization (Notes 11, 12, 17 and 18)	31,095,135	36,269,748
Interest expense (Notes 6, 13, 14 and 18)	24,420,951	32,708,533
Change in net retirement liability (Note 21)	1,355,706	2,911,971
Fair value loss (gain) on financial assets at FVTPL (Notes 7 and 20)	(1,841,220)	1,282,527
Unrealized foreign currency exchange loss (gain)	(495,346)	55,761
Interest income (Notes 4 and 10)	(8,239,093)	(8,313,557)
Dividend income (Notes 6 and 10)	(22,579,247)	(22,596,993)
Realized fair value gain on financial assets at FVOCI (Note 10)	(88,017)	–
Gain on sale of investment properties (Note 11)	(354,076,296)	–
Gain on property dividend distribution (Notes 9 and 15)	(385,538,233)	–
Operating income before working capital changes	86,812,527	167,303,976
Decrease (increase) in:		
Receivables	231,659,411	(21,138,360)
Inventories	(51,475,089)	100,567,225
Prepaid expenses and other current assets	10,997,208	50,925,075
Increase (decrease) in accounts payables and other current liabilities	32,376,657	(407,918,378)
Cash generated from (used for) operations	310,370,714	(110,260,462)
Interest received	8,239,093	8,313,557
Income taxes paid	(133,195,344)	(126,831,525)
Net cash provided by (used in) operating activities	185,414,463	(228,778,430)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Financial assets at FVOCI (Note 10)	29,997,500	119,030,000
Investment properties (Note 11)	355,872,550	–
Acquisition of:		
Property, plant and equipment (Note 12)	(40,731,350)	(54,733,407)
Investment properties (Note 11)	(6,062,276)	(963,500)
Dividends received (Notes 7 and 10)	22,579,247	22,596,993
Decrease in due from a related party (Notes 11 and 24)	568,400,000	282,800,000
Increase in other noncurrent assets	(37,551,218)	(8,602,688)
Net cash provided by investing activities	892,504,453	360,127,398
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of notes payable	80,000,000	–
Payments of:		
Dividends paid (Notes 15 and 28)	(980,896,104)	(44,631,810)
Notes payable (Note 14)	(131,500,000)	(41,000,000)
Interest paid (Note 6, 13, 14, and 18)	(24,420,951)	(32,708,533)
Net cash used in financing activities	(1,056,817,055)	(118,340,343)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	495,346	(55,761)
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,597,207	12,952,864
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	73,169,174	60,216,310
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱94,766,381	₱73,169,174

See accompanying Notes to Parent Company Financial Statements.



LIBERTY FLOUR MILLS, INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Liberty Flour Mills, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 26, 1958. On December 28, 2008, the Company extended its corporate life for another 50 years. The Company is engaged primarily in the manufacture of flour, utilization of its by-products and the distribution and sales of its produce. The common shares of the Company were listed beginning January 24, 1966 and have been traded in the Philippine Stock Exchange (PSE) since then. The Company's registered office is at 7F Liberty Building, 835 A. Arnaiz Avenue, Makati City.

Business Operations

The Company has been operating under the authorization of a Certificate of Non-Conformance (CNC) issued by the Mandaluyong City Government in accordance with applicable Mandaluyong City ordinances which include the Zoning Ordinance. Under the Zoning Ordinance and the Comprehensive Land Use Plan guidebook published by the Housing and Land Use Regulatory Board (HLURB), a CNC is issued to owners of non-conforming uses existing at the time of the adoption of the Zoning Ordinance. The CNC legally permits the Company's flour mill operations in an area now designated and zoned for high-density mixed development use. The CNC is issued in accordance with the zoning ordinances of Mandaluyong City, as well compliance with the conditions for the lawful use or operation of the subject area. Failure to comply with the conditions stipulated in the CNC shall render the certificate null and void and shall constitute a violation of the Zoning Ordinance subject to criminal and/or administrative action. In October 2024, the Company is able to meet the conditions indicated therein. The CNC is secured every two years, with the Company's latest renewal in 2024 valid until November 2026.

Management assessed that the Company can continue its business operations and secure the renewal of the CNC every two years on the basis of the following:

- The Company has been in existence since 1958, preceding the enactment of the relevant zoning ordinances of Mandaluyong City, and able to secure the CNC for the past 2 decades since its effectivity;
- The HLURB acknowledges the continuity of non-confirming activities existing prior to the approval of zoning ordinances for local governments at the city/municipal levels through the issuance of a CNC;
- The Mandaluyong City zoning ordinance provides that vested rights upon the effectivity of such ordinance shall not be impaired;
- There has been no indication, nor notice from the Mandaluyong City local government of its intention to revise the land use plan which would create an obstacle to the continued operations of the flour mill in the area; and
- The peaceful state of operations has been continued to the current date without any indication that would prompt a change in the circumstances.

Management is undertaking a review of the operations and intends to conduct study of the strategic plans for the Company.

Authorization for Issuance of the Parent Company Financial Statements

The accompanying parent company financial statements were authorized and approved for issue by the Board of Directors (BOD) on March 25, 2026.



2. Material Accounting Policy Information

Basis of Preparation

The parent company financial statements that are prepared for submission to the Philippine SEC and the Bureau of Internal Revenue (BIR) have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The parent company financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The parent company financial statements are presented in Philippine peso (peso), which is the Company's functional and presentation currency, and rounded to the nearest peso, except when otherwise indicated.

The Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements and in accordance with PFRS Accounting Standards. The consolidated financial statements may be obtained at the Company's registered office address (see Note 1).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

▪ Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

▪ Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

▪ Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.



Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the parent company financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The Company is current assessing the impact of PFRS 18 in its financial reporting, including its data collection process.

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Fair Value Measurement

The Company measures financial instruments, such as financial assets at FVTPL and financial assets at FVOCI at fair value at the end of reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as quoted financial assets, and for non-recurring measurement.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

“Day 1” Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and the fair value (a “Day 1” difference) in the parent company statements of comprehensive income. In cases where data which is not observable is used, the difference between the transaction price and model value is only recognized in the parent company statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference amount.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



a. Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVTPL

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortized cost (debt instruments).* This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
 - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's cash and cash equivalents, receivables and refundable deposits recorded under "Other noncurrent assets" are included in this category as at December 31, 2024 and 2023.

- *Financial assets at FVOCI (debt instruments).* The Company measures debt instruments at FVOCI if both of the following conditions are met:
 - The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and



- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss in the parent company statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company's debt instruments at FVOCI includes government and corporate bonds as at December 31, 2025 and 2024.

- *Financial assets designated at FVOCI (equity instruments)*. Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss in the parent company statement of comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company's financial asset designated at FVOCI includes quoted and unquoted equity investments as at December 31, 2025 and 2024.

- *Financial assets at FVTPL*. Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the parent company statement of financial position at fair value with net changes in fair value recognized in the parent company statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the parent company statement of comprehensive income when the right of payment has been established.



A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristic and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded with a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

The Company has no derivative asset as at December 31, 2025 and 2024.

Impairment of financial assets. The Company recognizes an ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90-180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.



All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities consist only of loans and borrowings. As at December 31, 2025 and 2024, the Company's loans and borrowings consist of accounts payable, notes payable and other current liabilities. The Company has no financial liabilities at FVTPL or derivatives designated as hedging instruments in an effective hedge and no freestanding embedded derivatives as at December 31, 2025 and 2024.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium or acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is recognized in profit or loss.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The contractual right to receive cash flows from the financial asset has expired; or
- The Company retains the right to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a "pass-through" arrangement and has neither transferred nor retained substantially all the risk and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is extinguished, i.e., when discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Inventories

Inventories are valued at the lower of cost (computed using the first-in, first-out method for raw materials and moving-average for finished goods) and net realizable value (NRV). Cost of finished goods such as flour and mill feeds and work in process represents the costs of direct materials, direct labor and a proportion of production overhead. Cost of raw materials such as wheat grains represents the cost of purchase and other costs directly attributable to its acquisition. NRV is the selling price in



the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Prepaid Expenses and Other Current Assets

Store supplies. Store supplies under “Prepaid expenses and other current assets” are incidental items necessary for maintenance activities that are expected to be consumed within the 12 months or within the normal operating cycle.

Creditable withholding taxes (“CWT”). CWT represents the amount of tax withheld by counterparties from the Company. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is presented under the “Prepayments and other current assets” account in the parent company statement of financial position.

Value-added Tax. Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable included as part of “Accounts payable and other current liabilities” in the parent company statement of financial position.

When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset included as part of “Prepaid expenses and other current assets” in the parent company statement of financial position to the extent of the recoverable amount.

Prepayments. Prepayments are expenses paid in advance are recorded as asset before they are utilized. This account comprises insurance premiums, and other prepaid items. The insurance premiums and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepayments that are expected to be realized within 12 months from the balance sheet date are classified as current assets, otherwise these are classified as other noncurrent assets.

Advances to suppliers. Advances to suppliers represents deposits on order placement to suppliers.

Investment in Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiaries is carried in the parent company statement of financial position at cost, less any impairment in value. The Company recognizes income from the investment only to the extent that it receives distributions from accumulated income of the subsidiary arising after the date of acquisition. Distributions received in excess of the accumulated income of the subsidiary are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Noncurrent Asset Held for Distribution to Owners

The Company classifies a noncurrent asset as held for distribution to owners if its carrying amounts will be recovered principally through distribution to owners. Such noncurrent asset held for distribution to owners is measured at the lower of its carrying amount and fair value less costs to distribute (i.e., the incremental costs directly attributable to the distribution, excluding finance costs and income taxes).



The Company regards the criteria for held for distribution to owners classification as met only when:

- the Company is committed to the plan to distribute the asset to the owners, which should be available for immediate distribution in its present condition;
- the distribution is highly probable (i.e, expected to happen within one year from the date of the classification); and
- actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

Noncurrent asset held for distribution to owners is presented separately as part of current assets in the statement of financial position.

Investment Properties

Investment properties consist of properties (land or a building or part of a building or a combination) held to earn rentals or for capital appreciation or both, rather than for:

- a. use in the production or supply of goods or services or for administrative purposes; or
- b. sale in the ordinary course of business.

These assets, except for land, are measured at cost, including transaction costs less accumulated depreciation and accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Land is carried at cost (initial purchase price and other cost directly attributable to such property) less any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful lives of building and building improvements ranging from 10 to 20 years.

Investment properties are derecognized either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the parent company statement of comprehensive income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Construction in progress is stated at cost. Such cost includes cost of constructive and other direct costs, cost of replacing part of the investment property and borrowing costs for long-term construction projects if the recognition criteria are met. Construction in progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value.



The initial cost of property, plant and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged in profit or loss in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of the property, plant and equipment.

Depreciation commences once the assets are available for use. Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

	Number of Years
Land improvements	20
Mill machinery and equipment	10
Building and building equipment	10–20
Transportation equipment	3–5
Other equipment	2–5

Impairment of Nonfinancial Assets

The carrying values of nonfinancial assets (investment in subsidiaries, investment properties, property, plant and equipment and others nonfinancial assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The estimated recoverable amount of an asset is the higher of an asset's fair value less costs to sell and value-in-use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction less costs of disposal while value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Capital Stock

Capital stock is measured at par value for all shares issued and outstanding. When the Company purchases its own capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. Other comprehensive income (loss) includes gains and losses on changes in fair value of financial assets at FVOCI and remeasurement gains or losses on retirement benefits.



Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, dividend distributions, prior period adjustments, effects of the changes in accounting policy and other capital adjustments.

Dividend Distribution

Dividends on common shares are deducted from unappropriated retained earnings when approved by the shareholders of the Parent Company, except for stock dividends, which also require the approval for issuance of shares by the SEC. Cash dividends are recognized as a liability while stock dividends are recognized as additional issued shares. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Distribution of Non-cash Assets to Owners

Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners*, provides that the liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity, which is the date: (a) when declaration of the dividend, e.g. by management or the board of directors, is approved by the relevant authority, e.g. the shareholders, if the jurisdiction requires such approval, (b) when the dividend is declared, e.g. by management or the board of directors, if the jurisdiction does not require further approval. Further, it requires that an entity shall measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. IFRIC 17, however, does not apply when the non-cash asset is ultimately controlled by the same party or parties before and after the distribution. In such cases, the Company measures the liability to distribute non-cash assets as a dividend to its owners at the carrying amount of the assets to be distributed.

Stock Issuance Costs

Stock issuance costs are incremental external costs directly attributable to an equity transaction. The transaction costs of an equity transaction are accounted for as a deduction from additional paid-in capital, or from retained earnings when there is no available additional paid-in capital, net of any related income tax benefit.

Basic/Diluted Earnings (Loss) per Share

Basic earnings (loss) per share are computed by dividing net income (loss) for the year by the weighted average number of common shares, excluding treasury stock, outstanding during the year.

Diluted earnings per share is calculated by dividing the income for the year attributable to common stockholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potentially dilutive common shares, if any. The Parent Company has no dilutive shares.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. Revenue is recognized when the Company satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.



The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent and concluded that it is acting as a principal in all arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Sales

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Bill-and-hold arrangement

The following criteria must be met for a customer to have obtained control of a product:

- the reason for the bill-and-hold arrangement must be substantive (for example, the customer has requested the arrangement);
- the product must be identified separately as belonging to the customer;
- the product currently must be ready for physical transfer to the customer; and
- the entity cannot have the ability to use the product or to direct it to another customer.

Rental Income

Rental income from operating is recognized on a straight-line basis over the lease term. Initial direct costs incurred specifically to earn revenue from an operating lease are recognized as an expense in profit or loss in the period in which they are incurred.

Interest Income

Interest income is recognized as the interest accrues.

Dividend Income

Dividend income is recognized when the Company's right to receive the payment is established.

Costs and Expenses

Costs and expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability, other than equity transactions with equity holders, has arisen that can be measured reliably.

Costs of Sales. Cost of sales is recognized as expense when the related goods are sold.

Costs of Services. Cost of services, netted against rental income in the parent company statement of comprehensive income, includes expenses incurred for the generation of revenue from rental income. Cost of services is expensed as incurred.

General, Administrative and Selling Expenses. General and administrative expenses constitute costs of administering the business. Selling expenses are costs incurred to sell or distribute the merchandise. These expenses are expensed as incurred.

Leases

The determination whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.



Company as a Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Retirement Benefit Costs

The Company operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The retirement benefits cost comprises of service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the defined benefit liability and the return on plan assets (excluding amounts included in the net interest on the defined benefit liability), are recognized immediately in the parent company statement of financial position with a corresponding debit or credit to OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation under “General and Administrative expenses” in the parent company statement of comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Income Taxes

Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Current income tax for the current and prior periods shall, to the extent unpaid, be recognized as a liability under “Income tax payable” account in the parent company statement of financial position.

If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under “Prepaid expenses and other current assets” account in the parent company statement of financial position.

Deferred Tax. Deferred tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date.



Deferred tax liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities, and the deferred tax assets relate to the same taxable entity and the same tax authority.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in profit or loss, net of reimbursement.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements. They are disclosed in the notes to parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed in the notes to parent company financial statements when an inflow of economic benefit is probable.

Segment Reporting

The Company's operating business is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segment is presented in Note 29 to the parent company financial statements. The Company's revenue producing segments are located in the Philippines (i.e. geographical location). Therefore, geographical segment information is no longer presented.



Events after the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and amounts reported in the parent company financial statements.

In the opinion of management, the parent company financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates, and such estimates will be adjusted accordingly when the effects become determinable.

Judgments

Classification of Financial Instruments. The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the parent company statements of financial position.

Classification of Investment in a Subsidiary as Noncurrent Asset held for Distribution to Owners. As of December 31, 2024, the Company assessed that its investment in LPC declared as property dividends met the criteria to be classified as held for distribution to owners for the following reasons:

- Investment in LPC is available for immediate distribution in its present condition.
- The BOD is committed to distribute the Company's ownership interest in LPC as property dividends and is expected to be completed in 2025 upon securing SEC's approval.

The asset classified as held for distribution to owners was measured at the lower of the carrying amount and fair value less costs to distribute.

On August 5, 2025, the Company obtained SEC's approval for the distribution of property dividends.

Classification of Leases- Company as Lessor. The Company has entered into the property leases where it has determined that the risk and rewards related to those properties are retained by the Company. As such, these lease agreements are accounted for as operating leases.

Estimates

Definition of Default and Credit-Impaired Financial Assets. The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 90-180 days past due on its contractual payments, which is consistent with the Company's definition of default, except for trade receivables from related parties which is 180 days past due on its contractual payments.



- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
 - a. The borrower is experiencing financial difficulty or is insolvent;
 - b. The borrower is in breach of financial covenant(s);
 - c. Concessions have been granted by the Company, for economic or contractual reasons relating to the borrower's financial difficulty; or
 - d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes, unless otherwise stated. The default definition has been applied consistently model the probability of default, loss given default and exposure at default throughout the Company's expected credit loss (ECL) calculation.

Simplified Approach for Trade Receivables. The Company uses a provision matrix to calculate ECLs for trade receivables from related parties. The provision rates are based on days past due. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of Instruments for Losses Measured on Collective Basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. Since the Company has only three customers, the Company does not model their expected credit loss provisions on a collective basis.

Macro-economic Forecasts and Forward-looking Information. Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The allowance for expected credit losses amounted to ₱1.92 million as at December 31, 2025 and 2024. The carrying value of receivables amounted to ₱928.80 and ₱1,160.45 million as at December 31, 2025 and 2024, respectively (see Note 5).

Evaluation of Net Realizable Value of Inventories. The Company writes down the cost of inventories whenever the net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a periodic basis. Inventory items identified to be obsolete or unusable are written off and charged as expense in the parent statement of comprehensive income.



The Company has no allowance for inventory obsolescence as at December 31, 2025 and 2024. The carrying value of inventories amounted to ₱210.69 and ₱159.22 million as at December 31, 2025 and 2024, respectively (see Note 6).

Impairment of financial assets at FVOCI (debt instruments). The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

In 2025, management assessed that a debt instrument classified as financial assets at FVOCI is impaired. Provision for impairment loss on financial assets at FVOCI amounted to nil as at December 31, 2025 and 2024, respectively. The carrying value of investment in debt instruments classified as financial assets at FVOCI amounted to ₱83.27 million and ₱107.20 million as at December 31, 2025 and 2024, respectively (see Note 10).

Estimation of Fair Value of Investments in Unquoted Equity Securities. The fair values of the unquoted equity securities have been estimated using the adjusted net asset method which involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities and assumes certain discount rates. The determination of discount factors for unquoted equity investments requires significant estimation. In valuing the Company's unquoted equity instruments at fair value, management applied judgment in selecting the valuation technique and used assumptions in estimating the fair value of assets and liabilities. The assets subject to adjustments are property, plant and equipment, retirement benefit assets, financial assets at FVPL and intangible assets.

As at December 31, 2025 and 2024, the carrying value of unquoted equity securities amounted to ₱12.29 million and ₱10.99 million, respectively, approximate their fair values (see Notes 10 and 26).

Recognition of Deferred Tax Assets. The Company reviews the carrying amounts at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

As at December 31, 2025 and 2024, the Company recognized deferred tax assets on deductible temporary differences amounting to nil (see Note 23).



As at December 31, 2025 and 2024, the deductible temporary differences and unused NOLCO have not been recognized as management assessed that no sufficient future taxable profits will be available to allow all or part of these deferred tax assets to be utilized and/or due to expected avilment of the Optional Standard Deduction (OSD) method in future years amounted to ₱45.76 milion and ₱50.49 million, respectively (see Note 23).

Provisions and Contingencies. The Company is involved in certain tax assessments and claims. The estimation of the potential liability resulting from these tax assessments and claims requires significant judgment and estimate by management. The inherent uncertainty over the outcome of these tax examinations is brought about by the differences in the interpretation and implementation of the laws and tax rulings. The Company currently does not believe these tax assessments and claims could materially reduce its profitability. It is possible, however, that future financial performance could be materially affected by the changes in judgement and estimate or in the effectiveness of strategies relating to these tax assessments and claims (see Note 22).

4. Cash and Cash Equivalents

	2025	2024
Cash on hand	₱5,779,788	₱428,265
Cash in banks	88,986,593	42,740,909
Cash equivalents	–	30,000,000
	₱94,766,381	₱73,169,174

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

Interest income earned on cash in banks and cash equivalents amounted to ₱2.37 million and ₱0.09 million in 2025 and 2024, respectively.

5. Receivables

	2025	2024
Trade receivables from:		
Related parties (see Notes 16 and 24)	₱895,598,087	₱1,133,303,060
Third parties (see Note 16)	2,009,291	2,130,130
Rent receivables from:		
Third parties	1,393,093	1,558,404
Related parties (see Note 24)	65,901	169,371
Advances to officers and employees	1,245,722	426,298
Others	30,400,578	24,784,820
	930,712,672	1,162,372,083
Less allowance for expected credit losses	1,917,385	1,917,385
	₱928,795,287	₱1,160,454,698

Trade receivables arise from sale of flour and mill feeds. These are noninterest-bearing with average credit terms of 120 days and 90 days for related parties and third parties, respectively.



Rent receivables arise from leasing the Company's investment properties. These include interest-bearing receivables with average credit terms of 30 days. In 2025 and 2024, no interests have been charged to tenants as the Company's rent receivables were normally collected within the credit term.

Advances to officers and employees are noninterest-bearing and are normally settled through salary deductions within one month from availment date.

Movement in allowance for ECL follows:

	2025	2024
Beginning balance	₱1,917,385	₱6,791,632
Reversal (see Note 18)	-	(4,874,247)
	₱1,917,385	₱1,917,385

6. Inventories

	2025	2024
At cost:		
Wheat grains	₱181,127,632	₱122,069,739
Flour	19,908,115	16,940,583
Supplies	9,448,729	11,531,261
Mill feeds	206,462	8,674,266
	₱210,690,938	₱159,215,849

The cost of inventories recognized under "Cost of sales" in the parent company statements of comprehensive income amounted to ₱944.24 million in 2025 and ₱982.20 million in 2024 (see Note 17).

Under the terms of agreements covering trust receipts, certain inventories have been released to the Company during the year in trust for the banks. The outstanding liabilities under such trust receipts amounted to ₱246.70 million and ₱190.65 million as at December 31, 2025 and 2024, respectively (see Note 13). Interest expense recognized on liabilities under trust receipts amounted to ₱18.39 million in 2025 (based on annual interest of 6.00% to 6.65%) and ₱22.98 million in 2024 (based on annual interest of 6.20% to 7.10%).

The Company has no allowance for inventory obsolescence as at December 31, 2025 and 2024.

7. Financial Assets at Fair Value through Profit or Loss

Financial assets at FVTPL pertain to quoted equity securities held for trading purposes as follows:

	2025	2024
Balance at beginning of year	₱13,124,130	₱14,406,657
Fair value gain (loss) recognized in profit or loss (see Note 20)	1,841,220	(1,282,527)
	₱14,965,350	₱13,124,130

Dividend income earned on financial assets at FVTPL amounted to ₱0.81 million in 2025 and ₱0.64 million in 2024.



8. Prepaid Expenses and Other Current Assets

	2025	2024
Store supplies	₱20,949,806	₱18,539,231
Advances to suppliers	66,664,789	27,864,155
Advance VAT on importation	7,591,300	9,646,010
Utility deposits	3,078,949	3,077,186
Prepaid insurance	2,609,871	2,904,866
Prepaid taxes	2,646,386	2,631,710
Prepaid importation cost	–	11,966,888
Others	468,322	748,195
	104,009,423	77,378,241
Less noncurrent portion of:		
Advances to suppliers	46,231,078	8,602,688
	₱57,778,345	₱68,775,553

Advances to suppliers primarily pertain to advance payments to suppliers for the renovation and improvements of the facilities and for future purchase of land (see Note 11). These advances are classified as non-current assets and are included under other non-current assets in the financial statements.

9. Investment in Subsidiaries

This account represents the Company's 100% ownership in Liberty Engineering Corporation (LEC) as at December 31, 2025 and 2024; and 58.60% ownership in LFM Properties Corporation (LPC) as of December 31, 2024. On August 5, 2025, the Company's ownership was diluted to 0.40% with the SEC approval of property dividend distribution.

LPC is primarily engaged in the business of leasing out real estate properties such as office spaces and condominium units. LEC is primarily engaged in the business of selling, leasing and distribution of cars, trucks, machineries, furniture and appliances. The principal place of business of LPC and LEC is in the Philippines.

On November 25, 2020, the BOD approved the declaration of property dividends in the form of 10,350 million common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of sixty-nine (69) shares of LPC for every one (1) share of the Company, to eligible stockholders of the Parent Company as of record date of December 18, 2020. Accordingly, the Company recognized dividends payable amounting to ₱88.0 million, equivalent to the proportionate carrying value of investment in LPC declared as property dividends representing 41.40% of LPC's outstanding capital stock. The declaration and distribution of the LPC shares to its shareholders as property dividends did not result in a loss of control as the Company retains 58.60% of LPC's total outstanding shares.

In August 2021, the Company secured the SEC's approval. In November 2021, the application for eCAR has been approved by the BIR but the release of eCARs was partially done for the 439 stockholders by BIR. The stock certificates for property dividends were distributed on June 30, 2022.

On October 13, 2022 and November 3, 2022, the SEC and Philippine Stock Exchange, Inc. (PSE), respectively, approved LPC's application for listing by way of introduction of up to 24,802,384,828 common shares on the Main Board of the PSE. On November 9, 2022, LPC completed its listing process with the PSE under the stock symbol "LPC".



On May 29, 2024, the BOD approved the declaration of property dividends in the form of 14.55 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of ninety-seven (97) shares of LPC for every one (1) share of the Company, to eligible stockholders of the Company as of record date of June 19, 2024, subject to SEC approval.

As of December 31, 2024, the SEC's approval for the issuance of such property dividends is still pending. This regulatory approval is considered customary for similar transaction. As a result, the investment in LPC shares declared as property dividends meets the criteria for classification as "Noncurrent asset held for distribution to owners" as of December 31, 2024, and is presented separately in the 2024 statement of financial position. The carrying amount of the Company's investment in LPC declared as property dividends of ₱123.71 million is lower than its fair value less costs to distribute as of December 31, 2024.

On August 5, 2025, the Company obtained SEC's approval for the distribution of the property dividends. The distribution of the Company's investment in LPC shares as property dividends resulted to dilution in the Company's ownership % to 0.40%, hence, losing control over LPC.

Accordingly, the Company's investment in LPC distributed as property dividends, classified as "Noncurrent asset held for distribution to owners" amounting to ₱123.71 million is derecognized and its retained interest was reclassified to "Financial assets at FVOCI" at fair value amounting to ₱3.5 million.

The cost of investment in subsidiaries as at December 31, 2025 and 2024 follows:

	2025	2024
LEC	₱29,620,550	₱29,620,550
LPC (see Note 15)	-	850,253
	₱29,620,550	₱30,470,803

10. Financial Assets at Fair Value through Other Comprehensive Income

	2025	2024
Debt securities	₱83,270,600	₱107,197,164
Equity securities:		
Quoted	303,680,714	307,218,056
Unquoted	12,293,197	10,994,003
	₱399,244,511	₱425,409,223

The Company did not purchase equity securities in 2025 and 2024.

The Company has redeemed certain debt securities upon maturity with a carrying amount of ₱20.00 million and ₱80.00 million in 2025 and 2024, respectively. The Company also sold quoted equity securities with a carrying amount of ₱10.00 million and ₱39.03 million in 2025 and 2024, respectively.



Fair value changes on financial assets at FVOCI follow:

	2025	2024
Balance at beginning of year	₱19,227,551	₱5,461,993
Fair value gain recognized in other comprehensive income	2,982,535	13,765,558
Fair value gain realized through sale (see Note 20)	(88,017)	-
Balance at end of year	₱22,122,069	₱19,227,551

Interest income earned on debt securities amounted to ₱5.87 million in 2025 and ₱8.21 million in 2024. Dividend income earned on investments in equity securities amounted to ₱21.77 million in 2025 and ₱21.95 million in 2024.

The Company's debt securities includes Russian debt securities. In February 2022, a number of countries (including Australia, EU, Japan, Singapore, UK, the US and others) imposed new sanctions against Russian government entities, state-owned enterprises or sanctioned entities and individuals linked to Russia anywhere in the world and announcements of potential additional sanctions following the conflict in Ukraine initiated on February 24, 2022. Subsequently, new sanctions have been imposed. Sanctions have also been imposed on Belarus.

Due to ongoing war between Russia and Ukraine and continuous decline in market value, the Company retained its allowance for impairment loss on debt securities amounting to ₱11.25 million as at December 31, 2025 and 2024, which was recognized in 2022.

11. Investment Properties

	2025		
	Land	Building and Building Improvements	Total
Cost			
Beginning balances	₱689,799,603	₱54,932,926	₱744,732,529
Additions	-	6,062,276	6,062,276
Disposals	(1,796,254)	-	(1,796,254)
Ending balances	688,003,349	60,995,202	748,998,551
Accumulated Depreciation			
Beginning balances	-	40,241,295	40,241,295
Depreciation	-	3,349,655	3,349,655
Ending balances	-	43,590,950	43,590,950
Net book values	₱688,003,349	₱17,404,252	₱705,407,601
	2024		
	Land	Building and Building Improvements	Total
Cost			
Beginning balances	₱689,799,603	₱53,969,426	₱743,769,029
Additions	-	963,500	963,500
Ending balances	689,799,603	54,932,926	744,732,529
Accumulated Depreciation			
Beginning balances	-	29,242,917	29,242,917
Depreciation	-	10,998,378	10,998,378
Ending balances	-	40,241,295	40,241,295
Net book values	₱689,799,603	₱14,691,1631	₱704,491,234



The Company leases out spaces in its building under various operating leases (see Note 25).

Rental income and the related expenses recognized in profit or loss from various operating leases in the office spaces of its building are as follows:

	2025	2024
Rental income (see Notes 24 and 25)	₱15,123,506	₱14,543,155
Direct operating expenses:		
Depreciation	4,195,323	1,864,457
Security services	1,915,955	1,309,138
Utilities	993,062	835,520
Janitorial services	279,363	450,297
Insurance	57,317	62,335
Repairs and maintenance	44,420	–
Others	377,013	232,711
	7,862,453	4,754,458
	₱7,261,053	₱9,788,697

Direct operating expenses incurred for non-income generating investment properties amounted to ₱3.35 million in 2025 and ₱5.91 million in 2024.

The Company has refundable deposits for utilities installation on its investment properties, recognized as part of “Other noncurrent assets”, amounting to ₱0.37 million and ₱0.45 as at December 31, 2025 and 2024, respectively.

On December 10, 2025, the Parent Company sold to Haus Talk, Inc. (HTI) certain parcels of land in Angono and Teresa, Rizal with an aggregate carrying value of ₱1.80 million for a total consideration of ₱366.88 million, resulting in a gain on sale of ₱354.08 million.

The aggregate fair value of investment properties amounted to ₱5.74 billion and ₱4.26 billion as at December 31, 2025 and 2024, respectively. These have been determined based on valuation performed by a qualified and independent appraiser in 2025 and 2024. The valuation undertaken considered the highest and best use and established estimated value by processes involving comparison (Level 3). Management assessed that the fair value of certain investment properties as at December 31, 2025 approximates the fair value from the last independent valuation as no significant changes on the properties have taken place since the latest appraisal, or will take place in the near future, in the market, economic or legal environment in which the Company operates or in the market to which the investment property is dedicated.

The following describes the valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable input
Land and building	Market Approach	Adjusted sales price of comparable properties
Building	Cost Approach	Current market prices of similar materials, labor, contractors’ overhead and manufactured equipment

Significant increases (decreases) in estimated inputs above would result in a significantly higher (lower) fair value of the properties.



The highest and best use of land and building is as commercial utility, which is their current use. The highest and best use of land held for capital appreciation at measurement date would be for residential utility or development. For strategic reasons, the land is not being used in this manner.

Land Acquisition. On January 12, 2024, the Company entered into a Memorandum of Agreement amending the payment schedule (per request of the Seller) of the September 2022 contract of Conditional Sale entered into by the Company for the purchase of land for a consideration of ₱18.69 million (exclusive of VAT) payable on installment basis where earnest money amounting to ₱2.80 million has been paid at that time.

Advance payment made in 2024 amounted to ₱4.00 million (exclusive of VAT), which was recognized as deposit under “Other noncurrent assets” in the 2024 parent company statement of financial position. The unpaid consideration shall be paid upon the fulfillment of certain conditions under the Agreement.

12. Property, Plant and Equipment

	2025							
	Mill Machinery and Equipment	Building and Building Equipment	Transportation Equipment	Land and Land Improvements	Other Equipment	Construction In progress		Total
Cost								
Beginning balances	₱473,745,573	₱205,486,068	₱50,924,356	₱25,335,572	₱41,749,117	₱36,523,729		₱833,764,415
Additions	11,087,770	10,237,678	12,188,590	–	5,543,218	1,674,094		40,731,350
Reclassification	–	36,507,410	–	664,000	–	(37,171,410)		–
Ending balances	484,833,343	252,231,156	63,112,946	25,999,572	47,292,335	1,026,413		874,495,765
Accumulated Depreciation and Amortization								
Beginning balances	259,144,361	115,852,214	49,093,971	20,360,828	36,749,497	–		481,200,871
Depreciation and amortization (see Notes 17 and 18)	14,835,640	7,755,243	2,874,505	978,535	1,301,557	–		27,745,480
Ending balances	273,980,001	123,607,457	51,968,476	21,339,363	38,051,054	–		508,946,351
Net Book Values	₱210,853,342	₱128,623,699	₱11,144,470	₱4,660,209	₱9,241,281	₱1,026,413		₱365,549,414
	2024							
	Mill Machinery and Equipment	Building and Building Equipment	Transportation Equipment	Land and Land Improvements	Other Equipment	Construction In progress		Total
Cost								
Beginning balances	₱458,207,206	₱202,253,925	₱50,616,974	₱25,335,572	₱40,769,843	₱1,847,488		₱779,031,008
Additions	15,538,367	3,232,143	307,382	–	979,274	34,676,241		54,733,407
Ending balances	473,745,573	205,486,068	50,924,356	25,335,572	41,749,117	36,523,729		833,764,415
Accumulated Depreciation and Amortization								
Beginning balances	244,640,182	108,695,887	47,656,652	19,382,293	35,554,487	–		455,929,501
Depreciation and amortization (see Notes 17 and 18)	14,504,179	7,156,327	1,437,319	978,535	1,195,010	–		25,271,370
Ending balances	259,144,361	115,852,214	49,093,971	20,360,828	36,749,497	–		481,200,871
Net Book Values	₱214,601,211	₱89,633,854	₱1,830,386	₱4,974,744	₱4,999,620	₱36,523,729		₱352,563,544



13. Accounts Payable and Other Current Liabilities

	2025	2024
Liabilities under trust receipts (see Note 6)	₱246,703,408	₱190,649,253
Dividends payable (see Note 15)	160,917,097	331,813,201
Output VAT - net	60,916,525	88,784,102
Trade payables	31,731,007	53,033,451
Customers and tenants' deposits	10,521,482	9,699,396
Accrued selling, freight and outside services	5,064,520	5,368,388
Withholding tax, HDMF and SSS payable	2,600,780	2,608,712
Deferred output VAT (see Note 11)	-	-
Others	42,662,092	17,679,855
	₱561,116,911	₱699,636,358

Dividends payable consist of dividends declared but not yet claimed.

Liabilities under trust receipts are short-term loan with the banks for importation of wheat grains, with terms of for 6.00% to 6.65% for 2025 and 180 days at 6.00% to 6.85% interest per annum for 2024 (see Note 6).

Trade payables are noninterest-bearing and normally with payment terms of 30 to 60 days.

Customers and tenants' deposits represent advances and deposits that are applied against subsequent deliveries and rentals and are generally outstanding for less than 30 days from receipt of payment. The tenant's deposit shall not be applied to the monthly rentals but shall be refunded within 15 days after the tenant vacates the leased premises, less deductions, if any.

Accrued selling and freight expenses represents unbilled freight cost incurred for deliveries made by third party service providers.

Others primarily include advance payment from HTI amounting to ₱35.66 million as of December 31, 2025; and earnest money of ₱10.0 million as of December 31, 2024 in relation to the Company's Memorandum of Agreement with HTI involving the sale of parcels of land in Rizal Province, subject to certain conditions precedent. It also includes accruals for unbilled services that will be settled within the next financial year.

14. Notes Payable

In 2025, the Company availed of ₱80.00 million short-term loans with terms of 180-360 days at 6.00% to 6.65% interest per annum. On various dates during 2024, the Company rolled over the ₱131.50 million short-term loans availed in 2023 with terms of 180-360 days at 6.5% to 6.80% interest per annum for 2024.

Total interest expense on notes payable amounted to ₱6.03 million and ₱9.73 million in 2025 and 2024, respectively.



15. Equity

Capital Stock

The Company's capital stock as at December 31, 2025 and 2024 follows:

	No. of Shares	Amount
Authorized capital stock - ₱10 par value	200,000,000	₱2.00 billion
Issued and outstanding:	150,000,000	₱1.50 billion

Issued and outstanding shares as at December 31, 2025 and 2024 are held by 462 and 451 equity holders, respectively.

The Company's incorporation papers were filed with the SEC on December 18, 1958. The Company was capitalized at ₱4.00 million divided into 240,000 common shares with par value at ₱10.00 each and 160,000 preferred shares also with a par value of ₱10.00 each.

The BOD has placed in the market the total share of stock provided in the incorporation, and made the following calls:

	Original Stockholders	New Subscription	Amount Due
December 31, 1958	25% common shares		₱600,000
November 30, 1959	4% common shares		100,000
December 31, 1959		17% common shares	400,000
February 29, 1960		25% preferred shares	400,000
April 30, 1960		25% preferred shares	400,000
June 30, 1960		25% preferred shares	400,000
August 31, 1960	4% common shares	25% preferred shares	500,000
October 31, 1960		25% common shares	600,000
December 31, 1960		25% common shares	600,000
			<u>₱4,000,000</u>

In 1962, the Company issued 20% common stock dividend. Consequently, the Company increased the authorized capital stock with the approval of the SEC to ₱4.40 million of common shares and ₱2.00 million of preferred shares.

On September 24, 1965, the stockholders authorized the increase in the common stock of the corporation from ₱4.40 million divided into 440,000 common shares with par value of ₱10.00 per share to ₱7.6 million divided into 760,000 common shares with par value of ₱10.00 each. In the same meeting, the stockholders resolved to declare and issue a 20% stock dividend to common stockholders of record as at September 1, 1965. This stock dividend declaration involved the issuance of 83,951 common shares, with a total par value of ₱839,510, under the following terms:

- a) that the 19,951 shares with a par value of ₱199,510 are to be issued out of the remaining unissued common stock presently authorized; and
- b) that 64,000 shares with a par value of ₱640,000 are to be issued out of the increase in the common stock of 320,000 common shares.

In April 1966, the Company paid out 20% stock dividends and in November 1966, the Company paid out again 10% stock dividends.

On March 17, 1966, the SEC approved the increase in the common stock to ₱9.6 million divided in 960,000 common shares from ₱9.6 million divided into 760,000 common shares as authorized by the stockholders last September 24, 1965.



On March 19, 1968, the stockholders approved the increase of authorized capital stock from ₱9.6 million to ₱12.00 million to be divided into 1.20 million shares with a par value of ₱10.00 each to wit:

	No. of shares	Amount
Common stock	1,000,000 shares	₱10,000,000
Preferred stock	200,000 shares	2,000,000

The application for the proposed increase in the Company's capitalization was approved by the SEC in November 1968.

In 1970, the Company declared 17.64% stock dividends on common shares amounting to ₱1.50 million (149,833 shares and ₱1,290 in cash for fractional shares).

In 1971, the Company redeemed the outstanding preferred shares represented by 160,049 preferred shares.

On May 4, 1972, the stockholders approved to eliminate and retire all the 200,000 preferred shares with a par value of ₱10.00 each, thereby, decreasing its capital stock from ₱12.00 million to ₱10.00 million and to create 1,000,000 more common shares at a par value of ₱10.00 each thereby increasing the capital stock of the corporation from ₱10.00 million to ₱20.00 million to be divided into 2.00 million common shares at a par value of ₱10.00 per share. In relation to such an increase, the stockholders declared stock dividend of 20% on the issued and outstanding shares of ₱10.00 million. On October 6, 1972, the SEC approved the application for the retirement of its preferred shares and the increase of its common shares.

On May 6, 1977, the stockholders approved a resolution to increase the capital stock from ₱20.00 million (2.00 million shares at ₱10.00 par value) to ₱30.00 million (3.00 million shares at ₱10.00 par value) and that subscription to the capital stock increase in the amount of ₱2.00 million shall be paid through stock dividend. In December 1977, the SEC approved the registration of the capital stock increase and stock dividend declaration.

On February 9, 1981, the SEC approved the Company's application for the registration of its increase in authorized capital stock from ₱30.00 million (3.00 million shares at ₱10.00 par value) to ₱50.00 million (5.00 million shares at ₱10.00 par value). Capital base went up from ₱30.00 million to ₱40.25 million due to the ₱10.25 million given as stock dividend.

In 1982, the Company distributed ₱9.75 million stock dividend to complete the outstanding capital stock to the full ₱50.00 million which is also the authorized capitalization.

On November 9, 1983, the stockholders approved the increase in authorized capital stock from ₱50.00 million (5.00 million shares at ₱10.00 par value) to ₱100.00 million (10.00 million shares at ₱10.00 par value) and the declaration of a 25% stock dividend or an equivalent sum of ₱12.50 million on such increase to stockholders of record as at November 9, 1983. The increase in authorized capital stock and stock dividend declaration was approved by the SEC on May 4, 1984.

On June 10, 1985, a 10% stock dividend was declared to stockholders of record as at May 10, 1985. The weighted average shares outstanding and all per share amounts included in the parent company financial statements are based on the increased number of shares giving retroactive effect to these stock dividends.



On February 21, 1985, the Makati Stock Exchange approved the listing of 10.00 million common shares of the Company's capital stock which are duly registered with the SEC.

On May 9, 1986, a stock dividend of 21.212% was declared to stockholders of record as at May 28, 1986. The weighted average shares outstanding and all per share amounts included in the parent company financial statements are based on the increased number of shares giving retroactive effect to these stock dividend.

On January 12, 1987, the stockholders approved to increase the authorized capital stock from ₱100.00 million to ₱200.00 million; and the declaration of 25% stock dividend to stockholders of record as at February 11, 1987 to cover subscription to the said capital stock increase. On June 30, 1987, the SEC approved the application for such increase.

In February 1988, the SEC, for registration and licensing purposes with the Philippine Stock Exchange (PSE), issued to the Company a Certificate of permit to sell securities which authorizes the sale of the said capital stock increase of 10.00 million common shares worth ₱100.00 million to the public.

On April 12, 1988, a stock dividend of 40% was declared to stockholders of record as at May 26, 1988.

On May 10, 1989, the stockholders declared a stock dividend of 14.2857% to stockholders of record as at May 29, 1989. On the same date, the stockholders subsequently approved to increase the authorized capital stock from ₱200.00 million to ₱500.00 million which was approved by the SEC on September 4, 1989.

On May 10, 1991, a 10% stock dividend was declared to stockholders of record as at July 26, 1991.

On May 14, 1993, a 20% stock dividend was declared to stockholders of record as at June 12, 1993.

On May 9, 1997, the BOD approved the declaration of stock dividends of 3.70 million common shares equivalent to 10.1928% to stockholders of record as at June 6, 1997. Consequently, the number of common shares outstanding was increased from 36.30 million shares to 40.00 million common shares.

On July 27, 2011, the BOD declared a 25% stock dividend equivalent to 10.00 million shares amounting to ₱100.00 million with ₱10.00 par value to stockholders of record as at September 15, 2011. The stock certificates were issued and distributed on February 20, 2012.

On January 13, 2015, the SEC approved the issuance of the stock dividend to stockholders of record as at January 30, 2015. The stock certificates were issued and distributed to the stockholders on February 23, 2015. Accordingly, stock dividends distributable amounting to ₱375.00 million recognized as at December 31, 2014 was derecognized in 2015.

On November 16, 2015, the BOD declared 71.42% stock dividend or 62.50 million shares to be taken from the reversal of ₱1.82 billion appropriated retained earnings as at December 31, 2014. On December 15, 2015, the SEC approved the issuance of the stock dividend. The stock certificates were issued and distributed to the stockholders on December 21, 2015.



Retained Earnings

Cash Dividends

Below is the summary of cash dividends declared in 2025 and 2024:

<u>Date of Declaration</u>	<u>Date of Record</u>	<u>Date of Payment</u>	<u>Dividend per Share</u>	<u>Total Amount</u>
December 17,2025	January 15,2026	February 10,2026	₱0.60	₱90,000,000
October 08,2025	October 28, 2025	November 19, 2025	₱2.80	₱420,000,000
May 16, 2025	June 9, 2025	July 02, 2025	₱2.00	₱300,000,000
December 18,2024	January 10, 2025	February 04, 2025	₱2.00	₱300,000,000
May 29, 2024	June 19, 2024	July 12, 2024	₱0.30	₱45,000,000

Property Dividends

On May 29,2024, the BOD approved the declaration of property dividends in the form of 14.55 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of ninety-seven (97) shares of LPC for every one (1) share of the Company, to eligible stockholders of the Company as of record date of June 19, 2024. As of December 31, 2024, in accordance with PFRS 5, the Company assessed that the related assets and liabilities of LFM satisfied the requirements to be classified as held for distribution to owners and the results of operations. The investment in LPC is available for immediate distribution in its present condition.

On August 5, 2025, the Company obtained SEC's approval for the distribution of the property dividends. Accordingly, the Company recognized the property dividend distribution at fair value amounting to ₱509.25 million and derecognized its investment in LPC distributed as property dividends of ₱123.71 million, resulting in a gain on property dividends distribution of ₱385.5 million (see Note 9).

Basic/Diluted Earnings Per Share

The computation of basic/diluted earnings per share is as follows:

	2025	2024
Net income	₱717,307,354	₱104,008,481
Divided by weighted average number of shares	150,000,000	150,000,000
Basic/diluted earnings per share	₱4.78	₱0.69

The Company does not have potentially dilutive common shares as in 2025 and 2024.

16. Revenue from Contracts with Customers

Disaggregated Revenue Information

Below is the disaggregation of the Company's revenue from contracts with customers by major sources:

	2025	2024
Sales of bakery flour	₱1,039,126,390	₱1,088,706,191
Sales of mill feeds	89,528,256	125,573,711
	₱1,128,654,646	₱1,214,279,902



Performance Obligations

Revenues from sale of bakery flour and mill feeds are recognized when the goods are sold at a point in time upon delivery or transfer of control of goods.

The Company's trade receivables from related and third parties amounting to ₱897.61 million and ₱1,135.43 million at December 31, 2025 and 2024, respectively, arise from sale of flour and mill feeds. These are noninterest-bearing with average credit terms of 120 days and 90 days for related parties and third parties, respectively (see Note 5).

The Company has no contract assets and contract liabilities as at December 31, 2025 and 2024.

17. Cost of Sales

	2025	2024
Materials used	₱837,309,404	₱876,193,372
Direct labor (see Note 19)	36,047,527	34,332,907
Overhead:		
Utilities	36,413,471	37,448,986
Depreciation (see Note 12)	20,249,845	19,282,055
Repairs and maintenance	4,043,940	3,927,238
Other factory overhead	10,177,772	11,018,181
	₱944,241,959	₱982,202,739

18. Operating Expenses

General and Administrative Expenses

	2025	2024
Outside services	₱38,147,440	₱30,326,040
Salaries and wages (see Notes 19 and 24)	18,404,189	16,055,237
Employee benefits and bonuses (see Notes 19, 21 and 24)	14,759,419	23,083,958
Travel and representation	6,350,923	228,749
Taxes and licenses	5,780,862	5,789,233
Depreciation and amortization (see Notes 11 and 12)	5,240,014	13,697,583
Membership and subscription	3,944,198	3,237,371
Rent expense	1,973,063	2,508,793
Insurance	1,872,097	1,358,559
Communication, light and water	1,235,139	1,307,989
Per diem	985,000	825,000
Office supplies	637,327	584,311
Repairs and maintenance	266,265	605,414
Reversal of allowance for expected credit losses (see Note 5)	-	(4,874,247)
Others	4,946,081	4,744,559
	₱104,542,017	₱99,478,549



Selling Expenses

	2025	2024
Promotional and marketing expenses (see Note 24)	₱17,506,027	₱17,506,027
Freight and handling fees	1,880,357	1,652,865
Depreciation and amortization (see Note 12)	1,409,953	1,425,653
	₱20,796,337	₱20,584,545

Interest Expense

	2025	2024
Liabilities under trust receipts (see Note 6)	₱18,393,083	₱22,978,708
Notes payable (see Note 14)	6,027,868	9,729,825
	₱24,420,951	₱32,708,533

19. Personnel Costs

	2025	2024
Direct labor (see Note 17)	₱36,047,527	₱34,332,907
Salaries and wages (see Notes 18 and 24)	18,404,189	16,055,237
Bonus and allowances (see Note 18)	9,293,818	15,181,080
Retirement benefits costs (see Notes 18, 21 and 24)	1,355,706	2,911,971
Other employee benefits (see Notes 18 and 24)	4,109,895	4,990,907
	₱69,211,135	₱73,472,102

20. Other Income (Charges) - Net

	2025	2024
Fair value gain (loss) on financial assets at FVTPL (Note 7)	₱1,841,220	(₱1,282,527)
Unrealized foreign exchange gain (loss)	495,346	(55,761)
Gain on sale of debt securities at FVOCI (Note 10)	88,017	-
Gain on sale of property, plant and equipment	-	71,429
Other income (charges) - net	(11,973,700)	6,248,062
	(₱9,549,117)	₱4,981,203

In 2025, other income (charges) - net mainly includes realized foreign exchange losses and taxes. In 2024, other income (charges) - net primarily includes income from scrap sales.



21. Retirement Benefits Costs

The Company has a non-contributory defined benefit retirement plan covering its regular employees.

Under the terms of Liberty Flour Mills, Inc. Retirement Plan, the Company is required to pay its regular employees retirement benefits equivalent to 30 days for every year of credited service upon reaching the compulsory retirement age of 65. Optional retirement is allowed for an employee who reaches the age of 50 and who has completed 20 years of credited service to the Company.

The Retirement Plan is administered by a Trustee appointed by the Company and is responsible for the general administration of the Retirement Plan and the management of the retirement fund. The Trustee may seek the advice of legal or investment counsel and may appoint an investment manager or managers to manage the Fund, an independent accountant to audit the fund and an Actuarial Advisor to value the fund.

The Company's appointed Retirement Committee will coordinate closely with the Trustee in the implementation of the Retirement Plan.

The following tables summarize the components of the net benefit expense recognized in the statements of comprehensive income and the funded status and amounts recognized in the statements of financial position for the plan. Changes in net retirement plan liability as at December 31, 2025 and 2024 follows:

	Net Retirement Cost in Profit or Loss in the Parent Company Statements of Comprehensive Income					Remeasurements in Other Comprehensive Income									Balance at End of Year
	Balance at Beginning of Year	Current Service Cost	Settlement loss	Net Interest	Subtotal	Benefits Directly Paid by the Company	Benefits Paid from Plan Assets	Contributions to the Plan Asset	Actuarial Loss (Gain) Excluding Amount included in Net Interest	Actuarial Changes Arising from Financial Assumptions	Actuarial Changes Arising from Experience	Actuarial Changes Arising from Demographic Assumptions	Effect of Asset Ceiling	Subtotal	
December 31, 2025															
Present value of defined benefit obligation	₱31,726,171	₱1,067,050	₱-	₱1,938,469	₱3,005,519	₱-	(₱3,246,014)	₱-	₱-	(₱191,393)	₱171,137	(₱633,479)	₱-	(₱653,735)	₱30,831,941
Fair value of plan assets	(28,624,861)	-	-	(1,649,813)	(1,649,813)	-	3,246,014	-	(5,585,092)	-	-	-	150,674	(5,434,418)	(32,463,078)
Net defined benefit liability (asset)	₱3,101,310	₱1,067,050	₱-	₱288,656	₱1,355,706	₱-	₱-	₱-	(₱5,585,092)	(₱191,393)	₱171,137	(₱633,479)	₱150,674	(₱6,088,153)	(₱1,631,137)
December 31, 2024															
Present value of defined benefit obligation	₱44,928,816	₱1,810,250	₱-	₱2,758,629	₱4,568,879	₱-	(₱13,491,055)	₱-	₱-	₱46,944	(₱2,136,040)	(₱2,191,373)	₱-	(₱4,280,469)	₱31,726,171
Fair value of plan assets	(33,730,992)	-	-	(1,656,908)	(1,656,908)	-	13,491,055	-	(6,728,016)	-	-	-	-	(6,728,016)	(28,624,861)
Net defined benefit liability (asset)	₱11,197,824	₱1,810,250	₱-	₱1,101,721	₱2,911,971	₱-	₱-	₱-	(₱6,728,016)	₱46,944	(₱040)	(₱2,191,373)	₱	(₱11,008,485)	₱3,101,310



The Company is expected to contribute ₱15.00 million to its defined benefit pension plan in 2026.

The overall expected rate of return used to determine present value of defined benefit obligation and fair value of plan assets is based on the prevailing rate of return on government securities applicable to the period over which the obligation is to be settled.

The composition of the plan assets follows:

	2025	2024
Cash in banks	₱18,790,262	₱16,922,033
Money market placements	–	10,937
Investment in bonds	16,543,161	18,063,592
Investments in equity securities:		
Industrial	8,463,314	4,702,793
Mining and oil	1,969,717	1,767,344
Services	1,587,000	1,878,000
Financials	567,060	528,564
Others	1,749,939	914,323
BPI Philippine Equity Index Fund	1,077,434	930,002
Liabilities	(18,134,135)	(17,092,727)
Effect of asset ceiling	(150,674)	–
	₱32,463,078	₱28,624,861

The carrying amount of the Company's plan assets represents their fair value as at December 31, 2025 and 2024.

Investments in equity securities can be transacted through the PSE. The plan assets include shares of stock of the Company with fair value of ₱8.04 million and ₱4.26 million as at December 31, 2025 and 2024, respectively. Fair value changes recognized by the retirement plan assets for the changes in market values of the shares of stock of the Company amounted to gain of ₱ 3.78 million and ₱1.38 million in 2025 and 2024, respectively. With respect to the plan's investment in the Company's shares of stock:

- a. There are no restrictions or limitations on the shares provided in the plan,
- b. The Board of Trustees of the plan exercises voting rights over the shares, and
- c. There was no material gain or loss over the shares in 2025.

BPI Philippine Equity Index Fund is an index tracker Unit Investment Trust Fund that mimics the performance of the PSE index (PSEi). It buys all the stocks that comprise the PSEi in the same weight as the index.

The latest actuarial valuation of the Company's plan is as at December 31, 2025. The principal actuarial assumptions used to determine retirement benefits costs as at January 1 are as follows:

	2025	2024
Discount rate	6.25%	6.11%
Future salary increases	5.00%	5.00%

The Retirement Plan Committee has no specific matching strategies between the plan assets and the plan liabilities.



Movements in the principal actuarial assumptions may result in an increase or decrease in the year-end defined benefit obligation (DBO). As such, the following sensitivity analysis shows the effects of movement in the discount and salary increase rates as at December 31:

		2025		2024	
		Increase (decrease) in DBO	Increase (decrease) in DBO	Increase (decrease) in DBO	Increase (decrease) in DBO
Discount rate	+100 bps	4.70%	₱1,440,861	5.30%	₱1,678,502
	- 100 bps	(4.10%)	(1,279,342)	(4.60%)	(1,469,724)
Salary increase rate	+100 bps	4.70%	1,444,463	5.30%	1,680,360
	-100 bps	(4.20%)	(1,305,416)	(4.70%)	(1,497,611)

The average duration of the defined benefit obligation at the end of the period is 4.4 years in 2025 and is 5.0 years in 2024.

The table below shows the payments that are to be made in the future years out of the defined benefit obligation as at December 31:

Year	2025	2024
Year 1	₱13,892,820	₱15,755,849
Year 2	1,219,361	530,958
Year 3	1,292,735	657,036
Year 4	1,356,574	695,748
Year 5	4,078,390	785,616
Year 6 – 10	12,074,771	15,152,136

Other Comprehensive Income (Loss)

Movements in remeasurement gains (losses) on retirement benefits recognized in “other components of equity” under the equity section of the parent company statements of financial position follows:

	2025	2024
Beginning balance	(₱5,334,084)	(₱13,590,448)
Remeasurement gains (losses) in other comprehensive income:		
Actuarial gain (loss) on defined benefit obligation	653,735	4,280,469
Remeasurement gain (loss) on plan assets	5,585,092	6,728,016
Remeasurement gain (loss) on asset ceiling	(150,674)	–
Total	6,088,153	11,008,485
Income tax effect	–	(2,752,121)
	6,088,153	8,256,364
Ending balance	₱754,069	(₱5,334,084)



22. Provisions and Contingencies

a. Application for Exemption of Properties from Republic Act (R.A.) 6657

In 2015, the Company submitted with the Department of Agrarian Reform (DAR) its Application for Exemption from Comprehensive Agrarian Reform Program (CARP), also known as R.A. 6657, for its land property. The Application for Exemption was partially granted in 2016. In August 2016, the Company filed a Motion for Partial Reconsideration on the remaining hectares of the said land property with a carrying value of ₱1.03 million.

On June 29, 2020, The Land Use Cases Committee (LUCC) rendered an Order favorably finding that the Teresa Landholdings are within the Lungsod Silangan Townsite. On November 20, 2020, the LUCC affirmed its Order and denied Kapisan ng Magsasaka ng Teresa, Angono, Inc. (KMTAI) Motion for Reconsideration. Barring a possible appeal, the Order will attain finality, exempting the Teresa Landholdings from CARP Coverage.

As of March 24, 2021, KMTAI & BANTE has since appealed the denial of its Motion for Reconsideration to the Office of the President, in which LFMI has been ordered to comment on the same. Consequently, the Company filed a corresponding comment/opposition to the KMTAI & BANTE appeal.

On September 03, 2025, LFMI received a copy of the August 12, 2025 Decision of the Office of the President affirming and granting a Certificate of Finality in favor of the Company.

On October 24, 2025, LFMI received a copy of the Motion for Reconsideration from second group – BANTE Group praying that the August 12, 2025 Decision be reversed and set aside.

On March 05, 2026, the Company received a Decision that the Motion for Reconsideration filed by KMTAI & BANTE was Denied and that the August 12, 2025 Decision of the Office of the President was Affirmed, granting a Certificate of Finality in favor of the Company.

b. Tax Assessments

As discussed in Note 3, the Company is currently involved in certain tax assessments occurring in the ordinary course of business.

In consultation with the Company's legal counsels, management believes that the ultimate disposition of the above matters will not have any material adverse effect on the Company's operations or its financial condition.

No further details were provided as allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, because these may prejudice the Company's position in relation to this ongoing claim and assessments.

23. Income Taxes

The Company's provision for current income tax represents RCIT in 2025 and 2024. In 2025 and 2024, the Company elected to use Optional Standard Deduction (OSD) and itemized deduction, respectively, in computing for its taxable income.



The OSD is equivalent to 40% of gross income, as provided by law, in lieu of the itemized allowable deductions, in accordance with Revenue Regulations (RR) No. 16-2008, *Implementing the Provisions of Section 34(L) of the Tax Code of 1997, as Amended by Section 3 of Republic Act No. 9504, Dealing on the Optional Standard Deduction Allowed to Individuals and Corporations in Computing Their Taxable Income*.

The reconciliation of the provision for income tax computed at the statutory income tax rate with the provision for income tax as shown in the parent company statements of comprehensive income is as follows:

	2025	2024
Income before tax at 25%	₱200,699,545	₱31,246,497
Additions to (reductions in) income		
tax resulting from:		
Gain on declaration of property dividend	(96,384,558)	-
Electing OSD over itemized deductions	(15,014,333)	-
Dividend income exempt from tax	(5,644,812)	(5,649,248)
Interest income subjected to final tax	(2,059,773)	(2,078,389)
Movement in unrecognized deferred tax assets	(681,180)	(5,709,775)
Loss on sale and fair value changes of financial assets at FVTPL	(482,309)	320,631
Nondeductible expenses	5,058,253	2,847,789
Provision for income tax	₱85,490,833	₱20,977,505

The Company's recognized deferred tax assets as at December 31, 2024 pertains to unamortized past service cost amounting to ₱2.55 million.

Deferred tax assets for the following deductible temporary differences and unused NOLCO have not been recognized as management assessed that no sufficient future taxable profits will be available to allow all or part of these deferred tax assets to be utilized and/or due to expected avilment of the OSD method in future years:

	2025	2024
Unamortized past service cost	₱42,285,818	₱42,285,818
Net retirement liability (asset)	(1,631,136)	3,101,310
Provision for:		
Probable losses	3,134,053	3,134,053
Expected credit loss	1,917,385	1,917,385
Unrealized foreign exchange gain	55,761	55,761
	₱45,761,881	₱50,494,327

Revenue Memorandum Circular (RMC) No. 69-2023

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the CREATE Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company determined MCIT using the effective rate of 2% starting 2024 in accordance with RMC 69-2023.



24. Related Party Transactions

Related party relationship exists when the party has the ability to control directly or indirectly, through one or more intermediaries or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Related party receivables and payables are generally settled in cash.

Transactions with related parties for each of the years and their account balance as at December 31 follow:

	Amount/Volume Income (Expense)		Outstanding Balance Receivable (Payable)		Terms and Conditions
	2025	2024	2025	2024	
Stockholder					
Parity Values, Inc.					
Sale	₱660,788,500	₱692,675,553	₱576,390,746	₱804,715,595	120 days; Unsecured, with impairment of ₱1,577,644 and ₱6,674,765 as at December 31, 2024 and 2023, respectively.
Rent income	-	-	-	-	30 days; Unsecured, not impaired
Promotional and marketing expenses	(14,875,000)	(14,875,000)	-	-	On demand
Under Common Control					
Liberty Commodities Corp.					
Sale	301,167,524	336,970,962	224,239,396	225,121,977	120 days; Unsecured, not impaired
Rent income	-	-	-	169,371	30 days; Unsecured, not impaired
Promotional and marketing expenses	(2,625,000)	(2,625,000)	-	-	On demand
Trade Demands Corp.					
Sale	166,698,622	183,346,419	94,967,945	103,465,488	120 days; Unsecured, with impairment of ₱339,741 as at December 31, 2025 and 2024.
Subsidiary					
LFM Properties Corporation					
Sale of land and building	-	-	-	-	On demand; Unsecured
Rental income	-	-	-	-	30 days; Unsecured, not impaired
Receivable for working capital support	-	568,400,000	-	568,400,000	On demand; Unsecured
Trade receivables from related parties (see Note 5)			₱895,598,087	₱1,133,303,060	
Due from a related party (see Note 11)			₱-	₱568,400,000	
Rent receivables from related parties (see Note 5)			₱-	₱169,371	



Promotional and marketing expenses

Promotional and marketing expenses are amounts paid outright in cash to the related party distributors as the Company's support for their marketing and promotional activities.

Outstanding intercompany receivables at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees received for any related party receivables. Allowance for expected credit losses on receivables from related parties has been recognized as at December 31, 2025 and 2024.

Key Management Personnel

The key management personnel compensation are as follows:

	2025	2024
Short-term employee benefits	₱13,237,595	₱13,726,407
Post-employment benefits and others	1,989,782	3,074,779
	₱15,227,377	₱16,801,186

Short-term employee benefits include management bonus given to the Company's directors and officers (see Notes 18 and 19).

25. Leases

The Company leases out office spaces principally to third parties under various operating lease arrangements. The leases are for a term of one to five years and may be renewed upon mutual agreement of the parties. Rental income amounted to ₱15.12 million in 2025 and ₱14.54 million in 2024 (see Note 11).

Accrued rent, which represents the excess of rental income recognized using the straight-line method over the rental income based on the terms of the lease agreements, amounted to nil as at December 31, 2025 and 2024.

The future minimum lease receivables under non-cancellable leases are as follows:

	2025	2024
Year 1	₱7,686,438	₱901,535
Year 2	5,956,497	946,614
Year 3	1,000,692	533,701
Year 4	-	560,388
	₱14,643,627	₱2,942,238



26. Financial Instruments and Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, trade receivables, financial assets at FVTPL and financial assets at FVOCI. The main purpose of these financial instruments is to fund the Company's operations. The other financial assets and financial liabilities arising directly from its operations are refundable deposits recorded under "Other noncurrent assets" account, liabilities under trust receipts, trade payable and accrued expenses.

The main risks arising from the Company's financial instruments are credit risk, equity price risk and liquidity risk. The Company's exposure to foreign currency risk is minimal as this only relates to the Company's foreign currency-denominated cash in banks. The BOD reviews and approves policies for managing each of these risks.

Credit Risk

Credit risk represents the loss that the Company would incur if counterparty failed to perform under its contractual obligations. The Company has established controls and procedures in its credit policy to determine and monitor the credit worthiness of customers and counterparties. The Company is operating under a sound credit-granting process over its distributors. Credit monitoring process involves a weekly check over collections based on a benchmark.

The Company is potentially subject to concentrations of credit risk in its accounts receivable. Majority of the Company's entire trade receivables and revenues are concentrated with its four distributors as at December 31, 2025 and 2024. The Company has been transacting business with these distributors for a long time and has not encountered any credit issue with them. While there is delay in collection of some trade receivables (those classified under "Past due but not impaired"), the Company is in close coordination with the distributor to bring their accounts to current. With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, financial assets at FVTPL, financial assets at FVOCI, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

Credit Risk Exposures. The table below shows the gross maximum exposure to on- and off-balance sheet credit risk exposures of the Company, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques as at December 31:

	2025	2024
Financial assets at amortized cost:		
Cash and cash equivalents*	₱88,986,593	₱72,740,909
Trade and other receivables**	929,466,950	1,161,945,785
Other noncurrent assets***	1,390,515	1,467,687
Debt securities at FVOCI	83,270,600	107,197,164
	₱1,103,114,658	₱1,343,351,545

*excluding cash on hand amounting to ₱5.78 million and ₱0.43 million as at December 31, 2025 and 2024, respectively.

** excluding advances to officers and employees amounting to ₱1.25 million and ₱0.43 million as at December 31, 2025 and 2024, respectively; before considering provision for expected credit loss amounting to ₱1.92 million as at December 31, 2025 and 2024.

***excluding advances to suppliers amounting to ₱4.30 million and nil as at December 31, 2025 and 2024, respectively.



The following table summarizes the credit quality of the Company's financial assets per category as at December 31:

	2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Low	₱204,048,286	₱322,675,626	₱-	₱526,723,912
Moderate	-	576,390,746	-	576,390,746
High	-	-	-	-
Gross carrying amount	₱204,048,286	₱899,066,372	-	1,103,114,658
ECL	-	1,917,385	-	1,917,385
Carrying amount	₱204,048,286	₱897,148,987	₱-	₱1,101,197,273

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Low	₱205,011,569	₱330,315,240	₱-	₱535,326,809
Moderate	-	806,845,725	-	806,845,725
High	-	-	-	-
Gross carrying amount	₱205,011,569	₱1,137,160,965	-	1,342,172,534
ECL	-	1,917,385	-	1,917,385
Carrying amount	₱205,011,569	₱1,135,243,580	₱-	₱1,340,255,149

The credit quality of the financial assets was determined as follows:

Low Risk - This includes cash and cash equivalents to counterparties with good credit or bank standing, thus credit risk is minimal. This normally includes large prime financial institutions, companies and government agencies. For receivables, this consists of counterparties with no history of default on the agreed contract terms. This includes receivable from credit-worthy customers and lessees.

Moderate Risk - This includes financial assets at FVOCI that are not classified as "High Grade". For receivables, this consists of counterparties with little history of default on the agreed contract terms.

High Risk - This includes receivables that consist of counterparties with history of default on the agreed contract terms.

As at December 31, 2025 and 2024, the COVID-19 outbreak has no significant impact to the Company's credit risk.

Set out below is the information about the credit risk exposure on the Company's trade receivables and rent receivables using a provision matrix:

	2025								Total
	Current	1-30 days	31 - 60 days	61-90 days	91-120 days	121-150 days	151-180 days	More than 180 days	
Trade receivables - PVI									
Expected credit loss rate	0.05%	0.18%	0.20%	0.22%	0.26%	0.32%	3.46%	0.00%	0.27%
Estimated total gross carrying amount at default	₱261,300,305	₱59,536,700	₱62,016,005	₱58,016,870	₱54,900,820	₱58,404,735	₱22,215,311	₱-	₱576,390,746
Expected credit loss	118,574	109,295	125,740	125,180	143,970	185,548	769,336	-	1,577,643
TDC									
Expected credit loss rate	0.21%	0.75%	0.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%
Estimated total gross carrying amount at	₱65,347,961	₱18,122,810	₱11,497,174	₱-	₱-	₱-	₱-	₱-	₱94,967,945



default									
Expected credit loss	138,810	136,395	64,537	-	-	-	-	-	339,742
	2024								
	Current	1-30 days	31 - 60 days	61-90 days	91-120 days	121-150 days	151-180 days	More than 180 days	Total
Trade receivables -									
PVI									
Expected credit loss rate	0.04%	0.18%	0.19%	0.20%	0.22%	0.29%	0.45%	0.33%	0.20%
Estimated total gross carrying amount at default	₱270,428,840	₱59,647,525	₱66,006,495	₱63,352,110	₱65,548,255	₱64,944,815	₱55,983,615	₱158,803,940	₱804,715,595
Expected credit loss	118,574	109,295	125,740	125,180	143,970	185,548	251,748	517,589	1,577,644
TDC									
Expected credit loss rate	0.18%	0.72%	0.74%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount at default	₱75,716,172	₱19,021,237	₱8,728,079	₱-	₱-	₱-	₱-	₱-	₱103,465,488
Expected credit loss	138,810	136,395	64,537	-	-	-	-	-	339,742

As at December 31, 2025 and 2024, allowance for expected credit losses are recognized for trade receivables from Parity Values, Inc. and Trade Demands Corporation, both third parties, and rent receivables subjected to impairment.

Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to equity price risk because of investments in quoted equity securities, which are classified in the Company's statement of financial position as financial assets at FVTPL and financial assets at FVOCI.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position. The change in market prices used in the sensitivity analysis is determined based on the highest and lowest stock prices of a financial instrument during the period. The Company has determined that for financial assets at FVOCI, a decrease or increase on the stock prices would only impact equity and would not have an effect on profit or loss. The Company has determined that for financial assets at FVTPL, a decrease and increase on the stock prices could have an impact on the profit or loss.

The effect on profit or loss and equity as a result of an increase (decrease) in fair value of equity securities at FVTPL and fair value of quoted financial assets at FVOCI as at December 31, 2025 and 2024 are as follows:

	2025	
	Increase (decrease) in market price	Increase (decrease) in profit or loss/equity
Financial assets at FVTPL	1% (1%)	₱149,645 (149,645)
Financial assets at FVOCI	0% (0%)	- -
	2024	
	Increase (decrease) in market price	Increase (decrease) in profit or loss/equity
Financial assets at FVTPL	1% (1%)	131,241 (131,241)
Financial assets at FVOCI	7% (7%)	21,507,274 (21,507,274)



Fair Value

The carrying values of cash and cash equivalents, receivables, accounts payable and other current liabilities approximate their fair values due to their short-term nature. The carrying value of unquoted equity securities approximate their fair values based on the adjusted net asset method.

Below are the Company's financial assets measured and carried at fair value as at December 31:

	2025	2024
Financial assets at FVTPL	₱14,965,350	₱13,124,130
Financial assets at FVOCI	399,244,512	425,409,223

Financial assets at FVTPL and quoted financial assets at FVOCI are carried at their fair values based on quoted market prices.

Fair Value Hierarchy

Below table presents the fair value measurement hierarchy of the Company's financial assets carried at fair value and nonfinancial assets whose fair values are disclosed as at December 31:

	2025			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Financial assets at FVTPL	₱14,965,350	₱14,965,350	₱-	₱-
Financial assets at FVOCI				
Quoted debt securities	83,270,600	83,270,600	-	-
Quoted equity securities	303,680,714	303,680,714	-	-
Unquoted equity securities	12,293,198	-	-	12,293,198
Nonfinancial assets for which fair values are disclosed				
Investment properties	5,010,466,797	-	-	5,010,466,797
	2024			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Financial assets at FVTPL	₱13,124,130	₱13,124,130	₱-	₱-
Financial assets at FVOCI				
Quoted debt securities	107,197,164	107,197,164	-	-
Quoted equity securities	307,218,056	307,218,056	-	-
Unquoted equity securities	10,994,003	-	-	10,994,003
Nonfinancial assets for which fair values are disclosed				
Investment properties	4,264,285,141	-	-	4,264,285,141

The disclosures on the fair value of investment properties carried at cost are included in Note 11.

In 2025 and 2024, there were no transfers among the fair value measurement hierarchy levels.

27. Capital Management Policies

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.



The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2025 and 2024.

The Company monitors capital by having a daily monitoring of receipts and collections, regular release of disbursements to suppliers, monthly cash flow report preparation and monthly review of capital expenditure requirements. The Company at this point, with its healthy cash flow, is not looking for any bank loans to finance its operations and renovations. The Company strives to earn a minimum return double the annual inflation rate.

The following table summarizes the total capital considered by the Company as at December 31:

	2025	2024
Capital stock	₱1,500,000,000	₱1,500,000,000
Retained earnings	656,181,159	1,258,123,805
	₱2,156,181,159	₱2,758,123,805

28. Note to Parent Company Statements of Cash Flows

- a. The changes in the Company's liability arising from financing activities in 2025 and 2024 follows:

	2025			
	January 1	Cash flows	Noncash charges*	December 31
Notes payable	₱131,500,000	(₱51,500,000)	₱-	₱80,000,000
Dividends payable	331,813,201	(980,896,104)	810,000,000	160,917,097
Interest payable	-	(24,420,951)	24,420,951	-
	₱463,313,201	(₱1,056,817,055)	₱834,420,951	₱240,917,097

	2024			
	January 1	Cash flows	Noncash charges*	December 31
Notes payable	₱172,500,000	(₱41,000,000)	₱-	₱131,500,000
Dividends payable	31,445,011	(44,631,810)	345,000,000	331,813,201
Interest payable	-	(32,708,533)	32,708,533	-
	₱203,945,011	(₱118,340,343)	₱377,708,533	₱463,313,201

*Noncash charges pertain to declaration of dividends and accrual of interests on note payable.

29. Segment Information

The Company's operating business are organized and managed separately according to industry. The industry segments where the Company operates are as follows:

- Bakery flour - manufacturing of flour and distribution/sales of its produce.
- Mill feed - utilization of its by-products and distribution/sales of its produce; and
- Real estate and investment - leasing of office and commercial units and investment in securities.

The Company has only one geographical segment as its operations are solely located in the Philippines.



The Executive Committee, the Company's chief operating decision maker, monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross margin and net income and is measured consistently with gross margin and net income in the parent company financial statements.

The following tables on business segments present the segment assets as at December 31, 2025 and 2024 and the revenue and profit information for the period then ended.

	2025			
	Bakery Flour	Mill Feed	Real Estate and Investment	Total
Revenue				
Sales - related and third parties	₱1,039,126,390	₱89,528,256	₱-	₱1,128,654,646
Dividend income	-	-	22,579,247	22,579,247
Rental income	-	-	15,123,506	15,123,506
Interest income	-	-	8,239,093	8,239,093
	1,039,126,390	89,528,256	45,941,846	1,174,596,492
Cost of sales/services	869,341,868	74,900,091	7,862,453	952,104,412
Gross profit on sales/income	169,784,522	14,628,165	38,079,393	222,492,080
Selling and administrative expenses	(112,376,596)	(12,961,758)	-	(125,338,354)
Interest expense	-	-	(24,420,951)	(24,420,951)
Gain on sale of investment properties	-	-	-	354,076,296
Gain on deconsolidation of a subsidiary LPC	-	-	-	385,538,233
Other income (charges) - net	(7,286,966)	(627,825)	(1,634,326)	(9,549,117)
Provision for income tax	-	-	-	(85,490,833)
Net income	₱50,120,960	₱1,038,582	₱12,024,116	₱717,307,354
Property, plant and equipment	₱344,180,849	₱21,368,565	₱-	₱365,549,414
Investment properties	-	-	₱705,407,601	₱705,407,601
Depreciation and amortization	₱26,123,590	₱1,621,890	₱3,349,655	₱31,095,135
Additions to property, plant and equipment and investment properties	₱38,350,357	₱2,380,993	₱-	₱40,731,350

	2024			
	Bakery Flour	Mill Feed	Real Estate and Investment	Total
Revenue				
Sales - related and third parties	₱1,088,706,191	₱125,573,711	₱-	₱1,214,279,902
Rental income	-	-	14,543,155	14,543,155
Interest income	-	-	8,313,557	8,313,557
Dividend income	-	-	22,596,993	22,596,993
	1,088,706,191	125,573,711	45,453,705	1,259,733,607
Cost of sales/services	895,259,338	86,943,401	4,754,458	986,957,197
Gross profit on sales/income	193,446,853	38,630,310	40,699,247	272,776,410
Selling and administrative expenses	(107,646,872)	(12,416,222)	-	(120,063,094)
Interest expense	-	-	(32,708,533)	(32,708,533)
Other income (charges) - net	3,799,721	438,268	743,214	4,981,203
Provision for income tax	-	-	-	(20,977,505)
Net income	89,599,702	26,652,356	8,733,928	104,008,481
Property, plant and equipment	₱309,819,068	₱19,235,204	₱-	₱329,054,272
Investment properties	-	-	₱720,876,609	₱720,876,609
Depreciation and amortization	(₱17,962,024)	(₱1,115,177)	(₱2,021,849)	(₱21,099,050)
Additions to property, plant and equipment and investment properties	₱46,811,187	₱2,906,286	₱208,047,911	₱257,765,384



30. Supplementary Information Required Under Revenue Regulations 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on VAT, duties, taxes and licenses, documentary stamp taxes and withholding taxes paid or accrued during the taxable year.

a. Net Sales/Receipts and Output VAT

The Company is a VAT registered entity with sales and gross receipts subject to and exempt from VAT summarized as follows:

	Net Sales/ Receipt	Output VAT
Goods:		
Sale of goods	₱1,039,126,390	₱124,695,167
VAT-exempt sales	89,528,256	-
Scrap sales	771,552	92,586
Real estate	366,878,918	44,025,470
Services:		
Rental income	15,123,506	1,814,821
Common utilities service area income	7,415,874	889,905
	₱1,518,844,496	₱171,517,949

The output VAT on the Company's rental and common utilities service area income are based on actual collections.

The output VAT from sales of goods and from gross receipts on rentals and common utilities service area income is recorded under output VAT.

Exempt sales consist of sales of mill feeds, the by-product of the manufactured flour pursuant to Revenue Regulation No.16-05.

b. Input VAT

Balance at January 1	₱-
Current year's domestic purchases/payments of importations for:	
Purchase of services	20,775,029
Capital goods subject to amortization	1,612,500
Goods for resale/manufacture or further processing	5,741,413
Goods other than for resale or manufacture	-
Importation	1,825,166
	29,954,108
Application against output VAT	29,954,108
Balance at December 31	₱-

c. Landed Costs and Customs Duties

Landed costs paid in 2025 amounted to ₱882,883,594.



d. Other Taxes and Licenses

Real property taxes	₱7,058,753
License and permits fees	3,715,337
	₱10,774,090*

*₱6.31 million capitalized as part of inventories

e. Documentary Stamp Taxes

Documentary stamp taxes paid in 2025 cover charges from the banks for importation and form part of inventory costs amounting to ₱3,439,029; and for short-term loans amounting to ₱679,336.

f. Excise Tax

The Company has no transactions subject to excise tax in 2025.

g. Withholding Taxes

	Tax on Compensation and Benefits	Expanded Withholding Taxes	Final Withholding Taxes on Royalties and Dividends
Balances at January 1	₱1,001,362	₱1,188,842	₱-
Additions	4,180,948	6,652,192	46,246,067
Applications/Remittances	(4,708,496)	(6,173,255)	(46,246,067)
Balances at December 31	₱473,814	₱1,667,779	₱-

h. Tax Assessments/Cases

As at December 31, 2025, the Company has the following outstanding tax assessments/cases:

The Company received a "Formal Letter of Demand ("FLD") from the BIR on December 23, 2019 for alleged deficiency income tax, value-added tax, expanded withholding tax, withholding tax on compensation, fringe benefit tax and documentary stamp tax for the taxable year 2012 in the aggregate amount of ₱117.79 million. The Company filed its protest letter on January 16, 2020.

On April 22, 2021, the Company received a Final Decision on Disputed Assessment from BIR dated April 14, 2021, which denied the Company's protest letter on the FLD. The Company is liable for alleged deficiency taxes in the total amount of ₱101.65 million for the TY 2012.

On May 24, 2021, the Company filed an appeal, Petition for Review before the Court of Tax Appeals (CTA Case No. 10532) praying for the cancellation of the deficiency tax assessments on income tax, value-added tax, expanded withholding tax and withholding tax on compensation in the aggregate amount of ₱98.29 million, inclusive of increments, for taxable year ended December 31, 2012. The Company no longer contests the BIR's findings with respects to the fringe benefits and documentary stamp tax.

On November 25, 2022, the Company has already filed its Formal Offer of Evidence (FOE).

On October 26, 2023, the Company filed Supplemental FOE dated October 25, 2023.



As of November 30, 2023 and per records of the CTA, BIR counsel failed to file a comment on the Company's Supplemental FOE filed on October 26, 2023.

On February 15, 2024, the CTA resolved Company's Supplemental FOE and the initial presentation of evidence for the testimony of the Revenue Officer (RO) is set on April 4, 2024.

On April 4, 2024, respondent presented the RO who testified on direct examination by way of his Judicial Affidavit. His testimony was completed and terminated after the cross examination.

On April 11, 2024, the FOE dated April 8, 2024, filed by BIR was received by the Court.

On August 15, 2024, the Court resolved BIR's FOE. Both parties are given a period of 30 days from receipt hereof within which to file their memoranda.

On September 30, 2024, manifestation dated September 30, 2024 thru registered mail filed by the BIR. Manifestation via email was filed by the BIR on October 01, 2024.

On October 18, 2024, memorandum dated October 17, 2024 was filed by the petitioner. The memorandum was filed by the petitioner via email on November 04, 2024.

On November 26, 2024, the Court noted respondent's Manifestation and, with both parties' memoranda already filed, the case was submitted for decision.

On January 20, 2026, the petitioner is ordered to pay the respondent the aggregate amount of ₱27.60 million, inclusive of 25% surcharge and 20% and 12% deficiency interests.

On February 12–13, 2026, respondent filed Motions for Partial Reconsideration, while petitioner submitted its Compliance to the Notice of Decision and furnished copies to OSG and BIR via LBC.

On February 19, 2026, petitioner filed a Motion for Reconsideration.

On February 24, 2026, petitioner filed Notices of Change of Address, both via email and through LBC service to all parties.

On March 10, 2026, the Court acknowledged the respondent's Motion for Partial Reconsideration filed on February 12, 2026, and directed the petitioner to submit a Comment within five (5) days from receipt. After this, the respondent's motion will be considered for resolution.

On March 23, 2026, Petitioner filed Comment/Opposition on the Respondent's Motion for partial reconsideration.



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Liberty Flour Mills, Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



JOHN CARLOS UY
Chairman of the Board



JOHN CARLOS UY
President



JOSE MA. S. LOPEZ
Chief Financial Officer


Signed this 25th day of March 2026

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI CITY) S.S.

SUBSCRIBED AND SWORN TO before me this APR 15 2026 day of _____, in
MAKATI CITY affiants exhibiting to me their competent evidence of identity as
follows:

Name	Identification Document Presented	Issue/Expiry Date
JOHN CARLOS UY	SSS ID No. 03-2402495-3	
JOSE MA. S. LOPEZ	SC ID No. 2253477	May 2004

Doc. No. 280
Page No. 38
Book No. XVII
Series of 2026.


ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-110
(Ren) (2025 - 2026)
Until December 31, 2026
PTR No. 10766722; 01-05-2026; Makati City
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VIII-0012754; 08-27-2024
Ground Floor, Makati Terraces Condominium
3650 Dawala St., Tejeros, Makati City



Junaila Mendoza <jrmendoza@libertygroup.com.ph>

Fwd: Your BIR AFS eSubmission uploads were received

1 message

Maria Luisa Quizon <mlquizon@libertygroup.com.ph>
To: Junaila Mendoza <jrmendoza@libertygroup.com.ph>

Wed, Apr 15, 2026 at 2:55 PM

----- Forwarded message -----

From: <eafs@bir.gov.ph>
Date: Wed, Apr 15, 2026 at 2:34 PM
Subject: Your BIR AFS eSubmission uploads were received
To: <MLQUIZON@libertygroup.com.ph>
Cc: <MLQUIZON@libertygroup.com.ph>

Hi LIBERTY FLOUR MILLS, INC.,

Valid files

- EAFS000128846AFSTY122025.pdf
- EAFS000128846TCRTY122025-01.pdf
- EAFS000128846RPPTY122025.pdf
- EAFS000128846ITRTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-CEDGLKCF0XNPVP4VMQQ2N2QN09JF6DCCK**
Submission Date/Time: **Apr 15, 2026 02:34 PM**
Company TIN: **000-128-846**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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