



SECURITIES AND EXCHANGE COMMISSION

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The following document has been received:

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Company Information

SEC Registration No.: 0000184228

Company Name: MRC ALLIED, INC.

Industry Classification: K70120

Company Type: Stock Corporation

Document Information

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Period Covered: March 31, 2026

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COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)

BERNARD B. RABANZO

(Contact Person)

8846-7910

(Company Telephone Number)

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Month **Day**
(Fiscal Year)

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(Form Type)

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Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

Amended Articles Number/Section

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Total No. of Stockholders

Total Amou

Domestic

of Borrowings

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

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Document ID

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2026**

2. SEC identification number **184228** 3. BIR Tax Identification No **000-275-291-000**

4. Exact name of issuer as specified in its charter **MRC ALLIED, INC.**

5. **Makati City, Philippines**

Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **4th Floor Spirit of Communication Center, 106 C. Palanca St, Legaspi Vill., Makati City 1229**
Address of issuer's principal office Postal Code

8. **+632 8846-7910**

Issuer's telephone number, including area code

9. **MRC ALLIED INDUSTRIES, INC., 5th Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City**
Former name, former address and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt outstanding
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Common Shares	1,499,599,230
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11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [X] No []

12. Indicate by check mark whether the registrant:

has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 the registrant was required to file such reports)

Yes [X] No []

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

Yes ☒ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

See attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

See attached.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MRC ALLIED, INC.

By:


JIMMY T. YAOKASIN
Chairman of the Board
May 12, 2026


AUGUSTO M. COSIO JR.
President
May 12, 2026


BERNARD B. RABANZO
Chief Admin. And Finance Officer
May 12, 2026


ATTY. CHRYSLE Z. LOPEZ
Corporate Secretary
May 12, 2026

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED MARCH 31, 2026
(With Comparative Figures for December 31, 2025)

	<i>March 31, 2026</i>	<i>2025</i>
	<i>Unaudited</i>	
ASSETS		
Current Assets		
Cash	1,085,041	900,562
Trade and other receivables-net	-	-
Assets held for sale	-	-
Other current assets-net	5,504,326	5,416,132
Total Current Assets	6,589,367	6,316,694
Noncurrent Assets		
Investment properties	2,304,820,472	2,304,820,472
Investment in equity	100,000,000	-
Property and equipment-net	8,057,889	8,667,674
Exploration and evaluation assets	231,749,591	231,749,591
Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)	255,250,000	255,250,000
Total Noncurrent Assets	2,899,877,952	2,800,487,737
TOTAL ASSETS	2,906,467,319	2,806,804,431
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued and other payables	590,273,145	588,865,917
Loans payable	25,000,000	25,000,000
Due to related parties	77,598,746	287,829,102
Total Current Liabilities	692,871,891	901,695,019
Noncurrent Liability		
Retirement liability	18,447,852	18,447,852
Deferred tax liability	437,273,143	437,273,143
Total Noncurrent Liabilities	455,720,995	455,720,995
Total Liabilities	1,148,592,886	1,357,416,014
Equity (Capital Deficiency)		
Capital stock-P1 par value		
Authorized shares – 1,500,000,000		
Issued shares – 1,499,599,230	1,499,599,230	1,184,599,230
Retained Earnings	258,275,203	264,789,187
Total Equity	1,757,874,433	1,449,388,417
TOTAL LIABILITIES AND EQUITY	2,906,467,319	2,806,804,431

See Accompanying Notes to Consolidated Financial Statements

MRC ALLIED, INC. (formerly MRC ALLIED INDUSTRIES, INC.) AND SUBSIDIARIES

Notes to Financial Statements

As of March 31, 2026

1.	Cash in Bank	1,085,041
2.	Investment Properties	
	Developed Land For Sale	1,296,994,472
	Land Under Development	1,007,826,000
		2,304,820,472
3.	Other Current Assets	
	Prepaid CWT	76,885
	Deposits	210,100
	Input Tax	5,217,340
	Allowance for Unrecoverable taxes	0
		5,504,326
4.	Property and Equipment	
	Land	1,045,000
	Transportation Equipment	7,012,889
	Furniture, Fixtures and Equipment	-
	Land and Lease Improvements	-
	Solar PV Systems	-
		8,057,889
5.	Exploration and Evaluation Projects	
	Surigao Mines Inc.	211,749,591
	Tampakan Mines, Inc.	20,000,000
		231,749,591
6.	Bank Loans	
	First Metro Investment Corporation	25,000,000
		25,000,000
7.	Accounts Payable and Other Liabilities	
	Accrued Payables	0
	Interest and penalties	560,823,978
	Others	24,931,863
	Statutory Liabilities	4,517,305
		590,273,146
8.	Due to related parties	77,598,745

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2026
(With Comparative Figures for March 31, 2025)

	JANUARY TO MARCH 31, 2026 UNAUDITED	JANUARY TO MARCH 31, 2025 UNAUDITED
REVENUES	1,406,513	1,406,513
EXPENSES		
Mining Expenses	-	-
Interest	812,450	812,450
General and administrative	7,108,047	4,721,327
Other charges-net	-	-
LOSS BEFORE INCOME TAX	(6,513,984)	(4,127,264)
INCOME TAX BENEFIT	-	-
NET LOSS	(6,513,984)	(4,127,264)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS	(6,513,984)	(4,127,264)
BASIC/DILLUTED LOSS PER SHARE	0.004	0.000

See accompanying Notes to Consolidated Statements.

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2026
(With Comparative Figures for March 31, 2025)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at December 31, 2025	1,184,599,231	-	264,789,187	1,449,388,418
Additional Capital	315,000,000			315,000,000
Total Comprehensive Loss for the quarter			(6,513,984)	(6,513,984)
Balances at January to March 31, 2026	1,499,599,231	-	258,275,203	1,757,874,434
Balances at December 31, 2024	851,265,898	-	332,620,780	1,183,886,678
Total Comprehensive Loss for the quarter			(4,127,264)	(4,127,264)
Balances at January to March 31, 2025	851,265,898	-	328,493,516	1,179,759,414

See accompanying Notes to Consolidated Statements.

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MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2026
(With Comparative Figures for March 31, 2025)

	JANUARY TO MARCH 31, 2026 UNAUDITED	JANUARY TO MARCH 31, 2025 UNAUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(6,513,984)	(4,127,264)
Adjustment for:		
Depreciation and amortization	609,785	84,173
Provision for probable losses and impairment		
Operating loss before working capital changes	(5,904,199)	(3,517,479)
Decrease (increase) in:		
Other current assets	(88,194)	(78,981)
Increase (decrease) in:		
Trade and other payables	1,407,228	973,230
Net cash used in operating activities	(4,585,165)	(2,623,230)
CASH FLOW FROM A FINANCING ACTIVITIES		
Increase in capital	315,000,000	-
Increase (decrease) in amount due to related parties	(210,230,356)	2,554,190
Net cash used in financing activities	104,769,644	2,554,190
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in equity	(100,000,000)	-
Net cash used in financing activities	(100,000,000)	-
NET INCREASE IN CASH	184,479	(69,040)
CASH AT BEGINNING OF FIRST QUARTER	900,562	615,885
CASH AT END OF YEAR	1,085,041	546,845
NON CASH TRANSACTIONS		
Advances by related parties for:		
Exploration and evaluation costs capitalized		
Property and equipment acquisitions		
Increase in other noncurrent assets		
Settlement of loans		
Debt-to-equity conversion		
	-	-

See accompanying Notes to Consolidated Statements.

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements Required under SRC RULE 68.1

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements. The accounting policies adopted are consistent with those of the previous years, except as otherwise stated.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso (Peso), which is the Group's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for investment properties and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value, and retirement liability which is measured at present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of consideration received in exchange for incurring a liability.

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 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 best interest.

A fair value measurement of 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 participants 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 market 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; or
- 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 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 date.

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 as explained above.

Further information about the assumptions made in measuring fair value is included in Notes 4 and 17 to the consolidated financial statements.

Adoption of Amendments to PFRS Accounting Standards

The material accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*, effective for annual periods beginning on or after January 1, 2025.

The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the consolidated financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments.

The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.
 - Amendments to PFRS 9, *Financial Instruments* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, *Financial Instruments*, the

lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments apply to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

○ Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.

○ Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

Deferred effectivity –

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investment in Associates - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023.

Subsidiaries are entities controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. In assessing control, the Parent Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control and continue to be consolidated until the date such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies for like transactions and other events in similar circumstances.

All significant intercompany balances and transactions, including inter-group unrealized profits and losses resulting from intercompany transactions, are eliminated in full in preparing the consolidated financial statements. Changes

in the controlling equity ownership (i.e., acquisition of noncontrolling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of 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 fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss 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.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group’s business model and its contractual cash flow characteristics.

The Group does not have financial assets and liabilities at FVPL, and debt instruments classified as financial asset at FVOCI as at December 31, 2025 and 2024.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Group’s cash in banks are classified under this category.

Financial Assets at FVOCI. For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the following conditions are not met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; 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 FVOCI are initially measured at fair value plus transaction costs. After initial recognition, equity instruments at FVOCI are measured at fair value with unrealized gains or losses recognized in other comprehensive income (OCI) and are presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

As at December 31, 2025 and 2024, the Group designated its investment in unquoted equity securities as financial asset at FVOCI.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2025 and 2024, the Group's accrued interest and penalties, accrued and other payables (excluding statutory payables), due to related parties and loan payable are classified under this category.

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss. Meanwhile, for a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for expected credit loss (ECL) 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, 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.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Classification of Financial Instrument between Liability and Equity

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

- Deliver cash or another financial asset to another entity;
- 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.

Other Current Assets

Other current assets consist of input value-added tax (VAT), deposits and creditable withholding tax (CWT).

Input VAT. Input VAT represents tax imposed on the Group by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset, carried at cost less any impairment in value and will be used to offset the Group's current VAT liability.

Deposits. Deposits represent payments made in relation to the lease and other agreements entered into by the Group. These are carried at cost less any impairment in value and will generally be applied as lease payment or final payment at the end of the agreements.

CWT. CWT represents taxes withheld by the Group's customers as required under Philippine taxation laws and regulations. CWT is recognized as asset, carried at cost less any impairment in value and will be used to offset against the Group's income tax liability.

Investment Properties

Investment properties include land held for the purpose of earning rentals or for capital appreciation or both. These properties are not held to be used in production or sale in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are stated at fair value, which reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the profit or loss in the year of retirement or disposal.

Transfers are made to and from investment properties when, and only when, there is a change in use, evidenced by a) commencement of owner-occupation, for a transfer from investment property to owner-occupied; b) commencement of development with a view to sale, for a transfer from investment property to assets held for sale; c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or d) commencement of an operating lease to another party, for a transfer from property and equipment to investment property.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less impairment loss, if any.

The initial cost of property and equipment comprises 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 and equipment have been put into operations, such as repairs and maintenance, are recognized 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 and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated and amortized separately.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of each of the property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

The estimated useful lives and method of depreciation and amortization are reviewed, and adjusted if appropriate, at the end of each reporting period.

The estimated useful lives of items of property and equipment are as follows:

	Number of Years
Transportation equipment	5
Furniture, fixtures and equipment	3

Depreciation and amortization commence when the property and equipment is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization ceases at the earlier of the date that the property and equipment is classified as held-for-sale and the date the property and equipment is derecognized.

When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is recognized in the consolidated statements of comprehensive income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of comprehensive income in the year the asset is derecognized.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

Exploration and Evaluation Assets

Exploration and evaluation assets represent the Group's acquired rights to do exploration and evaluation of certain mining areas. Expenditures for mine exploration work prior to and subsequent to drilling are deferred as incurred. These shall be written-off if the results of exploration work determined to be not commercially viable. If the results are commercially viable, the deferred expenditures and the subsequent development cost shall be capitalized and amortized from the start of commercial operations using the units-of-production method based on estimated recoverable reserves, as this mostly reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Impairment of Nonfinancial Assets

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 its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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. 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 the consolidated statements of comprehensive income.

An assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such

instance, the carrying amount of the asset is increased to its recoverable amount. However, the increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Capital Stock

Capital stock represents the par value of the issued shares.

Retained Earnings

Retained earnings represents cumulative balance of the Group's result of operations. Retained earnings also include the effect of any remeasurement gains or losses on retirement liability.

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing net loss for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year excluding shares held by subsidiaries, with retroactive adjustments for any stock dividends declared and stock split.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Where the loss per share effect of potential dilutive ordinary shares would be anti-dilutive, basic and diluted loss per share are stated at the same amount. There are no dilutive shares as at December 31, 2025, 2024 and 2023.

Segment Reporting

An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

Consultancy Income. Income is recognized as income when the related services have been rendered based on contractual terms.

For revenues from other sources, the following specific recognition criteria must also be met before revenue is recognized.

Interest Income. Interest income is recognized as it accrues based on the effective interest method, net of final tax.

Other Income. Other income is recognized when there is an incidental economic benefit that will flow to the Group through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expense Recognition

Costs and expenses are recognized in the consolidated statements of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase of liability has arisen that can be measured reliably.

Direct Cost. Direct cost is recognized as expense when the related service is rendered.

General and Administrative Expenses. General and administrative expenses constitute cost of administering the business. These are expensed as incurred.

Interest Expense and Penalties. Interest expense and penalties represent the cost of money used in operations including charges for late payments and are recognized as incurred. Interest expense is measured using the effective interest rate method.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16, *Leases*.

Group as a Lessee. The Group applies the short-term lease recognition exemption to its short-term lease of office space (i.e., leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Employee Benefits

Short-term Benefits. The Group provides short-term benefits to its employees in the form of basic salary, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits. These are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has an unfunded, defined benefit retirement plan covering all qualified employees. The retirement benefits expense is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailment and non-routine settlements (if any), and interest expense in profit or loss. Interest expense is calculated by applying the discount rate to the retirement liability. Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment, curtailment, and the date the Group recognizes restructuring related costs.

Remeasurements pertaining to actuarial gains and losses are recognized immediately in OCI and are closed to retained earnings in the period in which they arise.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax 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.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum

corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 profit will be available to allow all or part of the deferred tax asset 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 profit 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 to the period 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 the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity, respectively.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party 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 enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. An entity is also related to the Group when it directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Transactions with related parties are accounted for at arm's-length prices or terms similar to those offered to non-related entities in an economically comparable market. Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

Provisions

Provisions, if any, 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. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, 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.

Contingencies

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

Events After the Reporting Date

Events after the reporting period that provide additional information about the Group's consolidated financial statements at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Events after the reporting period that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

Comparative

When necessary, comparative figures have been reclassified to conform to the changes in the presentation of the current year.

MRC ALLIED, INC.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results or Plan of Operation

2a) Plan of Operation

At present, the principal asset of the Company consists of two land banks. The first is a 160hectare industrial estate in Naga City, Cebu and the second consists of 700 hectare of raw land in San Isidro Municipality, Leyte. Located thirty-five (35) kilometers away from the Mactan International Airport, the industrial estate in Naga City, known as the New Cebu Township One (NCTO), is registered with the Philippine Economic Zone Authority as a special economic zone.

Also classified as a special economic zone, the Leyte Property, known as the Amihan Woodlands Township (AWT), was originally planned as an eco-tourism project, considering the more than 10 km coastline that rises to forested mountains. No major development of the property, however, has been undertaken. The Company was negatively affected by the Asian Crisis of 1997 and essentially maintained minimal operation since then.

The abundant mineral deposits and recent government pronouncements prompted MRC to pursue the opportunity for a shift in business strategy. Global trends in metal prices and the preference for gold as the stable reserve definitely add value to mining resources available worldwide. Key acquisitions by MRC over the last years to support this strategy:

- On November 8, 2010, MRC entered into a Mines Operating Agreement with Alberto Mining ("AMC") for gold and copper covering a parcel of land with an area of 7,955.70 hectares located at Kiblawan, Davao del Sur and Columbio, Sultan Kudarat.
- On January 7, 2011, MRC Allied Inc. entered into a Mines Operating Agreement with AMC, also for gold and copper covering a parcel of land with an area 3,718.41 hectares located at the Municipality of Marihatag, Province of Surigao del Sur. This is located in the well-known gold-belt region in southern Philippines.
- On February 4, 2011, MRC entered into a Mines Operating Agreement with Pensons Mining Corporation (an affiliate of Alberto Mines) for copper and gold deposits covering a land area of 8,475 hectares in Paquibato in Mindanao.
- On March 28, 2011, MRC entered into a Mines Operating Agreement for gold and copper covering a parcel of land with an area of 9,720 hectares located at the Municipalities of Boston and Cateel, Davao Oriental ("Boston-Cateel Mines"). The Agreement involves the mining rights owned by Alberto Mining Corporation, a domestic corporation based in Davao City.
- On August 25, 2011, MRC entered into a Mines Operating Agreement for gold and copper covering a parcel of land with an area of 2,059.27 hectares located at San Miguel & Marihatag, Surigao del Sur ("Surigao Mines" additional)
- On November 16, 2011, Pursuant to the Memorandum of Agreement signed with Upper San Miguel Manobo Sectoral Tribe Council, MRC or wholly owned entity will develop a gold processing facility in the Municipality of San Miguel.
- Solar Power Plant

The Parent Company has a 15% ownership in Sulu Electric Power and Light (Philippines) Inc. [SEPALCO] which owns and operates a 50-megawatt solar project located in Palo, Leyte for P255.3 million. The power generated from this project is currently being sold to Wholesale Electricity Spot Market (WESM).

- Solar Photovoltaic (PV) System Project

The Group, through MREN, operates 550 kilowatt-power (kWp) solar PV rooftop systems for a rice milling plant in Northern Luzon. Revenues generated from this project amounted to P2.3 million in 2022, P2.5 million in 2021 and P1.6 million in 2020.

In line with the Group's direction to focus on renewable energy projects, the Parent Company's BOD approved to sell its exploration and evaluation assets with a carrying value of ₱231.7 million on February 17, 2022. Subsequently, on March 10, 2022, the Parent Company entered into a Memorandum of Agreement with a third party to sell these exploration and evaluation assets for ₱750.0 million. Under the agreement, the contracting parties shall execute a Deed of Assignment to transfer the rights of the exploration and evaluation assets to the buyer. As at December 31, 2022, the contracting parties have not yet finalized the Deed of Assignment.

To further diversify its investment portfolio, the Group has started exploring business ventures in technology and digital solutions, and Information and Communication Technology (ICT), in order to leverage on the country's aggressive digital transformation programs.

On February 27, 2023, the Parent Company entered into a Memorandum of Agreement with MCC to purchase 500,000,000 shares of stock, at ₱1.00 par value a share, of Philippine Telegraph and Telephone Corporation (PT&T) held by MCC, equivalent to 33% ownership. Under the agreement, the contracting parties should close the sale within sixty (60) days from the date of the agreement ("Closing Period").

Significant provisions in the agreement also include:

- a. Finalize the terms of reference which details the purchase price, schedule of payments and other material terms and conditions of the sale within thirty (30) days from the date of the agreement; and
- b. Execute a definitive agreement based on the terms of reference within the Closing Period.

As at the date of the approval and issuance of the consolidated financial statements, the Parent Company and MCC are still in the process of finalizing the terms of the sale.

In 2021, the Group re-affirmed its plan to issue 1,428,571,428 shares, at ₱0.10 par value a share or equivalent to ₱142.9 million, at the issue price of ₱0.70 a share or equivalent to ₱1,000.0 million, through a private placement. On March 8, 2023, the SEC approved the amendment on the use of proceeds of this private placement to also cover investment acquisitions in ICT which includes the purchase of PT&T shares. As at the date of the approval and issuance of the consolidated financial statements, the Group is in the process of negotiating the terms of the subscriptions with the potential investors.

In the meantime, the Group stockholders have continued to provide financial support to sustain Group operations and to meet its maturing obligations. Due to a related party has aggregated ₱287.83 million and ₱573.39 million as at December 31, 2025 and 2024, respectively.

The ability of the Group to continue as a going concern depends largely on the successful implementation and outcome of the foregoing business development plans, and the continuing financial support of the Group stockholders.

- a. The Group has a 15% ownership in Sulu Electric Power and Light (Philippines) Inc. [SEPALCO] which owns and operates a 50-megawatt (MW) solar PV (photovoltaic) power plant located in Palo, Leyte (see Note 6). The power generated from the power plant is being sold to the Wholesale Electricity Spot

Market (WESM). As at the date of the approval of the consolidated financial statements, the Parent Company is actively assisting SEPALCO in its ongoing negotiations with potential investors to develop an additional 25-MW capacity for the power plant.

- b. The Company already initiated its plan to raise ₱1,000.0 million funding through previously approved private placement. The initial private placement transaction was completed on August 7, 2025 and has generated ₱333.3 million.
- c. On January 16, 2026, the BOD approved another private placement to raise ₱315.0 million. The Board approved to use the proceeds to settle remaining advances to put the Company in an ideal financial position for its intended expansion.
- d. The Company is looking at expanding into the telecommunications and data transmission industry as will be enabled by the recently passed “Konektadong Pinoy Law”. Management will be approaching potential local and foreign partners for this project in cooperation with affiliate companies operating nationwide broadband and satellite internet distribution and data transmission business.
- e. Management has likewise initiated the works for updating its government applications for its mining projects. Management and its legal counsel believe that as soon as the Group gets the documentary requirements, the Group can obtain the necessary clearance for the MGB approval.
- f. Moreover, management is preparing to relaunch its industrial estate property in Naga City, Cebu in anticipation of the growing industrial and commercial ventures in the area.
- g. The Board has an existing approval for the conduct of further fund raising efforts through the increase of the Authorized Capital Stock from ₱1,500.0 million to ₱5,000.0 million which increase will be presented for approval of the stockholders in the next annual stockholders’ meeting. The increase in authorized capital stocks is intended to support the aforementioned business plans.

The Parent Company stockholders continue to provide financial support to sustain the Group’s operations and to meet its maturing obligations. Due to related parties aggregated ₱287.8 million and ₱573.4 million as at December 31, 2025 and 2024, respectively.

Accordingly, the Group continues to prepare its consolidated financial statements on a going concern basis.

2b) Financial Condition and Results of Operation as of December 31, 2025

Total assets amount to P2.81 billion and total liabilities and equity is P1.36 billion and P1.45 billion, respectively. In 2025, the Group adopted the fair value model accounting for these investment properties resulting to a net loss of P65.33 million in 2025 and net income of P7.42 million in 2024, and retained earnings of P264.79 million and P332.62 million as at December 31, 2025 and 2024, respectively. The adoption of the FV model should be applied retrospectively at the date of the reclassification to investment properties.

The Group’s investment properties comprising a 192-hectare industrial estate in Naga City, Cebu (which properties are covered either only by Deeds of Absolute Sale/Assignment in favor of the Parent Company and/or Tax Declarations and without any certificates of titles in the Parent Company’s name) and a 700-hectare land in San Isidro, Leyte (covered by Transfer Certificates of Title) represent about 81.88% and 82.12% of Group assets as at December 31, 2025 and 2024, respectively.

Due to Related Parties was decreased by P285.56 million in 2025. The Parent Company and its Ultimate Parent entered into an agreement to apply 12% annual interest on the outstanding balance of the payable to the Ultimate Parent starting January 1, 2023. Interest expense from due to Ultimate Parent amounted to ₱ 3 4 . 26 million and P41. 2 million in 2025 and 2024, respectively. Other current assets decreased by P0.533 in 2025 due to application of input tax against output tax.

Accrued interest and penalties amounted to ₱560.0 million and ₱529.4 million as at December 31, 2025 and 2024, respectively. Provision for probable loss covers probable claims from a third party.

The Group has incurred net loss amounting to P65.33 million in 2025 and P7.42 million in 2024 due to gain on fair value changes of investment properties, interest expense and consultancy income. Also, as at December 31, 2025 and 2024, the Group’s current liabilities exceeded its current assets by P0.895

million and P1.149 million, respectively.

2c) Comparable Discussion of Interim Period as of 31 March 2026

The Group's aggregate resource stood at P2.91 billion, while total liabilities and equity amounted to P1.15 billion and P1.76 billion respectively, as of 31 March 2026. Comparing March 31, 2026 against December 2025 level, total resources net increased by P100.00 million attributed principally on investment in equity, net of accumulated depreciation and other current assets. Total liabilities went down by P208.82 million in 31 March 2026 due to the following: (i) payment of due to related parties (ii) accrual of interest and penalties of the existing bank loans and (iii) transactions recorded in the related parties to fund the day to day operations of the Company. Total stockholders' equity was recorded at P1.76 billion in 31 March 2026 and P1.45 billion as of 31 December 2025.

On a quarter to quarter basis, total assets of the Group for the first quarter of 2026 amounted to P2.91 billion compared to the total assets as of end of first quarter of 2025 were increased by P120.00 million. The increase is due to the fair value changes of investment properties and investment in equity.

Total liabilities of the Group as of first quarter of 2026 increased by P459 million net of P1.149 billion this quarter compared to P1.607 billion against the same quarter of 2025. This decrease was due to payment of due to related parties, to the trade and other payables and advances made to stockholders for working capital requirements of its subsidiaries and the accrual of interest on the bank loan for this quarter of 2026.

MRC ended the first quarter of 2026, with a total net loss of P6.51 million compared to P4.13 million in the first quarter of 2025. The increase in net loss was largely due to the salaries and wages, depreciation and taxes paid on increase in capital.

Key Performance Indicators

Ratio	Formula	2026	2025
Current/Liquidity Ratio			
	Current assets	6,589,367	6,316,694
	Divided by: Current liabilities	692,871,890	901,695,018
	Current Liquidity ratio	0.01:1.00	0.01:1.00
Solvency Ratio			
	Net income (loss) before depreciation and amortization	(5,904,199)	(62,601,681)
	Divided by: Total liabilities	1,148,592,885	1,357,416,013
	Solvency ratio	(0.01):1.00	(0.05):1.00
Debt-to-Equity Ratio			
	Total liabilities	1,148,592,885	1,357,416,013
	Divided by: Total equity	1,757,874,434	1,449,388,418
	Debt-to-Equity ratio	0.65:1.00	0.94:1.00
Asset-to-Equity Ratio			
	Total assets	2,906,467,319	2,806,804,431
	Divided by: Total equity	1,757,874,434	1,449,388,418
	Asset-to-Equity ratio	1.65:1.00	1.94:1.00

Interest Rate Coverage Ratio

Income (Loss) before interest and taxes	(952,264)	(22,105,220)
Divided by: Interest expense	812,450	37,505,550
Interest Rate Coverage ratio	(1.17):1.00	0.59:1.00

Return on Assets Ratio

Net income (loss)	(6,513,984)	(65,331,593)
Divided by: Total assets	2,906,467,319	2,806,804,431
Return on Assets ratio	(0.002):1.00	(0.02):1.00

Return on Equity Ratio

Net income (loss)	(6,513,984)	(65,331,593)
Divided by: Total average equity	1,757,874,434	1,449,388,418
Return on Equity ratio	(0.004):1.00	(0.05):1.00

Net Loss Margin

Net loss	(6,513,984)	(65,331,593)
Divided by: Revenues	1,406,513	-
Return on Equity ratio	(4.63):1.00	(0.00):1.00

-Nothing follows-