SECURITIES AND EXCHANGE COMMISSION
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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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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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
   Dec 31, 2025
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. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legaspi Village Makati City
   Postal Code
   1229
8. Issuer's telephone number, including area code
   02 8846 7910/09178082991
9. Former name or former address, and former fiscal year, if changed since last report
   5th Floor Eurovilla 4 Bldg. 853 A Arnaiz Avenue, Legazpi Village, Makati City
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	1,184,599,230

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (●) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    The Philippine Stock Exchange
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

-

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

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

-

MRC Allied, Inc.
MRC

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2025
Currency	Philippine Peso

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Current Assets	6,316,694	6,564,879
Total Assets	2,806,804,431	2,787,386,028
Current Liabilities	901,695,018	1,155,092,948
Total Liabilities	1,357,416,013	1,603,499,350
Retained Earnings/(Deficit)	264,789,187	332,620,780
Stockholders' Equity	1,449,388,418	1,183,886,678
Stockholders' Equity - Parent	1,529,206,219	1,329,177,587
Book Value Per Share	1.22	1.4

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Gross Revenue	0	0
Gross Expense	23,269,462	24,319,584
Non-Operating Income	-	-
Non-Operating Expense	-	-
Income/(Loss) Before Tax	-59,610,570	-3,077,224
Income Tax Expense	5,721,023	4,343,337
Net Income/(Loss) After Tax	-65,331,593	-7,420,561
Net Income/(Loss) Attributable to Parent Equity Holder	-65,331,593	-7,420,561
Earnings/(Loss) Per Share (Basic)	-0.06	-0
Earnings/(Loss) Per Share (Diluted)	-0.06	-0

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2025	Dec 31, 2024
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.01	0.01
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.01	0.01
Solvency Ratio	**Total Assets / Total Liabilities**	-0.05	-0
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.48	0.57
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.94	1.35
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	0	0.93
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.94	2.35
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0	0
Net Profit Margin	**Net Profit / Sales**	0	0
Return on Assets	**Net Income / Total Assets**	-0.02	-0
Return on Equity	**Net Income / Total Stockholders' Equity**	-0.05	-0
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	1	1

Other Relevant Information

Earning(Loss) per share (Basic)/Diluted for December 31, 2024 is (0.009) and for December 31, 2025 Earning(Loss) per share (Basic)/Diluted is (0.066).

Filed on behalf by:

Name	Federico Prieto
Designation	Chief Legal Counsel & Chief Compliance Officer

COVER SHEET

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SEC Registration Number

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

(Company's Full Name)

4 t h   F l o o r ,   S p i r i t   o f   C o m m u n i c a t - i o n S   C t r .   1 0 6   C a r l o s   P a l a n c a   S t .   L e g A s p i   V i l l a g e ,   M a k a t i   C i t y   1 2 2 9

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

Bernard B. Rabanzo

(Contact Person)

02 8846-7910

(Company Telephone Number)

1 2 | 3 1

Month *Day*

(Fiscal Year)

1 7 - A

(Form Type)

0 7 | 0 9

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

I & VII

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

25M

Domestic

NA

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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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 **184228** 3. BIR Tax Identification No. **490-000-275-291**

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. (SEC Use Only)
Industry Classification Code:

7. **4/F Spirit of Comm. Ctr., 106 C. Palanca St., Makati City Legazpi Village Makati City** **1229**
Address of principal office Postal Code

8. **+632 846-7910/09178082991/09087380854**
Issuer's telephone number, including area code

9. **5F Eurovilla 4 Bldg., 853 A. Arnaiz Avenue, Makati City 1223**
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
Common Shares	1,184,599,230

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

Yes [x] No [ ]

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

Philippine Stock Exchange **Common Shares**

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 [x] No [ ]

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

Yes [x] 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").

The information required by this item is contained in Annex 1 of this Report

<u>Documents Incorporated by Reference</u>

Audited Financial Statements for the period Ended December 31, 2025
Sustainability Report 2025

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

MRC Allied, Inc. (MRC) or ("the Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 20, 1990. Its shares are publicly traded in the Philippine Stock Exchange (PSE). The Parent Company and its subsidiaries are primarily engaged in the business of a holding company, and for that purpose either in the name of the Company or in the name of any other company.

Formerly operating as Makilala Rubber Corporation, the Parent Company's activities had been primarily the processing and export of baled natural rubber. In 1993, new stockholder acquired the Company from Philtread Tire & Rubber Corporation and diversified it into real property development, more particularly, into township development.

On October 25, 1994, the Securities & Exchange Commission approved the change of name of Makilala Rubber Corporation to MRC Allied Industries, Inc. In 1995, MRC listed its entire 500 million shares in the Philippine Stock Exchange with an initial public offering share price of three pesos (P3.00) per share. In 1997, MRC decided to divest its rubber business to Makrubber Corporation, its wholly owned subsidiary, to focus on its core business, real property development. Makrubber stopped its operations in 2000 because of the worsening raw material supply due to the Land Reform Program and the peace and order problems in North Cotabato.

Since 2000, MRC has had minimal operations and simply continued and maintained its two eco-friendly projects, the New Cebu Township One (NCTO) of Naga, Cebu; and Amihan Woodlands Township (AWT) of Northern Leyte.

On July 21, 2008, the stockholder approved the amendments to MRC Allied Industries, Inc.'s existing Articles of Incorporation in line with the rationalization and quasi-reorganization of the Company, as follows:

(i) Change in the corporate name from "MRC Allied Industries, Inc." to "MRC Allied, Inc."
(ii) Decrease in the par value of MRC's common shares from P1.00 per share to P0.20 per share, with the corresponding decrease in its authorized capital stock form P500 million divided into 500 million common shares with a par value of P1.00 per share to P100 million divided into 500 million common shares with a par value of P0.20 per share;
(iii) Increase in its authorized capital stock of up to, or not exceeding P9.50 billion or 47.5 billion shares at a par value of P0.20 per share;
(iv) Debt to equity conversion, wherein an issuance of shares from the increase of up to, or not exceeding P750 million or 37.5 billion shares out of such increase in the authorized capital stock.

The rationale behind the capital restructuring and proposed modification of the Parent Company's issued and outstanding common shares is to reduce its outstanding deficit. On the other hand, the proposed increase in MRC's authorized capital stock will give way to additional capital infusion by potential investors.

On 8 August 2008, the Board of Directors elected the officers of MRC Allied and its various committees namely the Audit, Nominations and Compensations Committees. During the same meeting, the Board approved the partial implementation of the increase in its authorized capital stock by P2.9 billion divided into 14.5 billion shares with par value of P0.20 per share, thus increasing its authorized capital stock form P100 million divided into 500 million shares to P3.0 billion divided into 15 billion shares with par value of P0.20 per share.

On 23 September 2008, Pacific Asia Capital Corporation (PACC) now Menlo Capital Corporation (MCC) and MRC entered into a Deed of Assignment wherein the following resolutions were made: (i) assumptions of liabilities by PACC of P328.50 million from various creditors of MRC; (ii) MRC agreed for the settlement or extinguishment by PACC of its loans from various creditors; (iii) PACC and MRC agreed to extinguish the debt by converting it into common shares out of MRC's increased authorized capital stock of P3.0 billion' (iv) PACC shall subscribe to P725 million covering the 25% minimum subscription for the partial increase of MRC's authorized capital stock of P2.9 billion or 3.625 billion shares out of the 14.5 billion shares increase with par value of P0.20 per share; (v) PACC shall assign, convey, transfer and consider as extinguished MRC's debt in the amount of P328.50 million as partial payment for 1.642 billion shares. As a result of this agreement, PACC shall have 3.625 billion shares, or 87.88% of the outstanding capital stock of MRC, thus effectively acquiring control over MRC.

The above resolutions were subsequently approved by the Philippine Securities and Exchange Commission (SEC) on March 25, 2010.

On February 28, 2013, the stockholders approved a debt-to-equity conversion of up to P1.0 billion of previously contracted debt at P0.20 a share and the reduction in par value of shares form P0.20 to P0.10 to implement a quasi-reorganization by offsetting the resulting additional paid-in capital against the Company's deficit to improve the Company's financial position. The Company still has to file the necessary documents for the debt-to-equity conversion and the quasi-reorganization with the SEC.

On November 8, 2013, Securities & Exchange Commission approved the (1) debt-to-equity conversion payable to a stockholder amounting to P877.5 million as consideration for the issuance of 4,387,658,975 shares of stock with a par value of 0.20 per share and, (2) the Company's equity restructuring. The equity restructuring reduced the par value of shares from 0.20 to 0.10 and the resulting additional paid-in capital of P851.3 million was applied against the Company's deficit. As at December 31, 2013, the company has a positive equity of P755.4 million from a capital deficiency of P99.4 million as at December 31, 2012.

On January 14, 2014, the SEC approved the Company's further equity restructuring by applying additional paid-in capital of P106.4 million to deficit.

On September 18, 2020 in the annual stockholders meeting of the company via video conferencing through Zoom, one the following matters were approved, confirmed, and ratified by the stockholders present during the said meeting:

The approval of the amendments of the primary purpose from real estate business to a holding company and the amendment of the secondary purpose for the additional provisions of its Articles of Incorporation.

On November 24, 2020, the company received the approval of the Securities and Exchange Commission for the amendments on its Article II of the Articles of Incorporation the change in primary purpose from real estate business to a holding company and the implementation for the additional provision in the secondary purpose.

On May 7, 2021, the Parent Company's Board of Directors (BOD) approved the amendment to the Articles of Incorporation (AOI) to change the Parent Company's principal business address to 4th Floor Spirit of Communication Centre 106 Carlos Palanca St., Legaspi Village, Makati City.

The Parent Company is 50.8% owned by Menlo Capital Corporation (MCC or Ultimate Parent), a company incorporated and domiciled in the Philippines and is engaged in the business of investment house. On May 19, 2021, the Parent Company has obtained the approval of the PSE for the additional listing of 4,387,658,975 shares owned by MCC with listing date of August 13, 2021. However, these shares were subjected to a mandatory lock up period of 180 days from the date of listing. Starting February 10, 2022, these shares are eligible for trading in the PSE following the expiration of the 180-day lock up period on February 9, 2022.

On September 13, 2022, the BOD approved another amendment to the AOI to increase the par value of Parent Company shares from ₱0.10 a share to ₱1.00 a share. As at the date of the approval and issuance of these consolidated financial statements, the Parent Company has not yet submitted the application for the amended AOI with the SEC.

As at December 31, 2024 and 2023, the total number of Company shares owned by the public represent 82.1% and 48.4% of the total issued shares and outstanding, respectively.

As at December 31, 2024 and 2023, the Company's subsidiaries which were incorporated in the Philippines are as follows:

	Date of Incorporation	Nature of Business	% of Ownership
Menlo Renewable Energy Corporation (MREN)	2015	Renewable Energy	100
MRC Tampakan Mining Corporation			

(MRC Tampakan)	2011	Mining	100
MRC Surigao Mines, Inc. (MRC Surigao)	2011	Mining	100
Makrubber Corporation (Makrubber)	1990	Processing and export of natural rubber products	100

Makrubber ceased commercial operations in 2011.

MRC Tampakan and MRC Surigao have not started commercial operations. MREN has a capitalization of P35.0 million, while MRC Surigao and MRC Tampakan have a capitalization of P5.0 million each.

The Company's latest principal and business address is at 4th Floor, Spirit of Communications Center, 106 Carlos Palanca Street., Legaspi Village, Makati City.

Business/Projects

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.

As at December 31, 2024 and 2023, the Group has the following business ventures in renewable energy:

- 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 ₱573.39 million and ₱577.95 million as at December 31, 2024 and 2023, 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.

The Group's business ventures and corporate initiatives are as follows:

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 (see Note 9 of the attached consolidated FS).

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

Major Risks Related to the Business

- The Company's profits are subject to price volatility and competition.
- The Company has had minimal operating activities and incurred losses in its recent past.
- The Company's business is subject to operational risks and the Company is not insured against all potential losses.
- Competition in the industries in which the Company is engaged in is intense.
- Additional capital may be needed for operations in the future. If the Company is unable to raise the needed financing, its operations may be adversely affected
- Inflationary pressures especially on fuel and equipment costs could adversely affect the Company's operating costs

To mitigate these risks, the Company is undertaking all cost-effective and cost-efficient means to support its operations, and to prevent incurring further losses.

Furthermore, the Company created a committee that handles risk management. This unit is tasked to review, study and propose concrete ways to manage, if not, mitigate risks relating to the business of the Company.

Advances to Related Parties

The Company, in the normal course of business, has transactions with its related parties. The following summarizes the related party transactions of the Company and its outstanding balances as at and for the years ended December 31, 2024 and 2023:

<u>Stockholder</u>

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 P41.2 million in 2024 and P34.2 million in 2023, respectively.

<u>Patents and Trademarks</u>

MRC's operations are not dependents on patents, trademarks, copyrights and the like.

<u>Cost and Effects of Existing/Probable Regulations</u>

On September 30, 1996, the President of the Philippines issued Proclamation No. 889 designating MRC as an ecozone developer/operator of **New Cebu Township Ecozone** pursuant to Republic Act No 7916 and its implementing Rules and Regulations. On February 3, 1997, the President of the Philippines issued Proclamation No. 955 amending Proclamation No. 889, to increase area covered from 366,643 sq. m. to 1,228,261 sq. m. The President of the Philippines issued Proclamation No. 247 on February 24, 2000 proclaiming **Amihan Woodlands Township** as a Special Economic Zone pursuant to Republic Act No. 7916 as amended by Republic Act No. 8748.

<u>Research and Development</u>

In the last ten (10) years, MRC has not undertaken any significant research and development activities.

<u>Government Approval of Principal Products or Services</u>

The mining sites have an ongoing application for Exploration Permit (EP) with the Mines and Geosciences Bureau (MGB). MGB informed the Company that its application is already in the final stage and it is set to issue memorandum advice containing the result of their evaluation of the applications. The memorandum advice and the compliance by the Company will lead to the issuance of the clearance for the approval of the application of EP.

Solar Energy Service Contract

MREN entered into a Solar Energy Service Contract with the DOE for the exclusive right to explore, develop and utilize the Solar Energy Resources within the contracted area in Naga City, Cebu. The contract is in predevelopment stage which is a non-extended period of two years from December 23, 2015. Upon the issuance of a Certificate of Commerciality by the DOE, the service contract shall remain for a period of 25 years from the effective date.

MREN, among others, has to secure any necessary permits and clearances from all relevant government entities for the project. It also has to perform exploration, assessment, field verification, harnessing, piloting and other activities and provide technology and financing in connection with the predevelopment stage.

The government's share shall be equal to one percent (1%) of the gross income from the sale of electricity generated from Solar Energy Operation.

On January 15, 2018, the Company requested for a 180-day extension period from Department of Energy to complete the predevelopment activities and declare commerciality of the solar project.

In 2018, the DENR ordered the suspension of development activities within the solar project's area because of supervening events affecting the condition and feasibility of the area. As a result, the Company had to surrender its service contract with the DOE. The DOE is re-evaluating the project's technical feasibility and design and the result is still pending.

<u>Cost and Effects of Compliance with Environmental Laws</u>

MRC has already obtained the following environmental compliance certificates: ECC to develop and operate NCTO and to construct an administration building; and ECC for the developments of high-end residential, airstrip, and marina for AWT. Likewise, the Company had entered into a joint monitoring activity with respective local government units for NCTO and AWT to monitor environment compliance.

MRC has complied with all environmental regulatory requirements as evidenced by the permit secured from DENR. There is no material costs involved.

Competition

So far, there are five known competitors in the area, namely: Mactan Economic Zone 1 and 2, Cebu Light & Industrial Park, West Cebu Industrial Park and Danao (Mitsumi) Special Economic Zone. NCTO's unique setting, abundant water supply with much lesser rate, more stable power supply and hundreds of fiber-optic cabled high-speed voice and data telephone lines. These make NCTO a competitor to reckon with.

The MRC Tampakan project has the Sagittarius Mines, Inc. (SMI) as competitor. The Tampakan deposit is one of the largest underdeveloped copper-gold deposits in the world, and has the potential to be the largest mine in the Philippines, and the fifth largest copper mine in the world by 2016.

Customers

The Company has a wide market base due to the fact that its initial areas of operations are principally in the Central and Southern Philippines**. MRC's** township projects are strategically located in non-congested areas, near centers of educated and highly productive work force and ample sources of water and power.

Employees

As of the date of this report, the manpower complement of MRC consists of thirteen (13) personnel. These employees are not covered by a collective bargaining agreement.

There is nothing to disclose as of the date of this report regarding any supplemental benefits or incentive arrangements that MRC has or will have with its employees.

Item 2. Properties

Described below are the properties in which the Company has investments:

a. The New Cebu Township One (NCTO) Ecozone – NCTO represents MRC's first major property undertaking. The township, as a master-planned by renowned Jurong Town Corporation, is envisioned to become a wholly integrated community which will contain a light industry, processing zone, residential, commercial and recreational areas. Another prominent strength of the project is well-planned provision of water and power utilities. Locators are assured of their water supply form deep wells and impounded water reservoir. The power requirements of the zone will be tapped from the Leyte and Negros Oriental geothermal plants which are the part of the Visayas power grid of the National Power Corporation.

   The township project, located in the Municipality of Naga, Cebu consists of 250 hectares 123 hectares of phase one of the NCTO while 114 hectares or more are being consolidated which will later constitute phase two of the development. Phase two will be developed mainly as an expansion of Cebu Techno Park, and low to medium end residential housing for employees in the township.

   Certain portions of the property are subject of a preliminary attachment arising from the San Gabriel Case. (Please refer to discussion under the item "Legal Proceedings")

b. Amihan Woodlands Township (AWT) - Located in San, Isidro, Leyte with a lot area of 732 hectares, AWT was originally planned as an eco-residential/tourism project with Ecozone status.

   The open spaces and woodlands consist of the natural forest, mangrove swamps, beaches and marine preserves which will be protected sanctuaries and which will serve as the centerpoint of the property development. The residential areas for locators are divided into three districts. There will be high-end luxury residential which will be offer single-detached villas and mid-rise condominium and town-houses for transients and permanent residents and low-cost housing areas for employees of different establishments operating within the Township.

The large mixed-use areas will contain commercial, recreational and residential zones. It will allow locators and investors to establish resort facilities, hotels, and condominiums, and world class golf courses.

The industrial park will permit light industrial activities and other parallel uses. This will also be the site of the port operation facilities of the seaport and the airport. The remaining areas are reserved for infrastructure facilities and utilities which include an airport, seaport/marina, a lake/water reservoir, and road network.

Due to its present financial condition, no major development of the property has been undertaken.

In January 2020, the DAR issued a press release on the distribution of 2,200 hectares of agricultural land in San Isidro, Leyte which includes the land owned by the Company, to qualified agrarian reform beneficiaries under the CARP. As of the date of approval and issuance of these separate financial statements, the Company has not received a formal notice from the DAR or other government agencies regarding the planned distribution.

c. Other Properties

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. This property is adjacent (on the northeastern boundary) to Tampakan, currently established as the 5th largest gold-copper deposit in the world and potentially the largest in Asia. The MRC Tampakan property is not covered by the ban on open-pit mining. Tampakan is covered by the open-pit ban since its southern area is in South Cotabato where open-pit mining is prohibited. MRC Tampakan Mines, Inc. will be established as the operating subsidiary.

The Company recently acquired a property located in Barangay Castillo, San Miguel, Surigao del Sur with a total area of 38,634 square meters where the proposed gold processing plant will be constructed.

The above mining sites have an ongoing application for Exploration Permit (EP) with the Mines and Geosciences Bureau (MGB). MGB informed the Company that its application is already in the final stage and it is set to issue memorandum advice containing the result of their evaluation of the applications. The memorandum advice and the compliance by the Company will lead to the issuance of the clearance for the approval of the application of EP.

The Company also currently leases its office space located at 4th Floor, Spirits of Communications Centre, 106 Carlos Palanca Street, Legaspi Village, Makati City. The office space has a total area of 224 square meters. The term of the lease was for one (1) year starting October 12, 2020 to September 30, 2021, renewable upon mutual agreement by the parties. The rent is Php 100,800.00 per month exclusive of twelve percent (12%) value-added taxes,

Item 3. Legal Proceedings

Sps. Japson, Sps. Vivares, MRC Allied Inc, et al. vs. Salubre
Civil Case No. CEB-224928
Regional Trial Court Branch 23, Cebu City

Nature: The Company is involved as a co-plaintiff in Civil Case No. CEB-224982, entitled Sps. Japson, Sps. Vivares and MRC Allied Industries, Inc. vs. Salubre in the latter's capacity as Provincial Treasurer for the Province of Cebu City, Branch 23 to enjoin the auction sale of certain properties of MRC located at Barangay Cantao-an, Naga City, Cebu.

Background: The complaint sought to stop the auction sale of the real properties of MRC scheduled on November 26, 2008 at Naga, Cebu, allegedly for nonpayment of real property tax. Through the Complaint, the auction did not push through but the case remains pending.

Status: After the conduct of mandatory mediation proceedings and the completion of the Pre-Trial Stage, trial of the case proceeded wherein, MRC as Plaintiff presented its witness and its documentary evidence.

Thereafter, MRC submitted its Formal Offer of evidence and the Court already resolved the same.

Update: The Defendant, Provincial Treasurer for the Province of Cebu, will present defense evidence on April 26, 2024 as set by the Court.

The parties to the case separately filed motions to dismiss the case for being moot and academic. The Judge approved the dismissal of the case on 08 November 2024.

Court is yet to issue an entry of Judgement declaring the finality of the dismissal.

MRC ALLIED INC. VS. KINSEKI CRYSTAL DEVICE LTD. KYOCERA CRYSTAL DEVICE PHILIPPINES INC.
All other persons claiming rights under Kinseki Ltd. Case No. R83

Nature: The case is an Ejectment Case for Unlawful detainer against the Defendants for the latter's gross violation of the Contract of Lease and is pending before the Municipal Trial Court in Cities, Naga City, Cebu.

Background: MRC, as Plaintiff, is the owner of a portion of land in Barangay Cantao-an, Naga City, Cebu.

The Defendant Kinseki and Plaintiff entered a Lease Contract dated December 1, 1996 over the 35,000 sqm portion of the above-mentioned property ("Leased Premises").

That sometime December 2014, Plaintiff came to know that Defendant Kinseki have allowed another entity, Kyocera Crystal Devices Philippines, Inc., to occupy its leased premises without the required express consent of the plaintiff, in violation of one of the express provisions in the contract of lease.

Status: The case is still in the Pre-Trial stage. However, the Judge suspended the Pre-Trial Proceedings to allow the mediation between the parties. In accordance therewith, there have been several discussions between the parties on how to amicable settle the case.

Unfortunately, the discussions were superseded by subsequent events that prevented the parties to agree on a settlement.

Update: While the Pre-Trial Proceedings remains pending, MRC will withdraw the case and file another case appropriate for the gross violations of the Defendants of their obligation under the Contract of Lease.

The parties filed a Joint Motion to Dismiss the Case with Prejudice which was granted by the Court through an Order dated 11 November 2024.

Court is yet to issue the entry of Judgement declaring the finality of the dismissal

MRC ALLIED INC. VS. HON. KRISTINE CHIONG ET AL.
Plaintiff: MRC Allied Industries Inc. and Rosario Vivares
Defendants: Hon. Kristine Chiong,
in here capacity as CITY Mayor for the CITY of NAGA, CEBU

Nature: Plaintiff MRC filed the instant complaint for Declaration of Nullity of Public Auction Sale with Application for Issuance of Temporary Restraining Order and Writ of Preliminary Injunction, with Damages against herein respondents.

Background: The Complaint was filed on September 28, 2018 to nullify the public auction of the certain lots owned by MRC located at Barangay Cantao-an, Naga City, Cebu.

Status: The case was raffled to Branch 66 of RTC Talisay Cebu. MRC has filed a Motion for Reconsideration for the reversal of the Order of Dismissal issued by the Court based on jurisdictional requirements.

Update: The Motion for Reconsideration remains pending for resolution of the Court.

The Motion for Reconsideration has been denied by Court through an Order dated 27 September 2022. However, the dismissal of the case is without prejudice to refiling the same as the dismissal is only based on failure to comply with the jurisdictional requirements. MRC Legal Team is already preparing to refile the case

Aside from the foregoing, there are no other pending civil, criminal or administrative cases involving the Company or any of its directors or officers, whether commenced before the concerned administrative agencies or before the regular courts as of the date of this certification.

Item 4. Submission of Matters to a Vote of Security Holders

On November 11, 2025 the annual stockholders meeting was held via Zoom application held at 7^{th} Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, Makati City, the following matters were likewise approved and confirmed by the majority of the stockholders:

1. The minutes of the previous annual meeting of the stockholders held last July 09, 2024 via Zoom Meeting.

2. The 2024 Audited Financial Statement of the Corporation.

3. The acts, proceedings, transactions, and agreements, authorized by and entered into by the Board of Directors and officers of the corporation, for and on behalf of the Corporation from the last special stockholders' meeting to date;

4. The re-appointment of the firm Reyes Tacandong & Company as external auditors of the Corporation;

5. The nomination and election of the following as members of the Board of Directors of the Company: Jimmy T. Yaokasin, Augusto M. Cosio, Jr., Bernard B. Rabanzo, James G. Velasquez, Alma F. Buntua, Emmanuel K. Veloso (Independent Director), and Gopal Sham Daswani (Independent Director);

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

a. Market Information

MRC's common shares are traded in the Philippine Stock Exchange. The volume of its shares traded from 2023 to 2025 has been negligible due to market conditions.

The following are the highlights of trading during every quarter for the past three years where the last trading date was December 31, 2025 at P0.8700.

2025	**High**	**Low**
1st Quarter	0.6400	0.6000
2nd Quarter	0.9300	0.8500
3rd Quarter	0.9700	0.9200
4th Quarter	0.8800	0.8400

2024	**High**	**Low**
1st Quarter	1.0700	1.0700
2nd Quarter	0.6200	0.5500
3rd Quarter	0.8400	0.7600
4th Quarter	0.8400	0.8100

2023	**High**	**Low**
1st Quarter	0.2230	0.2190
2nd Quarter	0.2340	0.2300
3rd Quarter	0.1940	0.1850
4th Quarter	1.3800	1.3000

b. Security Holders

The number of shareholders of record as of the date of this Report is 617 and a common share outstanding is 1,184,599,230.

MRC's Top 20 Stockholders as of December 31, 2025 are as follows:

TOP	**NAME**	**TOTAL SHARES**	**PERCENTAGE (%)**
1	PCD NOMINEE CORPORATION Filipino - 748,023,423 Non-Filipino - 96,104,832	844,128,255	71.2586
2	ASIAN APPRAISAL HOLDINGS, INC.	333,333,333	28.1389
3	EMRO HOLDINGS INC.	4,083,300	0.3447
4	PHILIPPINE TA SECURITIES, INC.	375,000	0.0317
5	BAYAN FINANCIAL BROKERAGE INC.	339,950	0.0287
6	1997 BOUGAINVILLEA CORPORATION	242,900	0.0205
7	LUCKY SECURITIES, INC.	187,800	0.0159
8	GABALDON, WILLIAM T.	185,000	0.0156
9	PUA YOK BING	100,000	0.0084
10	SY, VICTOR G.	90,000	0.0076
11	TIU, LEONCIO TAN	70,000	0.0059
12	GARCIA, WINSTON F.	60,000	0.0051
13	LOBREGAT, CELSO L.	50,000	0.0042
14	DUCA, ELPIDIO	46,000	0.0039
15	DELAS PENAS, JASON GINO-O	45,000	0.0038
16	ASIAN APPRAISAL HOLDINGS, INC.	41,356	0.0035
17	LEY, FELY C.	40,000	0.0034
18	SIGUION-REYNA, LEONARDO T.	40,000	0.0034
19	CODILLA, GWENDOLYN	33,300	0.0028
20	ADLAWAN, EDGAR	33,200	0.0028

There is no information available as of this date of this report which relates to acquisition, business combination or other reorganization which could affect the present holdings of MRC's shareholders.

c. Dividends

No cash dividends declared on each class for the two most recent fiscal years and any subsequent interim period.

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

In 1995, the Company listed its entire 500 million shares in the Philippine Stock Exchange. All are fully sold and outstanding.

In October 7, 2010, the PSE approved the listing of an additional 3,121,416,747 common shares via debt- to-equity conversion subject to 180-day lock up period pursuant to the rules of the Exchange.

In May 23, 2012, the PSE likewise approved the listing of an additional 503,583,253 common shares as the final tranche of the debt-to-equity conversion.

On February 28, 2013, the stockholders approved a debt-to-equity conversion of up to P1.0 billion of previously contracted debt at P0.20 a share and the reduction in par value of shares form P0.20 to P0.10 to implement a quasi-reorganization by offsetting the resulting additional paid-in capital against the Company's deficit to improve the Company's financial position. The Company still has to file the necessary documents for the debt-to-equity conversion and the quasi-reorganization with the SEC.

On November 8, 2013, Securities & Exchange Commission approved the (1) debt-to-equity conversion payable to a stockholder amounting to P877.5 million as consideration for the issuance of 4,387,658,975 shares of stock with a par value of 0.20 per share and, (2) the Company's equity restructuring. The equity restructuring reduced the par value of shares from 0.20 to 0.10 and the resulting additional paid-in capital of P851.3 million was applied against the Company's deficit. As at December 31, 2013, the company has a positive equity of P755.4 million from a capital deficiency of P99.4 million as at December 31, 2012.

On May 19, 2021, the Board of Directors of the Philippine Stock Exchange approved the Company's application for the listing of its 4,387,658,975 common shares with a par value of Php0.20 per share subject to the Lock-Up Requirement under Section 7, Article V, Part A of the Listing Rules of the Exchange. The foregoing approval was subject to the Company's Compliance with the post approval requirements specified in the Notice of Approval. Starting February 10, 2022, these shares have been eligible for trading in the PSE following the expiration of the 180-day lock up period on February 09, 2022.

With the issuance of new shares in favor of Menlo Capital Corporation, MRC's outstanding capital stock increased to 8,512,658,975 shares.

On April 25, 2023 the Board of Directors of MRC Allied Inc. re-approved the Increase in Par value from Ten Centavos (Php0.10) to One Peso (Php1.00). A reverse stock split or stock merge is an action by which the corporation reduces the total number of its outstanding shares by dividing its current shares by a number acceptable to the corporation. This can be done by increasing the par value of per share of the corporation. The abovementioned increase in Par value was previously approved by the Board last September 13, 2022 and re-approved last 25 April 2023 to include in the agenda for approval by the stockholders this coming July 12, 2023, the Company's Annual Stockholders Meeting.
As for MRC, its total outstanding shares is 8,512,658,975. Once the par value of the MRC share is increased from PHP 0.10 to PHP 1.00, the total outstanding shares will now become 851,265,897, thus implementing a 1-10 split. The said amendment was approved by the Board of Directors on April 25, 2023 and by the Stockholders on July 12, 2023.

On August 07, 2025, MRC Allied, Inc. ("MRC") and Asian Appraisal Holdings Inc. ("AAHI") signed a SUBSCRIPTION AGREEMENT wherein AAHI subscribed to 333,333,333 unissued Common Shares by way of the Private Placement. The abovementioned agreement between MRC and AAHI is in accordance with the company's previously approved Private Placement of up to PHP1,000,000,000.00.

As a result of this transaction Menlo ownership percentage was reduced to 2.59% as of this filing and thereby losing control of the company to AAHI as the single and largest shareholder of the direct ownership of the 333,333,333 common shares or equivalent to 28.14% of the issued and outstanding common shares of the company has gained control pf the company. As of this date of filing the company's Authorized Capital is One Billion Five Hundred Million Pesos (Php1,500,000,000) divided into One Billion Five Hundred Million (1,500,000,000) Common Shares with a Par Value of Php1.00 per Share. The issued and outstanding shares was increased from Eight Hundred Fifty-One Million Two Hundred Sixty-Five Thousand Eight Hundred Ninety-Seven (851,265,897) to One Billion One Hundred Eighty-Four Million Five Hundred Ninety-Nine Thousand Two Hundred Thirty (1,184,599,230) as a result of the transaction.

There are no recent sales of unregistered securities or exempt transaction, neither are there recent issuances covered by rules on Exempt Transactions.

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

The following are the financial highlights of the Company and its subsidiaries for the years **2025**, 2024 and 2023:

2025- As at December 31, 2025 and 2024, the Group has no significant revenue-generating activity. The Group also has been incurring significant expenses as it continues to explore and develop potential business ventures. The Group's current liabilities also exceeded its current assets by ₱895.4 million and ₱1,148.5 million as at December 31, 2025 and 2024, respectively.

Moreover, the Mines and Geosciences Bureau (MGB) denied the Group's applications for exploration permit because of its failure to comply with documentary requirements within the specified period. The Group has been persistent in obtaining the required documents, however, because of circumstances beyond the Group's control, the required documents are still pending as at the date of the approval of the consolidated financial statements. The Group has submitted an appeal to the MGB which is still pending resolution as of reporting date.

These factors indicate material uncertainty on the Group's ability to continue as a going concern.

The Group, however, has investment properties in Naga City, Cebu and San Isidro, Leyte with aggregate carrying amount of ₱2,304.8 million as at December 31, 2025 which the Group held for capital appreciation and intends to develop through joint venture with property developers (see Note 4).

The Group's business ventures and corporate initiatives are as follows:

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

2024- The Group has no significant revenue-generating activity. The Group also incurred significant expenses as it continues to explore and develop potential business ventures. The Group's current liabilities also exceeded its current assets by ₱1,148.5 million and ₱891.1 million as at December 31, 2024 and 2023, respectively.

These factors indicate a material uncertainty on the Group's ability to continue as a going concern. The Group, however, has investment properties in Naga City, Cebu and San Isidro, Leyte with aggregate carrying amount of ₱ 2,282.4 million as at December 31, 2024 which the Group intends to realize through either outright sales or joint venture with property developers. The Group's business ventures and corporate initiatives are as follows:

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 power plant located in Palo, Leyte. 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.

The Parent Company has memorandum of agreements with 5G Security Inc. (5GS) and MCC for the acquisitions of ownership stake in companies engaged in technology and digital solutions, and Information and Communication Technology (ICT). On January 5, 2024, the Parent Company's BOD approved the subscription of up to 75.0 million common shares of Bitstar Prime Holdings, Inc. (Bitstar), a company incorporated in the Philippines, which will be the Group's investment vehicle for its technology and digital solutions, and ICT projects. Upon the completion of the subscription, the Parent Company will assign the memorandum of agreements with 5GS and MCC to Bitstar. As at the date of the approval of the consolidated financial statements, the parties have not yet finalized the terms of the subscription. Nonetheless, the Parent Company and Bitstar are discussing and exploring potential ICT business strategies while awaiting the finalization of the terms of the subscription.

On April 4, 2024, the Parent Company's BOD approved the plan to acquire significant ownership interest in Rappler Holdings Corporation, a domestic company which owns an internationally recognized digital online platform, through Dolphin Fire Group, Inc. (DFGI). The acquisition of DFGI shares will be done through a share swap agreement which is expected to be completed within 30 days from the determination of the purchase price based on a third-party valuation of DFGI shares. As at the date of the approval of the consolidated financial statements, the Parent Company and DFGI are still finalizing the terms of the acquisition.

The Parent Company is raising funds of up to ₱1,000.0 million through a private placement. On March 8, 2023, the SEC approved the amendment on the use of the proceeds of the private placement to include investment acquisitions in ICT. With the increase in the par value of the Parent Company shares in October 2023, the Group revised the number of shares and issue price for the private placement from 1,428.6 million shares, at ₱0.70 a share, to 333.3 million shares, at ₱3.00 a share. As at the date of the approval of the consolidated financial statements, the Group is still negotiating the terms of the subscriptions with potential investors.

The Group stockholders continue to provide financial support to sustain the Group's operations and to meet its maturing obligations. Due to related parties aggregated ₱573.4 million and ₱577.9 million as at December 31, 2024 and 2023, respectively.

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

The Memorandum of Agreement with a third party entered into on March 10, 2022 to sell the exploration and evaluation assets did not materialize. Consequently, management has reclassified back the asset held for sale to exploration and evaluation assets.

2023 - The Group has no significant revenue-generating activity. The Group also incurred significant expenses as it continues to explore and develop potential business ventures. In 2023, the Group pre-terminated its solar photovoltaic system (PV) project resulting to a pre-termination loss of P5.8 million (see Note 10). The Group's current liabilities also exceeded its current assets by P891.1 million and P775.2 million as at December 31, 2023 and 2022, respectively.

These factors indicate material uncertainty on the Group's ability to continue as a going concern.

The Group, however, has investment properties in Naga City, Cebu and San Isidro, Leyte with aggregate carrying amount of =P2,265.7 million as at December 31, 2023 which the Group intends to realize through either outright sales or joint venture with property developers.

The Group's business ventures and corporate initiatives are as follows:

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 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.

The Parent Company has memorandum of agreements with 5G Security Inc. (5GS) and MCC for the acquisitions of ownership stake in companies engaged in technology and digital solutions, and Information and Communication Technology (ICT). On January 5, 2024, the Parent Company's BOD approved the subscription of up to 75.0 million common shares of Bitstar Prime Holdings, Inc. (Bitstar), a company incorporated in the Philippines, which will be the Group's investment vehicle for its technology and digital solutions, and ICT projects. Upon the completion of the subscription, the Parent Company will assign the memorandum of agreements with 5GS and MCC to Bitstar. As at the date of the approval of the consolidated financial statements, the parties have not yet finalized the terms of the subscription. Nonetheless, the Parent Company and Bitstar are discussing and exploring potential ICT business strategies while awaiting the finalization of the terms of the subscription.

On April 4, 2024, the Parent Company's BOD approved the plan to acquire significant ownership interest in Rappler Holdings Corporation, a domestic company which owns an internationally recognized digital online platform, through Dolphin Fire Group, Inc. (DFGI). The acquisition of DFGI shares will be done through a share swap agreement which is expected to be completed within 30 days from the determination of the purchase price based on a third-party valuation of DFGI shares. As at the date of the approval of the consolidated financial statements, the Parent Company and DFGI are finalizing the terms of the acquisition.

The Parent Company is raising funds of up to P=1,000.0 million through a private placement. On March 8, 2023, the SEC approved the amendment on the use of proceeds of the private placement to include investment acquisitions in ICT. With the increase in the par value of the Parent Company shares in October 2023, the Group revised the number of shares and issue price for the private placement from 1,428.6 million shares, at =P0.70 a share, to 333.3 million shares, at =P3.00 a share. As at the date of the approval of the consolidated financial statements, the Group is negotiating the terms of the subscriptions with potential investors.

Pursuant to the Group's direction to focus on renewable energy and ICT projects, the Parent Company's BOD approved to sell its exploration and evaluation assets with a carrying value of P231.5 million. Subsequently, on March 10, 2022, the Parent Company entered into a memorandum of agreement with a third party to sell the exploration and evaluation assets. 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 which is still pending as at the date of the approval of the financial statements (see Note 10).

The Group stockholders continue to provide financial support to sustain Group operations and to meet its maturing obligations. Due to related parties aggregated =P577.9 million and P=527.3 million as at December 31, 2023 and 2022, respectively (see Note 9).

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 initiatives, and the continuing financial support of the Group stockholders.

Notes to Financial Statements:

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 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 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.
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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.

Key Performance Indicators
Below is a schedule showing financial soundness indicators in the year **2025 and 2024:**

Ratio	**Formula**	**2025**	2024
Current/Liquidity Ratio			
	Current assets	**₱6,316,694**	₱6,564,879
	Divided by: Current liabilities	**901,695,018**	1,155,092,948
	Current/Liquidity ratio	**0.01:1.00**	0.01:1.00
Solvency Ratio			
	Net income (loss) before depreciation and amortization	**(₱62,601,681)**	(₱4,137,963)
	Divided by: Total liabilities	**1,357,416,013**	1,603,499,350
	Solvency ratio	**(0.05):1.00**	(0.00):1.00
Debt-to-Equity Ratio			
	Total liabilities	**₱1,357,416,013**	₱1,603,499,350
	Divided by: Total equity	**1,449,388,418**	1,183,886,678
	Debt-to-Equity ratio	**0.94:1.00**	1.35:1.00
Asset-to-Equity Ratio			
	Total assets	**₱2,806,804,431**	₱2,787,386,028
	Divided by: Total equity	**1,449,388,418**	1,183,886,678
	Asset-to-Equity ratio	**1.94:1.00**	2.35:1.00
Interest Rate Coverage Ratio			
	Income (loss) before interest and taxes	**(₱22,105,220)**	(₱41,468,707)
	Divided by: Interest expense	**(37,505,550)**	(44,545,931)
	Interest Rate Coverage ratio	**0.00:1.00**	0.00:1.00
Return on Assets Ratio			
	Net income (loss)	**(₱65,331,593)**	(₱7,420,561)
	Divided by: Total average assets	**2,797,095,230**	2,775,731,437
	Return on Assets ratio	**(0.02):1.00**	(0.00):1.00
Return on Equity Ratio			
	Net income (loss)	**(₱65,331,593)**	(₱7,420,561)
	Divided by: Total average equity	**1,316,637,548**	1,187,596,959
	Return on Equity ratio	**(0.05):1.00**	(0.01):1.00
Net Profit (Loss) Margin			
	Net income (loss)	**(₱65,331,593)**	(₱7,420,561)
	Divided by: Revenues	**-**	-
	Net Profit (Loss) Margin	**0.00:1.00**	0.00:1.00

Discussion and Analysis of Material Events

(1). (i) MRC's debt-to-equity restructuring have a material impact on its liquidity and equity in the first quarter of 2014. The quasi-reorganization, debt to equity conversion and the decrease in MRC's par value resulted to a positive equity.

(ii)There are no other known trends, commitments, events or uncertainties that will have a material impact on MRC's liquidity within the next twelve (12) months except for those mentioned above.

(2) (i)There are no material commitments as yet for capital expenditures.

(ii)There are no events that will trigger any direct or contingent financial obligation that is material to the Company or any default or acceleration of an obligation for the period.

(3) (i)There is nothing to disclose regarding any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of MRC with unconsolidated entities or other persons created during the reporting period.

(4) There are no other significant elements of income or loss that did not arise from the MRC's operations or borrowings for its projects.

(5) The causes of the material changes of 5% or more (as discussed above) from period to period of the following accounts are as follows:

Balance Sheet Accounts:

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 ₱34.26 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.

Financial Risk Disclosure under SRC Rule 17.1 (1)(A) (ii)
The Group's principal financial instruments are cash in banks, financial asset at FVOCI, accrued and other payables (excluding statutory payables), loans payable and due to related parties.

The BOD is responsible for the Group's risk management. The Group has risk management policies to identify and manage Group exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to credit risk and liquidity risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk. Credit risk refers to the potential loss arising from any failure by counter parties to fulfill their obligations, as and when they fall due. Credit risk from balances with banks and related parties are managed by the Group's management in accordance with the policies set by the BOD. The Group's maximum exposure to credit risk is equal to the carrying amounts of the financial assets.

The maximum exposure to credit risk for the Group's financial assets, without taking account of any collateral and other credit enhancements is the amount of cash in banks amounting to ₱900,562 and ₱615,885 as at December 31, 2025 and 2024, respectively.

The Group's cash in banks are classified as High Grade as at December 31, 2025 and 2024. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts.

At the reporting date, there is no significant concentration of credit risk.

Liquidity Risk. The Group's objective is to maintain a balance between continuity of funding and flexibility through availment of loans and advances from related parties. The maturity profile of the Group's financial liabilities as at December 31, 2025 and 2024 based on contractual payments follow:

	2025				
	Total	**Contractual Undiscounted Payments**			
	Carrying Amount	**On Demand**	**< 1 Year**	**1 to 5 Years**	**> 5 Years**
Accrued interest and penalties	**₱560,011,528**	**₱560,011,528**	**₱–**	**₱–**	**₱–**
Accrued and other payables	**24,931,863**	**–**	**24,931,863**	**–**	**–**
Loan payable	**25,000,000**	**25,000,000**	**–**	**–**	**–**
Due to related parties	**287,829,101**	**287,829,101**	**–**	**–**	**–**
	₱897,772,492	**₱872,840,629**	**₱24,931,863**	**₱–**	**₱–**

**Excluding statutory payables*

	2024				
	Total	Contractual Undiscounted Payments			
	Carrying Amount	On Demand	< 1 Year	1 to 5 Years	> 5 Years
Accrued interest and penalties	₱529,434,610	₱529,434,610	₱–	₱–	₱–
Accrued and other payables	25,019,017	–	25,019,017	–	–
Loan payable	25,000,000	25,000,000	–	–	–
Due to related parties	573,385,578	573,385,578	–	–	–
	₱1,152,839,205	₱1,127,820,188	₱25,019,017	₱–	₱–

**Excluding statutory payables*

The reconciliation of due to related parties and loans payable with cash flows from financing activities is presented below:

		Cash changes	**Noncash changes**		
	2024	**Net cash outflows from financing activities**	**Additions**	**Interest and other financing charges**	**2025**
Due to related parties	**₱573,385,578**	**(₱319,812,227)**	**₱–**	**₱34,255,750**	**₱287,829,101**
Loan payable	**25,000,000**	**–**	**–**	**–**	**25,000,000**
	₱598,385,578	**(₱319,812,227)**	**₱–**	**₱34,255,750**	**₱312,829,101**

		Cash changes	Noncash changes		

	2023	Net cash outflows from financing activities	Additions	Interest and other financing charges	2024
Due to related parties	₱577,947,717	(₱56,427,178)	₱10,631,408	₱41,233,631	₱573,385,578
Loan payable	25,000,000	–	–	–	25,000,000
	₱602,947,717	(₱56,427,178)	₱10,631,408	₱41,233,631	₱598,385,578

Plan of Operation

As at December 31, 2025 and 2024, the Group has no significant revenue-generating activity. The Group also has been incurring significant expenses as it continues to explore and develop potential business ventures. The Group's current liabilities also exceeded its current assets by ₱895.4 million and ₱1,148.5 million as at December 31, 2025 and 2024, respectively.

Moreover, the Mines and Geosciences Bureau (MGB) denied the Group's applications for exploration permit because of its failure to comply with documentary requirements within the specified period. The Group has been persistent in obtaining the required documents, however, because of circumstances beyond the Group's control, the required documents are still pending as at the date of the approval of the consolidated financial statements. The Group has submitted an appeal to the MGB which is still pending resolution as of reporting date.

These factors indicate material uncertainty on the Group's ability to continue as a going concern.

The Group, however, has investment properties in Naga City, Cebu and San Isidro, Leyte with aggregate carrying amount of ₱2,304.8 million as at December 31, 2025 which the Group held for capital appreciation and intends to develop through joint venture with property developers (see Note 4).

The Group's business ventures and corporate initiatives are as follows:

o. 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.

p. 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.

q. 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.

r. 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.

s. 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.

t. 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.

u. 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.

Item 7. Financial Statements

The firm Reyes Tacandong & Co., has been elected and approved as external auditor of the Company during its annual stockholders' meeting on November 11, 2025.

The financial statements of MRC for December 31, 2025, as audited by Reyes Tacandong & Co. are incorporated in this report as reference. The objective of the audit is to provide an auditor's report expressing an opinion on the financial statements for the year 2025 in accordance with Philippine Standards on Auditing. Details of the information of the Independent Auditor are as follows:

Accountant	:	Reyes Tacandong & Co.
Mailing Address	:	26th Floor BDO Towers Valero (formerly Citibank Tower) 8741 Paseo de Roxas, Makati City
Certifying Partner	:	MA. ROSELYN B. BALANE

Partner
CPA Certificate No. 133328
Tax Identification No. 402-406-197-000
BOA Accreditation No. 4782/P-023; Valid until June 6, 2026
SEC Accreditation No. 133328-SEC Group A
BIR Accreditation No. 08-005144-019-2024
Valid until November 25, 2027
PTR No.10764006
Issued January 2, 2026, Makati City

The Company has complied with SEC Memorandum Circular No. 8 regarding rotation of external auditor or engagement partners.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no disagreements between MRC and its accountants/external auditors on any accounting matter since the last annual stockholders meeting to date.

Fees and Other Arrangements

The estimated external auditor's fees are based on the agreed timetable that will enable the Company's statutory obligations in relation to the filing of financial statements with the Securities and Exchange Commission. Other services include the assistance in the preparation of the annual income tax return.

For services rendered, fees for the year 2024 and 2025 is P675,000.00, exclusive of €VAT and out of pocket expenses.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

a. Incumbent Directors and Positions Held for the Past Five (5) Years

Jimmy T. Yaokasin, Filipino
Chairman

Mr. Yaokasin serves as member of the Board of Directors in various companies such as the Development Academy of the Philippines, Splash Corporation, Bethel International School Inc., China Philippine Mining Development Inc. and Leyte CableTV Network Inc. He is a Certified Public Accountant who obtained his bachelor's degree from the University of the Philippines where he graduated Cum Laude. He has a Master's in Business Administration degree, which he obtained from the Kellogg School of Management of the Northwestern University of Chicago.

Augusto M. Cosio Jr., Filipino
President& CEO

Mr. Augusto M. Cosio Jr., or "Gus", is a known advocate for investing and the development of the Philippine capital markets. Having gained a wealth of experience in the global capital markets after working in Hong Kong and Singapore for global investment banks such as Deutsche Bank and BNP-Paribas, he is a passionate crusader for investment literacy among Filipinos. He is a regular resource speaker for the Philippine Stock Exchange Certified Securities Specialist Program and for capital market topics at the University of Asia and the Pacific. In the First Metro Group, Gus had spearheaded The Capital Market Seminar Series conducted regularly by First Metro Securities Brokers and First Metro Asset Management Inc. (FAMI) in their offices in Makati, Binondo, Cebu and Davao. Gus finished a course in Social Sciences from the University of the Philippines. Until June 2018, he had been the president for 9 years of FAMI – the First Metro Asset Management Inc. – a multi awarded fund Management Company with around 11 billion pesos of Assets under Management (AUM). In his stint with the First Metro Investment Corp., Gus steered the creation and the listing of the first Exchange Traded Fund or ETF in the Philippine Stock exchange. Gus is also an advocate of road safety being a member of the Board of Trustees of the Automobile Association of the Philippines.

Bernard B. Rabanzo, Filipino
Director

Mr. Rabanzo sits in the Board of Menlo Renewable Energy Corporation, MRC Tampakan Mines Inc. and MRC Surigao Mines Inc. He also serves as the head of the Finance and Admin of MRC.

He holds a degree in Bachelor of Science in Commerce with a Major in Banking and Finance from St. Louis University in Baguio City. Prior to joining MRC, he was employed at Philippine Wireless Inc.

James G. Velasquez, Filipino
Director

Mr. James G. Velasquez is currently the President and CEO of PT&T, a Philippines Telecommunications Company. He was previously a Senior Executive for IBM Global Technology Services, Asia Pacific. James has 30 years of experience in running several business units in the Philippines and in Asia Pacific with focus on business management, operations, strategic sales, digital transformation, technical support, infrastructure management and regional sales & operations. Mr. Velasquez graduated from University of Santo Tomas, with degree in Electronics and Communications Engineering.

Alma F. Buntua, Filipino
Director

Ms. Buntua is formerly the Vice President for Finance of 5G Security Inc., a leading security and solutions provider in the Philippines. She is a graduate of Bachelor of Science in Commerce major in Accounting from Guagua National Colleges and a Certified Public Accountant where she earned her license in 1993. In the last 28 years her experience in the Finance industry, she has developed her expertise in Accounting, Treasury, Project Finance and recently as the appointed Chief Finance Officer (Vice- President for Finance) in her current post.

Emmanuel K. Veloso, Filipino
Independent Director

Mr. Veloso is a graduate of Bachelor of Science in Business Administration and Economics from the Sophia University of Tokyo, Japan. An alumnus of the Ateneo de Manila University both for grade school and high school. Actively involved in Civic Society groups such as Sophia University Alumni Association, Pintados Foundation, Inc., Rotary Club of Leyte Gulf, Tacloban City, Grand Lodge of Free and Accepted Masons of the Philippines and Veloso Foundation Inc. Mr. Veloso handled positions and designations both present and in the past such as, Governor, Province of Leyte in 1986, Mayor of Tacloban City in 1986-1987, Board of Director in Philippine Tourism Authority Manila from 2003-2010. PEA Tollways Corporation in 2005-2006 and San Miguel Kuok Food Security, Inc.

He was also a Consultant at San Miguel Corporation in 2010-2013 and Lim Solar Philippines in 2013-present. He is currently the Treasurer for the Center for Natural Farming Initiative Inc. from 2014 to present and a former Board of Director of the PNOC Exploration Corporation. He is presently the Vice President, Plutus Mining Corporation.

A father of 5 Children and a husband to Ms. Marirose F. Garcia-Veloso.

Gopal Sham Daswani, Filipino
Independent Director

Mr. Daswani is a young entrepreneur, investment manager and a philanthropist. He graduated from the University of Asia and the Pacific with a degree in Bachelor of Arts with Specialization in Integrated Marketing Communications.

Term of Office

The Board of Directors is composed of seven (7) members who are elected and approved at the annual stockholder's meeting, and their term shall be one (1) year and until their successors shall have been elected in the next annual stockholders' meeting. The incumbent directors, as enumerated above, shall hold office until their successors are elected at the forthcoming stockholders' meeting.

Corporate and Executive Officers and Positions Held/Business Experience for the Past Five (5) Years

The following are the principal corporate officers of MRC:

President & CEO	:	Augusto M. Cosio, Jr.
Chief Admin & Finance Officer	:	Bernard B. Rabanzo
Corporate Secretary/ Chief Legal & Compliance Officer/	:	Atty. Federico P. Prieto

Augusto M. Cosio Jr., Filipino
President& CEO

Mr. Augusto M. Cosio Jr., or "Gus", is a known advocate for investing and the development of the Philippine capital markets. Having gained a wealth of experience in the global capital markets after working in Hong Kong and Singapore for global investment banks such as Deutsche Bank and BNP-Paribas, he is a passionate crusader for investment literacy among Filipinos. He is a regular resource speaker for the Philippine Stock Exchange Certified Securities Specialist Program and for capital market topics at the University of Asia and the Pacific. In the First Metro Group, Gus had spearheaded The Capital Market Seminar Series conducted regularly by First Metro Securities Brokers and First Metro Asset Management Inc. (FAMI) in their offices in Makati, Binondo, Cebu and Davao. Gus finished a course in Social Sciences from the University of the Philippines. Until June 2018, he had been the president for 9 years of FAMI – the First Metro Asset Management Inc. – a multi awarded fund Management Company with around 11 billion pesos of Assets under Management (AUM). In his stint with the First Metro Investment Corp., Gus steered the creation and the listing of the first Exchange Traded Fund or ETF in the Philippine Stock exchange. Gus is also an advocate of road safety being a member of the Board of Trustees of the Automobile Association of the Philippines.

Bernard B. Rabanzo, Filipino
Chief Admin & Finance Officer

Mr. Rabanzo sits in the Board of Menlo Renewable Energy Corporation, MRC Tampakan Mines Inc. and MRC Surigao Mines Inc. He also serves as the head of the Finance and Admin of MRC.

He holds a degree in Bachelor of Science in Commerce with a Major in Banking and Finance from St. Louis University in Baguio City. Prior to joining MRC, he was employed at Philippine Wireless Inc.

Atty. Federico P. Prieto
Corporate Secretary/Chief Legal & Compliance Officer

Atty. Federico P. Prieto is a lawyer who specializes on civil, criminal and labor litigation; corporate housekeeping, administrative and regulatory compliance; business organization, acquisition, mergers and corporate restructuring; maritime and admiralty; real estate and intellectual property practice. He is presently the VP-Legal of 5G Security Inc. Atty. Prieto also the Chief Legal Counsel of MRC Allied Inc. (MRC) sometime in 2015. He is a graduate of College of Law, San Beda College and was admitted to the Bar on May 2007.

On February 07, 2023, the board accepted the resignation of Atty. Johnston R. Brusola former Corporate Secretary/Chief Legal & Compliance Officer of MRC and on the same date the Board appointed Atty. Federico P. Prieto as acting Corporate Secretary until a new Corporate Secretary and Legal Counsel is hired by MRC.

c. Significant Employees

Other than the above-mentioned directors and corporate officers, there are no significant employees who are expected by the Company to make significant contributions to the business of MRC.

d. Family Relationship

No officers and member of the Board are related by consanguinity.

e. Involvement in Certain Legal Proceedings

Jimmy T. Yaokasin

Case Title	Leyte Development Company, Inc. vs. Pilipinas Shell Petroleum Corporation, Isla LPG Corporation, Brandon Briones, Nolan Supat and Jimmy T. Yaokasin, Jr.
Parties	Plaintiff: Leyte Development Company, Inc. Defendants: (1) Pilipinas Shell Petroleum Corporation (2) Isla LPG Corporation (3) Brandon Briones (4) Nolan Supat and (5) Jimmy T. Yaokasin, Jr.
Case Number	Case No. 2013-07-61
Court	Branch 8 of the Regional Trial Court of Tacloban City
Nature of the Case	Claim for Damages with Application for Issuance of Preliminary Injunction
Brief Description and Issues Involved	Plaintiff is previously the distributor of shellane products in Leyte. After the expiry of the Plaintiff's contract, they sought for the extension thereof. Extension was denied and the contract was awarded to the individual defendants. Plaintiff sued the defendants asking for damages on the claim that it developed the market for shellane products in Leyte. The claim for damages has no basis as the award of the contract for distribution of shellane products lies in the sole management discretion of Defendants Isla LPG Corporation/Pilipinas Shell Petroleum Corporation
Amount Involved	PHP50,000,000.00
Status	Plaintiff filed a Motion for Reconsideration of the Order Lifting the previously issued Writ of Preliminary Injunction

James G. Velasquez

Case Title	National Bureau of Investigation (NBI) vs. James G. Velasquez et al.
Parties	Plaintiff: National Bureau of Investigation (NBI) Defendant: James G. Velasquez
Case Number	IS No.XV-14-INV-181-01738
Court	Office of the City Prosecutor of Pasig
Nature of the Case	Alleged Violation of (i) Section 2-A of Commonwealth Act No. 108 (Anti Dummy Law), (ii) Section 2 of of Presidential DecreeNo. 1018 (Limiting the Ownership and Management of Mass Media to Citizens of the Philippines and for the Purposes), and (iii) Section 7 in relation to Section 14 of Republic Act

	No. 7042 (Foreign Investment Act of 1991)
Brief Description and Issues Involved	I am one of the eight (8) respondents composed of former and current Directors of ("Rappler"). The case stemmed from the issuance by Rappler of Philippine Depository Receipts to a foreign entity which allegedly violated the laws mentioned above. At the time the subject transaction transpired, I was a member of Rappler"s Board of Director.
Status	Submitted Resolution

Other than the foregoing, there are no more cases involving the other directors and officers of the Company that are pending as of this report.

Item 10. Executive Compensation

a. Compensation of Directors and Executive Officers (for update c/o finance)

Summarized below are the compensation of directors and executive officers of MRC for the years ended 2025, 2024 and 2023.

Name and Principal Position	Year	Salary	Bonus	Other Compensation
CEO/President & Directors as group Augusto M. Cosio, Jr. Bernard B. Rabanzo – Chief Admin & Finance Officer Al Joseph C. De Guzman- Chief Operation Officer				
Total	2025	5,771,600.00	0	0
Total	2024	4,664,100.00	0	0
Total	2023	5,539,405.00	0	0
All other officers & directors as a group named: Jimmy T. Yaokasin James G. Velasquez Alma F. Buntua Emmanuel Veloso Gopal Sham Daswani				
Total	2025	0	0	90,000.00
Total	2024	0	0	0
Total	2023	0	0	420,000.00

b. Standard Arrangement/Material Terms of Any Other Arrangement/Terms and Conditions of Employment Contract with Above-Named Corporate/Executive Officers

Member of the board of directors have received per diem for services provided as directors for the years 2025, and 2023.

There were no payment fees paid for other officers & directors for the year 2025.

The Company has no other arrangements in material terms, including consulting contracts, pursuant to which any director was compensated, or is to be compensated directly or indirectly for the years 2025, 2024 and 2023.

Item 11. Security Ownership of Certain Beneficial Owners and Management

a. Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Voting Shares

As of December 31, 2025, MRC knows no one who beneficially owns in excess of 5% of MRC's common stock except as set forth in the table below:

Title of Class	Name and Address of the record owner	Citizenship	Amount & Nature of Ownership	Percentage of Class
Common Stock	PCD Nominee Corp.* G/F MKSE Building Ayala Avenue, Makati City	Filipino	844,128,255	71,2586
Common stock	Asian Appraisal Holdings Inc.	Filipino	333,333,333	28.14

***There are no participants who own more than 5% of MRC's voting securities. The name/s of the person/s authorized to vote the shares under this account are unavailable at the time of the distribution of this Report.

b. Security Ownership of Directors and Management

There are no shares held or acquired beneficially by any of the directors and executive officers of MRC other than to vote the shares under this account are unavailable at the time of the distribution of this Report.

Title of Class	**Name of Beneficial Ownership**	**Amount and Nature of Ownership**	**Citizenship**	**Percentage of Class**
Common Stock	Jimmy T. Yaokasin Director/Chairman c/o MRC Allied, Inc. 4th/F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial	Filipino	0.0000
Common Stock	Augusto M. Cosio, Jr. Director/President &CEO c/o MRC Allied, Inc. 4th/F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial Indirect ownership-500,000	Filipino	0.0000
Common Stock	Bernard B. Rabanzo Director/Chief Admin & Finance Officer c/o MRC Allied, Inc. 4th/F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	100 Record & Beneficial	Filipino	0.0000
Common Stock	James G. Velasquez Director c/o MRC Allied, Inc. 4th/F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial Indirect Ownership – 478,000	Filipino	0.0000
Common Stock	Alma F. Buntua Director c/o MRC Allied, Inc. 4th/F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial	Filipino	0.0000

Common Stock	Emmanuel K. Veloso Independent Director c/o MRC Allied, Inc. 4th/F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial	Filipino	0.0000
Common Stock	Gopal Sham Daswani Independent Director c/o MRC Allied, Inc. 4th/F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial 100- Indirect Ownership	Filipino	0.0000
Common Stock	Federico P. Prieto Corporate Secretary c/o MRC Allied, Inc. 4th/F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	0	Filipino	N.A.

Item 12. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The Company, in the normal course of business, has transactions with its related parties. The following summarizes the related party transactions of the Company and its outstanding balances as at and for the years ended December 31, 2024 and 2023:

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Pursuant to the Company's Manual on Corporate Governance, the directors and officers of MRC are all exerting their best efforts to comply with the leading practices and principles on good corporate governance. During the Company's annual stockholders' meeting held on November 11, 2025, the stockholders of MRC have elected the new members of its Board. The Board is composed of executive and non-executive directors.

The Governance Committee:

Chairperson: Jimmy T. Yaokasin, *Chairman of the Board*
Members: Emmanuel Veloso, *Independent Director*
Gopal Sham Daswani, *Independent Director*
Atty. Federicop. Prieto, *Secretariat*

The Company, through the Board, has created various committees pursuant to the provisions of the Manual. The Company has also designated a Compliance Officer, who oversees compliance with the provisions of the Company's Manual. The Company has adopted the self-rating form prescribed by Securities and Exchange Commission.

To ensure compliance with the Company's Manual of Corporate Governance the following were adopted and enforced:

a. Appointment of Compliance officer
b. Creation of Board Committees
c. Conduct of an orientation programs or workshop to operationalize the manual
d. Attendance by all members of the Board of Directors in every Board Meeting
e. Disclosure of all material information that could potentially affect the Corporation
f. Filing of all required information for the interest of the stakeholders.

So far, there was no deviation from the Manual of Corporate Governance except for the following:

a. Given the minimal operations and manpower of the Corporation, the Company has no professional development program in place at present and there was no perceived need for such program during the preceding calendar year.
b. There are yet no written policies and strategic guidelines on major capital expenditures. Such policies and guidelines will be fleshed out after the Board has completed its reviews of the financial and operational aspects of the company.

The Company, however, is working on its systems and procedures to improve compliance with the Company's Manual.

On May 22, 2019, the members of the Board as well as officers of the Company attended the corporate governance seminar, entitled "Orientation Program for First Time Directors" conducted by the Philippine Corporate Enhancement & Governance Inc. held at the Dusit Thani, Ayala Center Makati City, Metro Manila. This is in compliance with SEC Memorandum Circulars No. 20-2013 and 2-2015 of the Securities and Exchange Commission.

On November 25, 2022, the Company's Compliance Officer attend the Webinar of the 9th SEC-PSE Corporate Governance Forum.

The Company will submit its Integrated Annual Corporate Governance Report (I-ACGR) for the year ended December 31, 2025, on or before May 30, 2026, in compliance with SEC Memorandum Circular No.15, Series of 2017.

PART V – EXHBIITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

a. **Exhibits –** See accompanying Index to Exhibits

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

b. **Reports on SEC Form 17-C**

During the period covered by this report, the reports on 17-C Current filed with the Commission include the following:

In addition to the previous disclosure and clarification of the company submitted to PSE and SEC, the company submitted below the following applicable disclosures using the required forms during the 1st to 4th quarter of the year 2025.

(i) *Disclosure under SEC Form 17-C and PSE Disclosure Form 4-31- Material Information and Transactions-Result of the Company's Board Meeting on March 13, 2025*
(ii) *Disclosure under SEC Form 17-C and PSE Disclosure Form-7-1- Notice of Annual /Special Stockholders Meeting on March 28, 2025*
(iii) *Disclosure under SEC Form 17-C and PSE Disclosure Form 7-2- Postponement of ASM-May 28, 2025*
(iv) *Disclosure under SEC Form 17-C and PSE Disclosure Form 7-2-Amendment of Notice of Annual Stockholders Meeting May 28,2025*
(v) *Disclosure under SEC Form 17-C and PSE Disclosure Form 4-31- Material Information and Transactions-*

Update on Private Placement-June 19, 2025
(vi) *Disclosure under SEC Form 17-C and PSE Disclosure Form LR-1-Comprehensive Corporate Disclosure June 27, 2025*
(vii) *Disclosure under SEC Form 17-C and PSE Disclosure Form 4-31- Material Information and Transactions-Result of the Company's Board Meeting on July 24, 2025*
(viii) *Disclosure under SEC Form 17-C and PSE Disclosure Form LR-1-Amendment of Comprehensive Corporate Disclosure-August 12, ,2025*
(ix) Result of Annual Stockholders Meeting, November 11, 2025
(x) Result of Organizational Meeting, November 11, 2025
(xi) Other SEC forms, Report and Requirements

Other disclosure for the year 2025 covered by this report, the reports on 17-C filed with the Commission include the following:

DISCLOSURE DATE	**TITLE**
13-Jan- 25	List of Top 100 Stockholders (Common Shares)
15-Jan-25	Public Ownership Report
24-Jan-25	Other SEC Forms and Requirements
31-Jan-25	Statement of Changes in Beneficial Ownership of Securities
14-Apr-25	List of Top 100 Stockholders (Common Shares)
15-Apr-25	Public Ownership Report
16-Apr-25	Annual Report
14-May-25	Quarterly Report
30-May-25	Integrated Annual Corporate Governance Report (I-ACGR)
14-Jul-25	List of Top 100 Stockholders (Common Shares)
16-Jul-25	Amend (Public Ownership Report)
16-Jul-25	Public Ownership Report
16-Jul-25	Statement of Changes in Beneficial Ownership of Securities
16-Jul-25	Statement of Changes in Beneficial Ownership of Securities
04-Aug-25	Amend Material Information/Transactions
05-Sept-25	Statement of Changes in Beneficial Ownership of Securities
05-Sept-25	Statement of Changes in Beneficial Ownership of Securities
9-Sept-25	Change in Issued and/or Outstanding Shares
10-Sept-25	Public Ownership Report
10-Sept-25	Initial Statement of Beneficial Ownership and Securities-AAHI
30-Sept-25	Information Statement
13-Oct-2025	Information Statement (Definitive)
13-Oct-2025	Public Ownership Report
16-Oct-2025	List of Top 100 Stockholders (Common Shares)
17-Oct 2025	[Amend] Information Statement
12-Nov-2025	Quarterly Report

MRC ALLIED, INC.
SEC SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2025

Consolidated Financial Statements

Supplementary Schedules

Supplementary Annex

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 City~~ PASIG CITY, M.M. on APR 14 2026.

By:

JIMMY T. YAOKASIN
Chairman of the Board

AUGUSTO M. COSIO, JR.
President & CEO

BERNARD B. RABANZO
Treasurer

ATTY. CHRYSELLE Z. LOPEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2026 affiant exhibiting to me his/their Residents Certificates/TIN, as follows:

Name	TIN
JIMMY T. YAOKASIN	129-683-430-000
AUGUSTO M. COSIO, JR.	168-603-906-000
BERNARD B. RABANZO	165-995-731-000
ATTY.CHRYSELLE Z. LOPEZ	608-485-685-000

Notary Public

Doc No. 106;
Page No. 23;
Book No. IV;
Series No. 2026;

ATTY. MEL LOISE M. DELMORO
Notary Public for Pasig City and Pateros
Until 31 December 2026
Appointment No. 143 (2025-2026)
3rd Floor, Strata 2000 Bldg, Ortigas, Pasig City
Roll of Attorney's No. 79586
IBP No.: 586215/ 01-05-2026/Cavite
PTR No.: 3945086/ 01-06-2026 / Pasig City
MCLE Compliance No. VII-0024697 issued on 03/21/2025

ANNEX I

AGGREGATE MARKET VALUE OF VOTING STOCK
HELD BY TOP 10 NON-AFFILIATES
AS OF DECEMBER 31, 2025

MRC's Top 10 Stockholders as of December 31, 2025 are as follows:

TOP	NAME	TOTAL SHARES	MARKET PRICE TOTAL
1	PCD Nominee Corporation	844,128,255	844,128,255.00
2	Asian Appraisal Holdings Inc.	333,333,333	333,333,333.00
3	EMRO Holdings, Inc.	4,083,300	4,083,300.00
4	Philippine TA Sec., Inc.	375,000	375,000.00
5	Bayan Financial Brokerage	339,950	339,950.00
6	Bougainvillea Corporation	242,900	242,900.00
7	Lucky Securities, Inc.	187,800	187,800.00
8	William T. Gabaldon	185,000	185,000.00
9	Pua Yok Bing	100,000	100,000.00
10	Victor G. Sy	90,000	90,000.00
	TOTAL	**1,183,065,538**	**1,183,065,538.00**

ANNEX II

AGING OF ACCOUNTS RECEIVABLE
AS OF DECEMBER 31, 2025

MRC Allied, Inc.
Aging of Accounts Receivable
As of December 31, 2024

		Total	1-3 mos	4-6 mos	7 mos to 1 year	1-2 years	3-5 years	Past Due Accts. & Items in Litigation
1) Type of Accounts Receivable:								
a)	Trade Receivables	**0**			0		0	
	Less: Allowance for Doubtful Accounts	**0**					0	
	Net Trade Receivables	**0**			0		0	
b)	Non- Trade Receivable:							
	1. Advances Suppliers	**0**					0	
	Officers & Employees	**0**					0	
	2. Others	**0**					0	
	Less: Allowance for Doubtful Accounts	**0**					0	
	Net Non-Trade Receivables	**0**	0.00	0.00	0.00	0.00	0	
	Net Receivable	**0**	0.00	0.00	0.00	0.00	0	

MRCALLIED

A Member of the Philippine Stock Exchange

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of MRC Allied, Inc. and Subsidiaries (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, 2024 and 2023, 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 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.

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

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

Reyes Tacandong & Co., the independent auditor 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.

Jimmy T. Yaokasin Jr.
Chairman of the Board

Augusto M. Cosio Jr.
President and Chief Executive Officer

Bernard R. Rabanzo
Chief Financial Officer

Signed this April 1, 2026.

SUBSCRIBED AND SWORN TO before me this APR 1 4 2026 day of _______, ___ at PASIG CITY, M.M. Philippines. Affiant(s) exhibited to me his/her/their compe[illegible] evidence of identity as shown below his/her/[illegible] [illegible] and attested of the foregoing stat[illegible]

ATTY. MEL LOISE M. DELMORO
Notary Public for Pasig City and Pateros
Until 31 December 2026
Appointment No. 143 (2025-2026)
3rd Floor, Strata 2000 Bldg, Ortigas, Pasig City
Roll of Attorney's No. 79586
[illegible]

Doc No. 107;
Page No. 23;
Book No. IV;
[illegible] 2026

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	8	4	2	2	8

COMPANY NAME

MRC ALLIED, INC. AND SUBSIDIARIES

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

4th Floor Spirit of Communications Center, 106 Carlos Palanca St., Legazpi Village, Makati City

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Group's Email Address	Group's Telephone Number/s	Mobile Number
mrcalliedinc@gmail.com	**02 88467910**	**0917-808-2991**

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
617	**Second Tuesday of July**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Helen Q. Chico	**helen.quiamno@mrcallied.com**	**02 88467910**	**0908-738-0854**

CONTACT PERSON'S ADDRESS

4th Floor Spirit of Communications Center, 106 Carlos Palanca St., Legazpi Village, 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 shall not excuse the corporation from liability for its deficiencies.*

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
MRC Allied, Inc. and Subsidiaries
4th floor Spirit of Communications Center
106 Carlos Palanca St., Legazpi Village
Makati City

Opinion

We have audited the consolidated financial statements of MRC Allied, Inc. and 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 the years ended December 31, 2025, 2024 and 2023, and notes to consolidated financial statements, including a summary of 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 the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to the audit 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.

Material Uncertainty Related to Going Concern

As discussed in Note 1 to the consolidated financial statements, the Group has no significant revenue generating activity and has been incurring significant expenses as it continues to explore and develop potential business ventures. As at December 31, 2025 and 2024, the Group's current liabilities exceeded its current assets by ₱895.4 million and ₱1,148.5 million, respectively.

Moreover, the Mines and Geosciences Bureau (MGB) denied the Group's applications for exploration permit because of its failure to comply with documentary requirements within the specified period. The Group has been persistent in obtaining the required documents, however, because of circumstances beyond the Group's control, the required documents are still pending as at the date of the approval of the consolidated financial statements. The Group has submitted an appeal to the MGB and is still pending resolution as at the date of the approval of the consolidated financial statements. 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.

These factors may cast material uncertainty on the ability of the Group to continue as a going concern.

The Group's stockholders, however, have continued to provide financial support to sustain the Group's operations and to meet its maturing obligations. Moreover, the Group has significant real estate properties, business ventures and corporate initiatives to generate revenues and sustain operations over time.

The Group's investment properties in Naga City, Cebu and San Isidro, Leyte have an aggregate carrying value of ₱2,304.8 million as at December 31, 2025, which the Group held for capital appreciation and intends to develop through joint venture with property developers. The Group is looking at expanding into the telecommunications and data transmission industry and will be approaching potential local and foreign partners for this project in cooperation with related companies operating nationwide broadband and satellite internet distribution and data transmission business. To finance this current pipeline of investment acquisitions, the Group is raising funds of up to ₱1,000.0 million through a private placement. On August 7, 2025, the Group executed a Subscription Agreement with Asian Appraisal Holdings, Inc. for 333,333,333 unissued common shares of the Parent Company at ₱1.00 a share. On January 16, 2026, the Board of Directors approved another private placement for 315,000,000 unissued common shares at ₱1.00 a share to a new group of investors.

These business development plans and corporate initiatives are discussed in Note 1 to the consolidated financial statements.

Our opinion is not modified in respect of these matters.

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 as at and for the year ended December 31, 2025. 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. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

<u>Determining the Fair Value of Investment Properties</u>
The Group's investment properties amounting to ₱2,304.8 million as at December 31, 2025 were measured using the fair value model. The fair value measurement of these investment properties is significant to our audit because the investment properties represent 82% of the Group's total assets as at December 31, 2025.

The determination of the fair value of the investment properties has high estimation uncertainty, is highly dependent on judgment and requires the involvement of an independent appraiser. Our audit procedures included, among others, the evaluation of the competence, capabilities and objectivity of the appraiser, and the evaluation of the relevance and reasonableness of the assumptions used in the valuation which involves comparison of selling price used in the valuation with comparable properties located in the same vicinity as the Group's investment properties. We also assessed the adequacy of the disclosures in Notes 2, 3, and 4 to the consolidated financial statements.

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) and SEC Form 17-A Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon.

The SEC Form 20-IS and SEC Form 17-A Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or 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 audit 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.

Auditors' 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 auditors' 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 PSA 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, these 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. 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 audits 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 auditors' 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 auditors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 year and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Ma. Roselyn B. Balane.

REYES TACANDONG & CO.

Ma. Roselyn B. Balane

MA. ROSELYN B. BALANE
Partner
CPA Certificate No. 133328
Tax Identification No. 402-406-197-000
BOA Accreditation No. 4782/P-023; Valid until June 6, 2026
SEC Accreditation No. 133328-SEC Group A
Issued September 11, 2025
Valid for Financial Periods 2025 to 2029
BIR Accreditation No. 08-005144-019-2024
Valid until November 25, 2027
PTR No. 10764006
Issued January 2, 2026, Makati City

April 1, 2026
Makati City, Metro Manila

MRC ALLIED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2025**	2024
ASSETS			
Current Assets			
Cash in banks		**₱900,562**	₱615,885
Other current assets	6	**5,416,132**	5,948,994
Total Current Assets		**6,316,694**	6,564,879
Noncurrent Assets			
Financial asset at fair value through other comprehensive income (FVOCI)	6	**255,250,000**	255,250,000
Investment properties	4	**2,304,820,472**	2,282,423,972
Property and equipment	5	**8,667,674**	11,397,586
Exploration and evaluation assets	10	**231,749,591**	231,749,591
Total Noncurrent Assets		**2,800,487,737**	2,780,821,149
		₱2,806,804,431	₱2,787,386,028
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued interest and penalties	8	**₱560,011,528**	₱529,434,610
Due to related parties	9	**287,829,101**	573,385,578
Accrued and other payables	7	**28,854,389**	27,272,760
Loan payable	8	**25,000,000**	25,000,000
Total Current Liabilities		**901,695,018**	1,155,092,948
Noncurrent Liabilities			
Retirement liability	12	**18,447,852**	16,732,384
Deferred tax liabilities	13	**437,273,143**	431,674,018
Total Noncurrent Liabilities		**455,720,995**	448,406,402
Total Liabilities		**1,357,416,013**	1,603,499,350
Equity			
Capital stock	14	**1,184,599,231**	851,265,898
Retained earnings		**264,789,187**	332,620,780
Total Equity		**1,449,388,418**	1,183,886,678
		₱2,806,804,431	₱2,787,386,028

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2025**	2024	2023
SERVICE REVENUES	10	**₱–**	₱–	₱494,000
DIRECT COST	5	**–**	–	444,359
GROSS PROFIT		**–**	–	49,641
GENERAL AND ADMINISTRATIVE EXPENSES	11	**(23,269,462)**	(24,319,584)	(25,114,675)
FINANCE INCOME (COST)				
Interest expense and penalties	8	**(64,832,668)**	(71,173,626)	(110,492,235)
Interest income		**169**	157	142
		(64,832,499)	(71,173,469)	(110,492,093)
OTHER INCOME (CHARGES)				
Gain on fair value changes of investment properties	4	**22,396,500**	16,674,000	107,125,972
Consultancy income	9	**6,094,891**	8,741,829	6,554,659
Recovery of cost	10	**–**	67,000,000	–
Impairment and other losses	10	**–**	–	(5,778,759)
		28,491,391	92,415,829	107,901,872
LOSS BEFORE INCOME TAX		**(59,610,570)**	(3,077,224)	(27,655,255)
PROVISION FOR INCOME TAX	13			
Current		**121,898**	174,837	99,065
Deferred		**5,599,125**	4,168,500	26,781,493
		5,721,023	4,343,337	26,880,558
NET LOSS		**(65,331,593)**	(7,420,561)	(54,535,813)
OTHER COMPREHENSIVE INCOME		**–**	–	–
TOTAL COMPREHENSIVE LOSS		**(₱65,331,593)**	(₱7,420,561)	(₱54,535,813)
BASIC AND DILUTED LOSS PER SHARE	15	**(₱0.066)**	(₱0.009)	(₱0.064)

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2025**	2024	2023
CAPITAL STOCK	14			
Balance at beginning of year		**₱851,265,898**	₱851,265,898	₱851,265,898
Issuances		**333,333,333**	–	–
Balance at end of year		**1,184,599,231**	851,265,898	851,265,898
RETAINED EARNINGS				
Balance at beginning of year		**332,620,780**	340,041,341	394,577,154
Net loss		**(65,331,593)**	(7,420,561)	(54,535,813)
Stock issuance cost	14	**(2,500,000)**	–	–
Balance at end of year		**264,789,187**	332,620,780	340,041,341
		₱1,449,388,418	₱1,183,886,678	₱1,191,307,239

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2025**	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱59,610,570)**	(₱3,077,224)	(₱27,655,255)
Adjustments for:				
Interest expense and penalties	8	**64,832,668**	71,173,626	110,492,235
Gain on fair value changes of investment properties	4	**(22,396,500)**	(16,674,000)	(107,125,972)
Depreciation and amortization	5	**2,729,912**	3,282,598	2,050,266
Retirement benefits expense	12	**1,715,468**	1,605,383	1,503,576
Interest income		**(169)**	(157)	(142)
Recovery of cost	10	**–**	(67,000,000)	–
Impairment and other losses	10	**–**	–	5,778,759
Operating loss before working capital changes		**(12,729,191)**	(10,689,774)	(14,956,533)
Decrease in:				
Trade receivables		**–**	–	198,479
Other current assets		**532,862**	848,855	582,043
Increase (decrease) in:				
Accrued and other payables		**1,581,629**	(359,495)	4,005,188
Security deposit		**–**	–	(5,041,667)
Net cash used for operations		**(10,614,700)**	(10,200,414)	(15,212,490)
Income tax paid		**(121,898)**	(174,837)	(99,065)
Interest received		**169**	157	142
Interest paid		**–**	(62,500)	(406,733)
Net cash used in operating activities		**(10,736,429)**	(10,437,594)	(15,718,146)
CASH FLOWS FROM AN INVESTING ACTIVITY				
Proceeds from recovery of cost		**–**	67,000,000	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Issuance of capital stock	14	**333,333,333**	–	–
Due to related parties	9	**–**	10,784,389	16,458,307
Payments for:				
Due to related parties		**(319,812,227)**	(67,211,567)	–
Stock issuance cost	14	**(2,500,000)**		
Loan payable		**–**	–	(605,794)
Net cash provided by (used in) financing activities		**11,021,106**	(56,427,178)	15,852,513
NET INCREASE IN CASH IN BANKS		**284,677**	135,228	134,367
CASH IN BANKS AT BEGINNING OF YEAR		**615,885**	480,657	346,290
CASH IN BANKS AT END OF YEAR		**₱900,562**	₱615,885	₱480,657
NONCASH FINANCIAL INFORMATION				
Reclassification of asset held for sale to exploration and evaluation assets	10	**₱–**	₱231,749,591	₱–
Additions to property and equipment paid by the related party	9	**–**	10,631,408	–
Settlement of trade payable through direct application of proceeds from the sale of property and equipment at a public auction	5	**–**	–	14,641,873

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. **Corporate Information**

General Information

MRC Allied, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on November 28, 1990. Its shares are publicly traded in the Philippine Stock Exchange (PSE). The Parent Company is primarily engaged in the business of a holding company, and for that purpose either in the name of the Company or in the name of any other company.

The Parent Company's principal business address is 4th Floor Spirit of Communications Center, 106 Carlos Palanca St., Legazpi Village, Makati City.

On August 7, 2025, the Parent Company executed a Subscription Agreement with Asian Appraisal Holdings, Inc. (AAHI) for 333,333,333 unissued common shares of the Parent Company by way of a private placement at ₱1.00 a share.

As a result of the subscription and issuance, AAHI became the single major stockholder of the Parent Company with 28.14% ownership. The ownership of Menlo Capital Corporation (MCC), the previous Ultimate Parent Company, was reduced as at December 31, 2025 and thereby losing control of the Parent Company.

On January 16, 2026, another private placement for 315,000,000 unissued shares of the Parent Company to a new group of investors was approved by the Board of Directors (BOD).

The Parent Company's wholly-owned subsidiaries, which were incorporated and domiciled in the Philippines, are as follows:

	Year of Incorporation	Nature of Business
Menlo Renewable Energy Corp. (MREN)	2015	Renewable energy
MRC Tampakan Mining Corp. (MRC Tampakan)	2011	Mining
MRC Surigao Mines, Inc. (MRC Surigao)	2011	Mining
Makrubber Corporation (Makrubber)	1990	Processing and export of natural rubber products

MREN and Makrubber ceased commercial operations in 2023 and 2011, respectively.

MRC Tampakan and MRC Surigao have not yet started commercial operations. MREN has a capitalization of ₱35.0 million, while MRC Surigao and MRC Tampakan have a capitalization of ₱5.0 million each.

Shares Listing with the PSE

In 1995, the Parent Company listed its shares with the PSE. On May 19, 2021, the Parent Company obtained the approval of the PSE for the additional listing of 4,387,658,975 shares owned by MCC with listing date of August 13, 2021.

The total shares of the Parent Company owned by the public represent 71.78% and 82.04% of the total shares issued and outstanding as at December 31, 2025 and 2024, respectively.

Status of Operations

As at December 31, 2025 and 2024, the Group has no significant revenue-generating activity. The Group also has been incurring significant expenses as it continues to explore and develop potential business ventures. The Group's current liabilities also exceeded its current assets by ₱895.4 million and ₱1,148.5 million as at December 31, 2025 and 2024, respectively.

Moreover, the Mines and Geosciences Bureau (MGB) denied the Group's applications for exploration permit because of its failure to comply with documentary requirements within the specified period. The Group has been persistent in obtaining the required documents, however, because of circumstances beyond the Group's control, the required documents are still pending as at the date of the approval of the consolidated financial statements. The Group has submitted an appeal to the MGB which is still pending resolution as of reporting date.

These factors indicate material uncertainty on the Group's ability to continue as a going concern.

The Group, however, has investment properties in Naga City, Cebu and San Isidro, Leyte with aggregate carrying amount of ₱2,304.8 million as at December 31, 2025 which the Group held for capital appreciation and intends to develop through joint venture with property developers (see Note 4).

The Group's business ventures and corporate initiatives are as follows:

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's 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 (see Note 9).

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

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023 were approved and authorized for issuance by the BOD, as approved and endorsed by the Audit Committee, on April 1, 2026.

2. Summary of Material Accounting Policy Information

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 material accounting policy information 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 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 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.

3. Significant Judgments, Accounting Estimates and Assumptions

In applying the Group's accounting policies, management is required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognized and to make accounting estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgment and accounting estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

The critical judgments, apart from those involving estimations, that the management made and that have the most significant effect on the amounts recognized in the consolidated financial statements are discussed below.

Assessing the Ability of the Group to Continue as a Going Concern. As disclosed in Note 1, the Group has no significant revenue generating activity and has been incurring significant expenses as it continues to explore and develop potential business ventures. As at December 31, 2025 and 2024, the Group's current liabilities also exceeded its current assets by ₱895.4 million and ₱1,148.5 million, respectively.

Moreover, the MGB denied the Group's applications for exploration permit because of its failure to comply with documentary requirements within the specified period. The Group has been persistent in obtaining the required documents, however, because of circumstances beyond the Group's control, the required documents are still pending as at the date of the approval of the consolidated financial statements. The Group has submitted an appeal to the MGB and is still pending resolution as of reporting date.

With the Group's investment ventures and corporate initiatives as discussed in Note 1, investment properties with fair value aggregating ₱2,304.8 million as at December 31, 2025, and the stockholders' continuing financial support to sustain the Group's operations, management has assessed that the Group can continue to operate on a going concern basis.

Assessing Control and Ownership over Investment Properties. As discussed in Note 4, the Group, through the Parent Company, has 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) with carrying amounts of ₱1,297.0 million and ₱1,007.8 million, respectively, as at December 31, 2025. Management has assessed that the Group has control over these properties based on the practical ability to control and direct the use of these assets. The Group has been exercising control and administration over these properties. The Group hold these properties for capital appreciation and intends to develop these properties through joint venture with property developers.

Determining the Highest and Best Use of Investment Properties. The Group determines the highest and best use of investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is industrial land development and forest eco-system project development for Naga City, Cebu and San Isidro, Leyte properties, respectively (see Note 4).

Classifying Property. The Group determines whether a property is classified as investment property or property and equipment:

- Investment properties comprise land and buildings that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rent income or for capital appreciation. These are real estate properties that are primarily held for capital appreciation and not intended to be sold in the ordinary course of business.

- Property and equipment are tangible items that are held for use in the production or supply of goods or services and are expected to be used for more than one period. These are owner-occupied properties which are substantially for use of the Group or in the operations.

Classifying Financial Instruments. The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of the financial instruments. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated statements of financial position. The Group has designated its 15% ownership in the unquoted shares of SEPALCO as financial asset at FVOCI (see Note 6).

Classifying Lease Commitments - Group as a Lessee. The Group has entered into a lease agreement for its office space for a period of one year and renewable upon the mutual consent of both parties. The Group elected not to recognize right-of-use (ROU) assets and lease liability for short-term leases. Consequently, the Group recognizes the lease payments associated with this agreement as an expense on a straight-line basis over the lease term (see Note 10).

Assessing Legal Contingencies. The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

As at December 31, 2025 and 2024, the Group is involved in litigations and claims, which arise in the normal course of business. The estimate of the probable costs for the resolution of possible claims has been developed in consultation with legal counsel handling the Group's defense in these matters and is based upon an analysis of potential results. As allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, the Group is not required to disclose information that may prejudice the position of the Group on the subject matter of the provision (see Note 7).

Estimates and Assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining the Fair Value of Investment Properties. The Group uses the Fair Value model of accounting for investment properties. The fair values are determined by an independent appraiser.

The value of the investment properties was arrived at using the Sales Comparison Approach which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

In valuing the Group's investment properties, records of recent offerings of similar lands are analyzed and comparisons were made for company-specific factors, such as size, characteristics of the lot, location, quality and prospective use. Although these inputs are subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions. Estimated fair value may vary from the actual price that would be achieved in an arm's length transaction at the reporting date.

The carrying amounts of investment properties as at December 31, 2025 and 2024 are disclosed in Note 4.

Determining the Fair Value of Financial Asset at FVOCI. Management has assessed that the fair value of the financial asset at FVOCI approximates its cost. The fair value information and carrying amounts of the financial asset at FVOCI as at December 31, 2025 and 2024 are disclosed in Note 6.

Assessing the ECL on Financial Assets at Amortized Cost. The Group measures the loss allowance for a financial asset at amortized cost at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information, including that which is forward-looking. For financial instruments for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

No allowance for ECL on financial assets at amortized cost was recognized in 2025, 2024 and 2023. Cash in banks amounted to ₱0.9 million and ₱0.6 million as at December 31, 2025 and 2024, respectively.

Estimating the Useful Lives of Property and Equipment. The useful lives of each item of the Group's property and equipment are 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, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of the property and equipment in 2025, 2024 and 2023. The carrying amounts of property and equipment as at December 31, 2025 and 2024 are disclosed in Note 5.

Assessing the Impairment of Nonfinancial Assets. The Group determines whether an asset is impaired when indication exists, or when an annual impairment testing for an asset is required. Determining the fair value of these assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the Group to make estimates and assumptions that can materially affect the consolidated 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 consolidated financial position and financial performance. 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.

No provision for impairment losses was recognized on other current assets and property and equipment in 2025, 2024 and 2023 (see Notes 5 and 6).

Assessing Recoverability of Exploration and Evaluation Assets. The application of the Group's accounting policy for exploration and evaluation assets requires judgment in determining whether the future economic benefits are likely, based on assumptions made and may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the consolidated statements of comprehensive income in the period when the new information becomes available. The Group reviews the carrying amounts of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable values and exceed their fair values.

The mining sites have ongoing applications for exploration permits (EP) with the MGB. However, the MGB denied the EP applications because of a failure to comply with documentary requirements within the specified period. Pursuant to MGB's guidelines and procedures, the Group filed a Motion for Reconsideration (MR) to reverse the denial. The Group has been persistent in obtaining the required documents, however, because of circumstances beyond the Group's control, the required document is still pending as at the date of the approval of the consolidated financial statements. The Group has submitted an appeal to the MGB which is still pending as of reporting date.

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.

The fair market value of the exploration and evaluation assets based on independent engineer's valuation is higher than its carrying value.

The carrying amount of exploration and evaluation assets are disclosed in Note 10.

Determining the Retirement Liability. The determination of the obligation and cost for provision for retirement benefits is dependent on the selection of certain assumptions, notwithstanding the simplification in estimating retirement liability. While the Group believes that the assumption is reasonable and appropriate, significant differences in the actual experience or significant changes in the assumption may materially affect the retirement liability.

The Group did not obtain an actuarial valuation as at December 31, 2025 and 2024 because the Group believes that the difference between the retirement liability as determined by an actuarial valuation and retirement liability recorded is not significant.

The carrying amounts of retirement liability, retirement benefits expense and the significant assumptions in calculating such amounts are disclosed in Note 12.

Assessing the Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of NOLCO and excess MCIT is based on the forecasted taxable income of the following reporting period. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The carrying amounts of deferred income 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 assets to be utilized in the future.

Deferred tax assets were not recognized because management assessed that it may not be probable that sufficient future taxable income will be available against which the Group can utilize the benefits therefrom. The unrecognized deferred tax assets as at December 31, 2025 and 2024 are disclosed in Note 13.

4. Investment Properties

This account pertains to the real estate properties comprising of 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).

Details and movements in this account follows:

	2025		
	Naga City, Cebu	**San Isidro, Leyte**	**Total**
Cost	**₱203,547,668**	**₱359,257,715**	**₱562,805,383**
Cumulative Changes in Fair Value			
Balance at beginning of year	**1,093,446,804**	**626,171,785**	**1,719,618,589**
Gain on fair value changes	**–**	**22,396,500**	**22,396,500**
Balance at end of year	**1,093,446,804**	**648,568,285**	**1,742,015,089**
Carrying Amount	**₱1,296,994,472**	**₱1,007,826,000**	**₱2,304,820,472**

	2024		
	Naga City, Cebu	San Isidro, Leyte	Total
Cost	₱203,547,668	₱359,257,715	₱562,805,383
Cumulative Changes in Fair Value			
Balance at beginning of year	1,076,772,804	626,171,785	1,702,944,589
Gain on fair value changes	16,674,000	–	16,674,000
Balance at end of year	1,093,446,804	626,171,785	1,719,618,589
Carrying Amount	₱1,296,994,472	₱985,429,500	₱2,282,423,972

About 182 hectares of the properties in Naga City, Cebu are covered by Deeds of Absolute Sale/Assignment in favor of the Parent Company, 82 hectares of which are covered by Tax Declarations in the name of the Parent Company and 100 hectares are covered by Tax Declarations in the names of the original owners. The remaining 10 hectares are covered by Tax Declaration in the names of the original owners but are not covered by Deeds of Assignment/Sale. These properties are not yet covered by Transfer Certificates of Title and are not registered in the Parent Company's name as the title to these properties are still in the names of the assignors or previous owners. The Parent Company, however, has maintained actual, open, continuous, exclusive, notorious, and uninterrupted possession of the properties. Any person who questions the Parent Company ownership over these properties will have to show by preponderance of evidence that they have a greater claim over the Parent Company. Moreover, the Parent Company has been exercising control and administration over these properties, including the right to dispose the same.

These properties covered by titles, deeds of absolute sale/assignment and tax declarations are held by the Group for capital appreciation and are intended to be developed through joint venture with property developers. As at December 31, 2025, the Group has no contractual obligations related to its investment properties.

No revenue was earned and no direct operating expenses were incurred from the investment properties in 2025, 2024 and 2023.

Fair Value

The fair values of the investment properties aggregating ₱2,304.8 million and ₱2,282.4 million as at December 31, 2025 and 2024, respectively, are based on the appraisal reports dated January 27 and February 6, 2026 and March 11, 2025, respectively, as determined by an independent appraiser.

The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is industrial land development and forest eco-system project development for Naga City, Cebu and San Isidro, Leyte properties, respectively.

The fair values of the investment properties were determined using the Sales Comparison Approach which considers the sales of similar properties of related market data and establishes a value estimate by process involving comparison. Under this approach, the sales prices of comparable properties in close proximity are used in the valuation of the subject property with adjustments made on the price for differences in the key attributes such as property size, zoning and accessibility.

The fair values were categorized as Level 2 (significant observable inputs) and the significant unobservable input used in determining fair values is discussed as follows:

	2025	2024
Price per square meter	**₱150 to ₱4,500**	₱150 to ₱4,500
Value adjustments	**(70%) to 25%**	(75%) to 10%

Price per square meter pertains to the estimated value prevailing in the real estate market depending on the location, area and time element. Value adjustments are adjustments made to bring the comparative values in approximation to the properties taking into account internal factors such as marketability, location, terrain, size, shape and development.

Sensitivity Analysis. The following factors were considered in determining the market value of the subject property:

- property location and neighborhood data;
- present uses of the properties are industrial (Naga City, Cebu) and residential/agricultural (San Isidro, Leyte);
- quantitative market value adjustments based on internal factors; and
- highest and best use (industrial and residential/agricultural)

Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

As at December 31, 2025 and 2024, there were no transfers between levels in the fair value hierarchy.

5. **Property and Equipment**

Details and movements of this account follow:

	2025			
	Land	**Transportation Equipment**	**Furniture, Fixtures and Equipment**	**Total**
Cost	**₱1,045,000**	**₱23,115,814**	**₱3,352,412**	**₱27,513,226**
Accumulated Depreciation and Amortization				
Balances at beginning of year	**–**	**13,054,001**	**3,061,639**	**16,115,640**
Depreciation and amortization	**–**	**2,439,139**	**290,773**	**2,729,912**
Balances at end of year	**–**	**15,493,140**	**3,352,412**	**18,845,552**
Carrying Amounts	**₱1,045,000**	**₱7,622,674**	**₱–**	**₱8,667,674**

2024

		2024			
	Note	Land	Transportation Equipment	Furniture, Fixtures and Equipment	Total
Cost					
Balances at beginning of year		₱1,045,000	₱12,484,406	₱3,352,412	₱16,881,818
Additions	9	–	10,631,408	–	10,631,408
Balances at end of year		1,045,000	23,115,814	3,352,412	27,513,226
Accumulated Depreciation and Amortization					
Balances at beginning of year		–	9,795,638	3,037,404	12,833,042
Depreciation and amortization		–	3,258,363	24,235	3,282,598
Balances at end of year		–	13,054,001	3,061,639	16,115,640
Carrying Amounts		₱1,045,000	₱10,061,813	₱290,773	₱11,397,586

Fully depreciated property and equipment with cost amounting to ₱10.2 million and ₱9.7 million as at December 31, 2025 and 2024, respectively, are still being used in operations.

On September 28, 2023, pursuant to an arbitration proceeding between MREN and the contractor, the solar PV system was sold at a public auction for ₱14.6 million resulting to a loss on sale of ₱4.9 million (see Note 10). The proceeds from the sale were directly applied against the outstanding balance of the payable to the contractor amounting to ₱13.0 million and legal costs amounting to ₱1.6 million.

Depreciation and amortization are classified as follows:

	Note	**2025**	2024	2023
Direct cost		**₱–**	₱–	₱444,359
General and administrative expenses	11	**2,729,912**	3,282,598	1,605,907
		₱2,729,912	₱3,282,598	₱2,050,266

6. Other Assets

Current

This account consists of:

	Note	2025	2024
Input VAT		**₱5,157,277**	₱5,690,139
Deposits	10	**210,100**	210,100
CWT		**48,755**	48,755
		₱5,416,132	₱5,948,994

Noncurrent

The financial asset at FVOCI amounting to ₱255.3 million pertains to the 15% investment in shares of stock of SEPALCO. The Group designated its investment in SEPALCO as financial asset at FVOCI because the Group intends to hold this investment for the long term and for strategic purposes.

The fair value of the financial asset at FVOCI, which was determined using the adjusted net assets approach by referring to the latest available financial information of the investee and categorized as Level 3, approximates cost as at December 31, 2025 and 2024.

There were no transfers between levels in the fair value hierarchy as at December 31, 2025 and 2024.

7. Accrued and Other Payables

This account consists of:

	2025	2024
Provision for probable loss	**₱20,000,000**	₱20,000,000
Accrued expenses	**4,931,863**	5,019,017
Statutory payables	**3,922,526**	2,253,743
	₱28,854,389	₱27,272,760

Provision for probable loss covers probable claims from a third party. As allowed under PAS 37, the Group is not required to disclose information that may prejudice the Group's position.

Accrued expenses include accruals for rent and management fees.

Statutory payables include withholding taxes and payables to other regulatory agencies to be settled in the subsequent month.

8. Loan Payable

Bank loan amounting to ₱25.0 million represents unsecured, due and demandable loan from First Metro Investment Corporation at 13% annual interest that has been outstanding since February 1998. Interest expense and penalties on this loan amounted to ₱30.6 million in 2025, ₱29.9 million in 2024 and ₱76.3 million in 2023.

Total interest expense and penalties consist of:

	Note	**2025**	2024	2023
Interest from:				
Due to related party	9	**₱34,255,750**	₱41,233,631	₱34,184,279
Loan payable		**3,249,800**	3,312,300	3,656,533
Penalties		**27,327,118**	26,627,695	72,651,423
		₱64,832,668	₱71,173,626	₱110,492,235

There were no borrowing costs capitalized in 2025, 2024 and 2023.

Accrued interest and penalties amounted to ₱560.0 million and ₱529.4 million as at December 31, 2025 and 2024, respectively.

9. **Related Party Transactions**

The Group, in the normal course of business, has transactions with its related parties.

The following summarizes the related party transactions of the Group and its outstanding balances:

	Note	Nature of Transactions	Transactions during the Year			Outstanding Balance	
			2025	2024	2023	**2025**	2024
Due to:							
Entity under common control		Advances for working capital	**₱–**	₱10,784,389	₱16,458,307	**₱41,233,794**	₱124,751,731
	8	Interest	**34,255,750**	41,233,631	34,184,279	**34,255,750**	75,417,910
	5	Additions to property and equipment	–	10,631,408	–	–	10,631,408
Stockholder		Advances for working capital	–	–	–	**212,339,557**	362,584,529
						₱287,829,101	₱573,385,578
Consultancy Income							
Entity under common control		Consultancy income	**₱6,094,891**	₱8,741,829	₱6,554,659	**₱–**	₱–

<u>Terms and Conditions</u>

Due to an Entity Under Common Control. Outstanding balances of due to a related party are unsecured, payable on demand, interest bearing at 12% annual interest and are settled in cash.

Due to a Stockholder. Due to a stockholder is unsecured, noninterest-bearing, payable on demand and is settled in cash.

There have been no guarantees provided or received for any related party balances.

<u>Consultancy Agreement</u>

The Parent Company entered into a consultancy agreement to provide consultancy services to an entity under common control.

Key Management Personnel

Compensation and management fees paid to key management personnel are as follows:

	2025	2024	2023
Short-term benefits	**₱2,043,000**	₱1,134,000	₱1,080,000
Retirements benefits	**189,761**	189,761	144,680
	₱2,232,761	₱1,323,761	₱1,224,680

10. Significant Agreements

Mines Operating Agreements (MOA)

The Group has MOA for gold and copper covering mining areas where Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC) have applications for EP or Mineral Production Sharing Agreement (MPSA) with the MGB. These are summarized as follows:

Holder	Date	Location	No. of Hectares
	November 8, 2010	Kiblawan, Davao del Sur and Columbio, Sultan Kudarat (AMC Kiblawan)	7,559.1
AMC	January 7, 2011	Marihatag, Surigao del Sur (AMC Marihatag)	3,759.3
	March 28, 2011	Boston and Cateel, Davao Oriental (PMC Boston-Cateel)	4,860.0
PMC	February 4, 2011	Paquibato, Davao City (PMC Paquibato)	593.2

Each MOA provides for, among others:

- 3% royalty on gross proceeds or gross sales of all mineral production payable 15 days after every three months commencing at the end of the first full quarter after the commencement of production; and

- ₱2.0 million to ₱3.0 million royalty advances at every anniversary date of the MOA. However, the Group has not yet provided any royalty advances for the MOA dated March 28, 2011 due to pending exploration permits.

Moreover, the Parent Company will assume all financial costs and expenditures and provide all technical expertise, manpower and support to AMC and PMC to get the necessary MPSA for the mining areas and to comply with the tenement requirements to bring the mining agreements into commercial mining production and operation within the earliest time possible. The agreements with the Philippine government shall always be in the name of AMC and PMC with the Group as the operator.

As at December 31, 2025 and 2024, the carrying amount of these exploration and evaluation assets consists of:

AMC Kiblawan	₱214,000,000
PMC Paquibato	17,749,591
	₱231,749,591

In consideration for the MOA dated November 8, 2010 (AMC Kiblawan) and February 4, 2011 (PMC Paquibato), MCC issued 600 million MCC shares each to AMC and PMC in 2011 equivalent to ₱464.3 million. In 2020, the Group wrote off exploration and evaluation assets of ₱232.5 million as a result of the reduction of the mining area covered by the EP for PMC Paquibato.

The Parent Company has not yet transferred the 600 million common shares at ₱0.10 par value for the MOA dated March 28, 2011 (PMC Boston-Cateel) pending the final determination of the mining areas by PMC. The consideration for the MOA dated January 7, 2011 (AMC Marihatag), which was entered into by MRC Surigao, is subject to a separate agreement. As at the date of the approval of these consolidated financial statements, the Group is awaiting the approval of the mining permits by the Department of Environment and Natural Resources (DENR) to finalize the terms of the MOA.

However, the MGB denied the EP applications because of a failure to comply with documentary requirements within the specified period. Pursuant to MGB's guidelines and procedures, the Group filed a Motion for Reconsideration (MR) to reverse the denial. The Group has been persistent in obtaining the required documents, however, because of circumstances beyond the Group's control, the required document is still pending as at the date of the approval of the consolidated financial statements. The Group has submitted an appeal to the MGB and is still pending as at reporting date.

Due to successive moratorium and freezing actions on applications for explorations and mines operating agreements implemented by MGB and the onset of the COVID 19 Pandemic resulted to the inability of the Group to submit material documentary requirements that resulted to the denial of the previous applications for its several mining projects. The denial is without prejudice to the filing of new applications for each mining project and did not affect the Group's rights over the mining claims designated for the mining projects.

Management has given appropriate directives to authorized personnels to initiate the updating of the legal, technical and financial documentary requirements for the refiling of all applications for all its existing mining projects with the MGB. Management is certain that with the updated material documentary requirements, the new applications for explorations and mines operating agreements will be approved. The Group also has existing agreements with Indigenous Groups ensuring that only the Group can apply for exploration over mining claims covered by the mining projects. There are no duplicate applications for the same tenement under the existing EP applications.

On February 17, 2022, the Parent Company's BOD approved to selxl the exploration and evaluation assets resulting to the reclassification of these assets to 'Asset Held for Sale'. On March 10, 2022, the Parent Company entered into a Memorandum of Agreement with a third party for the sale of the MOA for AMC Kiblawan, PMC Paquibato, PMC Boston-Cateel and AMC Marihatag for ₱750.0 million. As at December 31, 2023, the carrying values of the exploration and evaluation assets were lower than the negotiated price of the transaction. The Memorandum of Agreement did not materialize. Consequently, management has reclassified back the asset held for sale to exploration and evaluation assets.

Solar PV System Project

The Group, through MREN, has a 550 kWp solar PV system project (the Project) for a rice milling plant in Northern Luzon. MREN then entered into an agreement with a third-party contractor for the engineering, procurement and construction (EPC) of the solar PV system for the Project. Throughout the term of the Project, MREN is responsible in operating and maintaining the solar PV system. Moreover, the solar PV system shall be owned solely by MREN, except when the provisions on early termination, which includes default or dissolution of the parties and option to buy, among others, are met. Service revenues amounted to ₱0.5 million in 2023.

In 2022, the Contractor filed for a breach of contract against MREN with the Construction Industry and Arbitration Commission. Following the results of the arbitration proceeding, the Group's solar PV system with a carrying amount of ₱19.6 million was sold at a public auction for ₱14.6 million resulting to a loss on sale of ₱4.9 million. The proceeds from the sale were directly applied against the outstanding balance of the payable to the Contractor amounting to ₱13.0 million and legal costs aggregating ₱1.6 million.

Losses from the termination of the Project amounted to ₱5.8 million in 2023.

On April 19, 2023, the Project was terminated and MREN entered into a compromise agreement with the customer for the settlement of the security deposit amounting to ₱5.0 million which resulted to a loss on settlement of ₱0.9 million. Under the terms of the compromise agreement, an initial payment of ₱2.0 million should be paid on the date of the agreement and the remaining balance is payable monthly until March 31, 2024. The outstanding balance of the security deposit amounting to ₱2.1 million was settled in 2024.

Leases
The Group has a lease agreement with a third party for its office space which has a term of one year and may be extended for another period subject to terms and conditions as may be agreed upon by both parties. Deposits on lease contract amounted to ₱0.2 million as at December 31, 2025 and 2024 (see Note 6).

Rent expense amounted to ₱1.0 million in 2025, ₱1.2 million in 2024, and ₱1.5 million in 2023 (see Note 11).

Recovery of Cost
In 2024, the Group received ₱67.0 million from a third party as recovery of damaged property in Naga City, Cebu.

11. General and Administrative Expenses

This account consists of:

	Note	**2025**	2024	2023
Salaries, wages and employee benefits		**₱12,065,943**	₱11,528,633	₱12,906,155
Entertainment, amusement and representation		**3,310,883**	3,089,739	2,756,682
Depreciation and amortization	5	**2,729,912**	3,282,598	1,605,907
Management and professional fees		**2,552,780**	3,086,992	2,798,801
Rent	10	**993,612**	1,220,291	1,468,852
Communication, light and water		**806,691**	920,182	605,116
Dues and subscriptions		**349,633**	393,422	260,250
Transportation and travel		**262,510**	386,364	362,997
Supplies		**77,943**	71,750	96,619
Fuel and oil		**7,453**	25,967	171,967
Others		**112,102**	313,646	2,081,329
		₱23,269,462	₱24,319,584	₱25,114,675

Others represent marketing, insurance, donations, service charges, security services and other miscellaneous expenses.

12. **Retirement Liability**

The Group has an unfunded, non-contributory, defined benefit retirement plan covering all of its qualified employees.

The Group did not obtain an actuarial valuation as at December 31, 2025 and 2024 because the Group believes that the difference between the retirement liability as determined by an actuarial valuation and retirement liability recorded is not significant.

The components of retirement liability recognized in the consolidated statements of financial position are as follows:

	2025	2024	2023
Balance at beginning of year	**₱16,732,384**	₱15,127,001	₱13,623,425
Retirement benefits expense:			
Interest cost	**1,037,241**	927,156	825,349
Current service cost	**678,227**	678,227	678,227
Balance at end of year	**₱18,447,852**	₱16,732,384	₱15,127,001

Retirement benefit expense presented under "Salaries, wages and employee benefits" amounted to ₱1.7 million in 2025, ₱1.6 million in 2024 and ₱1.5 million in 2023.

The actuarial assumptions used to determine the retirement benefits are as follows:

	2025	2024	2023
Discount rates	**6.21%**	6.13%	6.06%
Expected rates of salary increase	**10.00%**	10.00%	10.00%

Sensitivity analysis based on reasonable possible changes of assumptions are as follows:

	Basis Points	**2025**	2024	2023
Discount rate	+100	**(₱2,532,791)**	(₱2,465,890)	(₱2,351,129)
	-100	**2,972,520**	2,921,749	2,812,489
Salary rate	+100	**2,834,017**	2,782,807	2,676,201
	-100	**(2,472,781)**	(2,406,130)	(2,293,018)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The weighted average duration of the retirement benefit plan is 16.0 years and 17.0 years in 2025 and 2024, respectively.

The maturity analysis based on a 10-year projection of expected future benefit payments amounted to ₱3.3 million for the financial year 2025.

13. **Income Taxes**

The Group's provision for current income tax pertains to MCIT in 2025, 2024 and 2023.

The Group's deferred tax liabilities are as follows:

	2025	2024
Cumulative fair value gain on investment properties	**₱435,503,772**	₱429,904,647
Actuarial gain on retirement liability	**1,769,371**	1,769,371
	₱437,273,143	₱431,674,018

The Group did not recognize deferred tax assets, as it is not probable that sufficient taxable income will be available against which the benefit of the deferred tax assets can be utilized.

The components of unrecognized deferred tax assets are as follows:

	2025	2024
NOLCO	**₱51,343,261**	₱115,575,636
Provision for probable loss	**5,000,000**	5,000,000
Retirement liability	**2,842,592**	2,413,725
Excess MCIT over RCIT	**395,800**	284,898
	₱59,581,653	₱123,274,259

As at December 31, 2025, the Group's NOLCO that can be carried forward and claimed as deduction against the regular taxable income are as follows:

Year Incurred	Beginning	Incurred	Expired	Ending	Expiry
2025	₱–	₱40,371,450	₱–	₱40,371,450	2028
2024	38,696,586	–	–	38,696,586	2027
2023	94,766,230	–	–	94,766,230	2026
2022	30,312,666	–	30,312,666	–	2025
2021	35,096,843	–	–	35,096,843	2026
2020	268,060,070	–	268,060,070	–	2025
	₱466,932,395	₱40,371,450	₱298,372,736	₱208,931,109	

Under the Republic Act No. 11494, also known as "Bayanihan to Recover As One Act" and Revenue Regulations No. 25-2020, the Group is allowed to carry-over its net operating losses incurred for taxable years 2021 and 2020 for the next five (5) years immediately following the year of such loss. NOLCO incurred for taxable year 2022 and beyond can be carried over for the next three consecutive years.

Details of MCIT are as follows:

Year Incurred	Beginning	Incurred	Expired	Ending	Expiry
2025	₱–	₱121,898	₱–	₱121,898	2028
2024	174,837	–	–	174,837	2027
2023	99,065	–	–	99,065	2026
2022	10,996	–	(10,996)	–	2025
	₱284,898	₱121,898	(₱10,996)	₱395,800	

The reconciliation of benefit from income tax computed using the statutory tax rate to the provision for income tax as shown in the consolidated statements of comprehensive income follows:

	2025	2024	2023
Income tax benefit computed at statutory tax rate	**(₱14,756,001)**	(₱593,231)	(₱5,986,702)
Change in unrecognized deferred tax assets	**(63,692,606)**	10,063,543	23,634,751
Tax effects of:			
Expired NOLCO	**74,236,749**	–	–
Nondeductible expenses	**9,921,927**	11,612,353	9,223,554
Expired MCIT	**10,996**	–	–
Interest income subject to final tax	**(42)**	(39)	(36)
Nontaxable income	**–**	(16,750,000)	–
Expired excess MCIT over RCIT	**–**	10,711	8,991
Income tax at the effective tax rate	**₱5,721,023**	₱4,343,337	₱26,880,558

Under the Corporate Recovery and Tax Incentives for Enterprises (CREATE), the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, MCIT rate was changed from 2% to 1% of gross income for a period of three years. Starting July 1, 2023, the MCIT rate reverted to 2%.

Accordingly, the income tax rates used in preparing the consolidated financial statements as at and for the years ended December 31, 2025 and 2024 are as follows:

	RCIT	MCIT
MRC	25%	2%
MREN	20%	2%

As of December 31, 2025, MRC Tampakan and MRC Surigao have not yet started commercial operations and have no income tax for 2025, 2024 and 2023.

<u>Philippine Economic Zone Authority (PEZA) Registration</u>

The Parent Company is an ecozone developer/operator of New Cebu Township One (NCTO) and Amihan Woodlands Township (AWT) pursuant to Republic Act (RA) No. 7916 as amended by RA No. 8748. As a PEZA-registered developer/operator, the Parent Company is subject to 5% tax on gross income of the PEZA-registered activities in lieu of all national and local taxes. As at December 31, 2025 and 2024, the Parent Company has not yet been engaged with PEZA-registered activities.

14. Capital Stock

The Company's capital stock consists of common shares with par value of ₱1.00 a share in 2025 and 2024, and ₱0.10 a share in 2023.

As discussed in Note 1, the Board has an existing approval for the conduct of further fund raising efforts through the increase of the Authorized Capital Stocks from ₱1,500.0 million to ₱5,000.0 million which increase will be presented for approval of the stockholders in this year's annual stockholders' meeting.

Movements in capital stock are as follows:

	2025		2024	
	No. of Shares	**Amount**	No. of Shares	Amount
Authorized	**1,500,000,000**	**₱1,500,000,000**	1,500,000,000	₱1,500,000,000
Subscribed, Issued and Outstanding:				
Balance at beginning of year	**851,265,898**	**₱851,265,898**	851,265,898	₱851,265,898
Issuances	**333,333,333**	**333,333,333**	–	–
Balance at end of year	**1,184,599,231**	**₱1,184,599,231**	851,265,898	₱851,265,898

On August 7, 2025, the Parent Company executed a Subscription Agreement with AAHI for the subscription of 333,333,333 unissued common shares of the Parent Company at ₱1.00 a share by way of the private placement. As a result, AAHI gained 28.14% ownership over the Parent Company. The related issuance costs for the subscription of shares amounted to ₱2.5 million. Subsequently, during the special meeting on January 16, 2026, the BOD approved the additional issuance of 315,000,000 unissued common shares of the Parent Company at ₱1.00 a share to two individual investors.

15. Basic and Diluted Loss Per Share

The Company's basic and diluted loss per share are as follows:

	2025	2024	2023
Net loss (a)	**(₱65,331,593)**	(₱7,420,561)	(₱54,535,813)
Weighted average number of outstanding shares (b)	**990,154,787**	851,265,898	851,265,898
Basic/diluted loss per share (a/b)	**(₱0.066)**	(₱0.009)	(₱0.064)

The Group has no dilutive potential common shares in 2025, 2024 and 2023. The loss per share calculation reflects the changes in the number of outstanding shares as a result of the reverse stock split in 2023.

The weighted average number of common shares outstanding are computed as follows:

	2025	2024	2023
Number of outstanding shares at beginning of year	**8,512,658,975**	8,512,658,975	8,512,658,975
Effect of reverse stock split	**(7,661,393,077)**	(7,661,393,077)	(7,661,393,077)
Weighted average number of shares issued during the year	**138,888,889**	–	–
	990,154,787	851,265,898	851,265,898

16. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are cash in banks, financial asset at FVOCI, accrued interest and penalties, accrued and other payables (excluding statutory payables), loan payable and due to related parties.

The BOD is responsible for the Group's risk management. The Group has risk management policies to identify and manage Group exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies.

Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to credit risk and liquidity risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk. Credit risk refers to the potential loss arising from any failure by counter parties to fulfill their obligations, as and when they fall due. Credit risk from balances with banks and related parties are managed by the Group's management in accordance with the policies set by the BOD. The Group's maximum exposure to credit risk is equal to the carrying amounts of the financial assets.

The maximum exposure to credit risk for the Group's financial assets, without taking account of any collateral and other credit enhancements is the amount of cash in banks amounting to ₱0.9 million and ₱0.6 million as at December 31, 2025 and 2024, respectively.

The Group's cash in banks are classified as high grade as at December 31, 2025 and 2024. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts.

At the reporting date, there is no significant concentration of credit risk.

Liquidity Risk. The Group's objective is to maintain a balance between continuity of funding and flexibility through availment of loan and advances from related parties. The maturity profile of the Group's financial liabilities as at December 31, 2025 and 2024 based on contractual payments follow:

	2025				
	Total	**Contractual Undiscounted Payments**			
	Carrying Amount	**On Demand**	**< 1 Year**	**1 to 5 Years**	**> 5 Years**
Accrued interest and penalties	**₱560,011,528**	**₱560,011,528**	**₱–**	**₱–**	**₱–**
Accrued and other payables	**24,931,863**	**–**	**24,931,863**	**–**	**–**
Loan payable	**25,000,000**	**25,000,000**	**–**	**–**	**–**
Due to related parties	**287,829,101**	**287,829,101**	**–**	**–**	**–**
	₱897,772,492	**₱872,840,629**	**₱24,931,863**	**₱–**	**₱–**

**Excluding statutory payables*

	2024				
	Total	Contractual Undiscounted Payments			
	Carrying Amount	On Demand	< 1 Year	1 to 5 Years	> 5 Years
Accrued interest and penalties	₱529,434,610	₱529,434,610	₱–	₱–	₱–
Accrued and other payables	25,019,017	–	25,019,017	–	–
Loan payable	25,000,000	25,000,000	–	–	–
Due to related parties	573,385,578	573,385,578	–	–	–
	₱1,152,839,205	₱1,127,820,188	₱25,019,017	₱–	₱–

**Excluding statutory payables*

The reconciliation of due to related parties and loan payable with cash flows from financing activities is presented below:

	2024	Cash changes Net cash outflows from financing activities	Noncash changes Additions	Interest and other financing charges	2025
Due to related parties	**₱573,385,578**	**(₱319,812,227)**	**₱–**	**₱34,255,750**	**₱287,829,101**
Loan payable	**25,000,000**	**–**	**–**	**–**	**25,000,000**
	₱598,385,578	**(₱319,812,227)**	**₱–**	**₱34,255,750**	**₱312,829,101**

	2023	Cash changes Net cash outflows from financing activities	Noncash changes Additions	Interest and other financing charges	2024
Due to related parties	₱577,947,717	(₱56,427,178)	₱10,631,408	₱41,233,631	₱573,385,578
Loan payable	25,000,000	–	–	–	25,000,000
	₱602,947,717	(₱56,427,178)	₱10,631,408	₱41,233,631	₱598,385,578

Capital Management

The primary objective of the Group's capital management is to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its operations, pay existing obligations and maximize stockholder value. The Group considers the paid-in capital presented in the consolidated statements of financial position as its core capital.

The Group manages its capital structure and makes adjustments when there are changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from related parties, return capital to stockholders or issue new shares. No changes were made in the objectives, policies and processes in 2025 and 2024. The Group is not subject to externally imposed capital requirements.

As discussed in Note 1, the Group is continuously undertaking specific actions to improve operations including communication with prospective investors which are part of the Group's policies and processes in managing its capital.

The debt-to-equity ratio as at December 31, 2025 and 2024 are as follows:

	2025	2024
Total liabilities	**₱1,357,416,013**	₱1,603,499,350
Total equity	**1,449,388,418**	1,183,886,678
	0.94	1.35

17. Fair Value of Financial Assets and Liabilities

The table below presents the financial assets and liabilities of the Group as at December 31 are as follows:

	2025		2024	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in banks	**₱900,562**	**₱900,562**	₱615,885	₱615,885
Financial asset at FVOCI	**255,250,000**	**255,250,000**	255,250,000	255,250,000
	₱256,150,562	**₱256,150,562**	₱255,865,885	₱255,865,885
Financial Liabilities				
Accrued interest and penalties	**₱560,011,528**	**₱560,011,528**	₱529,434,610	₱529,434,610
Accrued and other payables*	**24,931,863**	**24,931,863**	25,019,017	25,019,017
Loan payable	**25,000,000**	**25,000,000**	25,000,000	25,000,000
Due to related parties	**287,829,101**	**287,829,101**	573,385,578	573,385,578
	₱897,772,492	**₱897,772,492**	₱1,152,839,205	₱1,152,839,205

**Excluding statutory payables*

Cash in Banks, Accrued Interest and Penalties, Accrued and Other Payables (Excluding Statutory Payables), Loan Payable and Due to Related Parties. Carrying amounts approximate the fair values at reporting dates due to the short-term maturities and demand feature of these financial instruments.

Financial assets at FVOCI. The estimated fair value was determined using the adjusted net assets approach (Level 3).

18. Segment Reporting

As at December 31, 2025 and 2024, the Group has three operating segments: (1) investment activities, (2) mining activities and (3) renewable energy.

Operating results of the Group are regularly reviewed by the Group's BOD, to make decisions about resources to be allocated to the segment and to assess its performance. Segment expenses are measured in accordance with PFRS Accounting Standards. The presentation and classification of segment expenses are consistent with the consolidated statements of comprehensive income.

The Group has only one geographical segment as all of its assets are located in the Philippines.

Operating segments information as at and for the years ended December 31, 2025, 2024 and 2023 are as follows:

	2025				
	Investment Activities	**Mining Activities**	**Renewable Energy**	**Reconciling Items**	**Total**
Net loss	**(₱130,804,701)**	**(₱290,773)**	**(₱2,642,071)**	**₱68,405,952**	**(₱65,331,593)**
Assets	**₱2,883,237,516**	**2,697,214**	**706,443**	**(79,836,742)**	**₱2,806,804,431**
Liabilities	**1,354,031,297**	**32,577,738**	**33,579,684**	**(62,772,706)**	**1,357,416,013**
Net assets (liabilities)	**1,529,206,219**	**(29,880,524)**	**(32,873,241)**	**(17,064,036)**	**1,449,388,418**
Depreciation and amortization	**2,439,139**	**290,773**	**–**	**–**	**2,729,912**
Interest expense and penalties	**64,832,668**	**–**	**–**	**–**	**64,832,668**

	2024				
	Investment Activities	Mining Activities	Renewable Energy	Reconciling Items	Total
Net loss	(₱3,894,133)	₱–	(₱3,526,428)	₱–	(₱7,420,561)
Assets	₱2,929,673,117	₱2,987,987	₱688,591	(₱145,963,667)	₱2,787,386,028
Liabilities	1,600,495,530	32,577,738	30,919,761	(60,493,679)	1,603,499,350
Net assets (liabilities)	1,329,177,587	(29,589,751)	(30,231,170)	(85,469,988)	1,183,886,678
Depreciation and amortization	2,439,139	–	843,459	–	3,282,598
Interest expense and penalties	71,111,126	–	62,500	–	71,173,626

	2023				
	Investment Activities	Mining Activities	Renewable Energy	Reconciling Items	Total
Net loss	(₱42,294,852)	(₱1,575,506)	(₱10,665,455)	₱–	(₱54,535,813)
Assets	₱2,900,794,703	₱2,987,987	₱1,538,059	(₱141,243,904)	₱2,764,076,845
Liabilities	1,567,722,983	32,577,738	28,242,801	(55,773,916)	1,572,769,606
Net assets (liabilities)	1,333,071,720	(29,589,751)	(26,704,742)	(85,469,988)	1,191,307,239
Revenues	–	–	494,000	–	494,000
Depreciation and amortization	312,857	1,236,146	501,263	–	2,050,266
Interest expense and penalties	110,408,902	–	83,333	–	110,492,235

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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Website : www.reyestacandong.com

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
MRC Allied, Inc. and Subsidiaries
4th Floor Spirit of Communications Center
106 Carlos Palanca St. Legazpi Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of MRC Allied, Inc. and Subsidiaries (the Group), as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023 and have issued our report thereon dated April 1, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic consolidated financial statements:

- Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2025
- Schedules required by Annex 68-J as at December 31, 2025
- Conglomerate Map as at December 31, 2025
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

The Schedule of 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.

The financial soundness indicators are not measures of operating performance defined by the Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024.

REYES TACANDONG & CO.

Ma. Roselyn B. Balane

MA. ROSELYN B. BALANE
Partner
CPA Certificate No. 133328
Tax Identification No. 402-406-197-000
BOA Accreditation No. 4782/P-023; Valid until June 6, 2026
SEC Accreditation No. 133328-SEC Group A
Issued September 11, 2025
Valid for Financial Periods 2025 to 2029
BIR Accreditation No. 08-005144-019-2024
Valid until November 25, 2027
PTR No. 10764006
Issued January 2, 2026, Makati City

April 1, 2026
Makati City, Metro Manila

MRC ALLIED, INC. AND SUBSIDIARIES

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

		Amount
Deficit, beginning of reporting period		**(₱791,191,874)**
Add: Category A: **Items that are directly credited to unappropriated retained earnings**		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: Category B: **Items that are directly debited to unappropriated retained earnings**		
Dividend declaration during the reporting period	–	
Retained earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others - stock issuance cost	**2,500,000**	**2,500,000**
Deficit, as adjusted		**(793,691,874)**
Add: Net loss for the current year		**(130,804,701)**
Less: Category C.1: **Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	–	
Unrealized fair value gain of investment property	**16,797,375**	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the Philippine Financial Reporting Standards (PFRS)	–	
Sub-total		**16,797,375**

		Amount
Add: Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	–	
Realized fair value of investment property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Sub-total		–
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVPL	–	
Reversal of previously recorded fair value of investment property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted net loss		**(147,602,076)**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment	–	
Sub-total		–
Add/less: Category E: Adjustments related to relief granted by the SEC		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–

		Amount
Add/less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total		–
Total deficit, end of the reporting period		**(₱941,293,950)**

MRC ALLIED, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II OF THE REVISED SRC RULE 68

December 31, 2025

** The Group does not have outstanding financial assets which constitute five percent or more of total current assets as at and for the year ended December 31, 2025.*

*** The Group has no amounts receivable from directors, officers, employees, related parties, and principal stockholders (other than related parties) as at December 31, 2025.*

**** The Group has an unsecured, due and demandable bank loan amounting to ₱25.0 million from First Metro Investment Corporation at 13% annual interest that has been outstanding since February 1998. Interest expense and penalties on this loan amounted to ₱560.0 million and ₱529.4 million in 2025 and 2024 respectively.*

***** The Group does not have an outstanding long-term loan from related parties as at and for the year ended December 31, 2025. The Group has due to related parties which is due and demandable amounting to ₱287.8 million as at December 31, 2025.*

****** The Group is not a party to a guaranty agreement for securities of other issuing entities as at and for the year ended December 31, 2025.*

MRC ALLIED, INC. AND SUBSIDIARIES

SCHEDULE C – ACCOUNTS 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	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Menlo Renewable Energy Corporation (MREN)	₱23,215,600	₱–	₱–	₱–	₱23,215,600	₱–	₱23,215,600
MRC Tampakan Mining Corporation (MRC Tampakan)	500,000	–	–	–	500,000	–	500,000
MRC Surigao Mines, Inc. (MRC Surigao)	16,778,079	–	–	–	16,778,079	–	16,778,079

MRC ALLIED, INC. AND SUBSIDIARIES

SCHEDULE F – CAPITAL STOCK

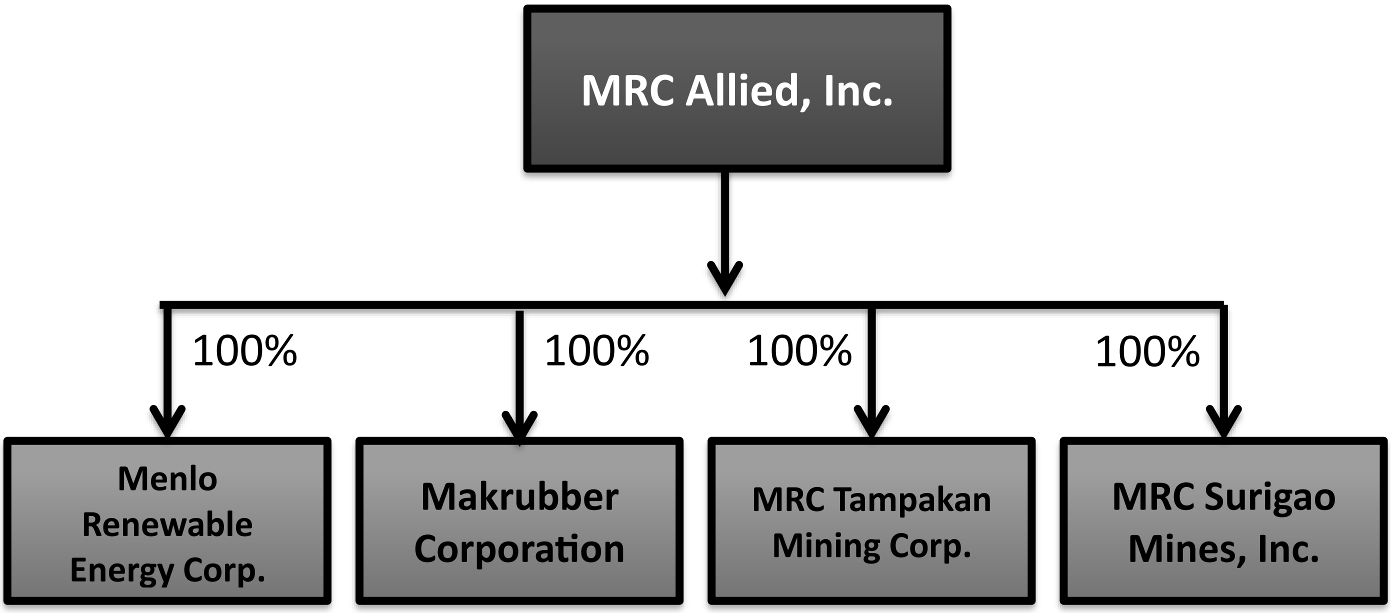
December 31, 2025

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for captions, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by directors, officers and employees	Others
Common shares	1,500,000,000	1,184,599,231	–	333,333,333	978,260	850,287,638

MRC ALLIED, INC. AND SUBSIDIARIES

CONGLOMERATE MAP

DECEMBER 31, 2025



MRC ALLIED, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2025 and 2024

Ratio	Formula	2025	2024
Current/Liquidity Ratio			
	Current assets	**₱6,316,694**	₱6,564,879
	Divided by: Current liabilities	**901,695,018**	1,155,092,948
	Current/Liquidity ratio	**0.01:1.00**	0.01:1.00
Solvency Ratio			
	Net loss before depreciation and amortization	**(₱62,601,681)**	(₱4,137,963)
	Divided by: Total liabilities	**1,357,416,013**	1,603,499,350
	Solvency ratio	**(0.05):1.00**	(0.00):1.00
Debt-to-Equity Ratio			
	Total liabilities	**₱1,357,416,013**	₱1,603,499,350
	Divided by: Total equity	**1,449,388,418**	1,183,886,678
	Debt-to-Equity ratio	**0.94:1.00**	1.35:1.00
Asset-to-Equity Ratio			
	Total assets	**₱2,806,804,431**	₱2,787,386,028
	Divided by: Total equity	**1,449,388,418**	1,183,886,678
	Asset-to-Equity ratio	**1.94:1.00**	2.35:1.00
Interest Rate Coverage Ratio			
	Income (loss) before interest and taxes	**(₱22,105,220)**	₱41,468,707
	Divided by: Interest expense	**37,505,550**	44,545,931
	Interest Rate Coverage ratio	**0.00:1.00**	0.93:1.00
Return on Assets Ratio			
	Net loss	**(₱65,331,593)**	(₱7,420,561)
	Divided by: Total average assets	**2,797,095,230**	2,775,731,437
	Return on Assets ratio	**(0.02):1.00**	(0.00):1.00
Return on Equity Ratio			
	Net loss	**(₱65,331,593)**	(₱7,420,561)
	Divided by: Total average equity	**1,316,637,548**	1,187,596,959
	Return on Equity ratio	**(0.05):1.00**	(0.01):1.00
Net Loss Margin			
	Net loss	**(₱65,331,593)**	(₱7,420,561)
	Divided by: Revenues	**–**	–
	Net Loss Margin	**0.00:1.00**	0.00:1.00

MRC ALLIED, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2025

	2025	2024
Total Audit Fees	**₱675,000**	₱675,000
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Non-audit Fees	**₱–**	₱–
Total Audit and Non-audit Fees	**₱675,000**	₱675,000

COVER SHEET

1	8	4	2	2	8						

SEC Registration Number

M R C   A L L I E D   I N C .

(Company's Full Name)

4 t h   F l o o r , S P I R I T O F C O M M U N I C A T I O N S
C E N T R E 1 0 6 C A R L O S P A L A N C A S T . L E G A S P I
V I L L A G E M A K A T I C I T Y

(Business Address: No. StreetCity/Town/Province)

Atty. Federico P. Prieto
(Contact Person)

(02) 8846-7910
(Company Telephone Number)

SUSTAINABILITY REPORT 2025

1 2 **3 1**
Month *Day*
(Fiscal Year)

(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

SEC
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

MRC ALLIED, INC. SUSTAINABILITY REPORT Year-2025

Introduction

A Sustainability Report is a formal management communication document that provides internal and external stakeholders with all the information they need to rest assured that the organization is committed to sustainable development and growth. This Sustainability Report of MRC Allied Inc. consists of the following Company Profile; Governance, Ethics, & Compliance, Employees, Environment, Health, & Safety, Management Responsibility, Community Support, Economic Impacts, Sustainability Reporting.

Sustainability reporting also benefits stakeholders interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators, and policy makers. This promotes transparency and accountability, empowering stakeholders to make informed decisions and helps the company manage its economic, environmental, and social impacts. Sustainability reporting is a central element of modern corporate reporting, which includes strategy, governance and performance a company "should ensure that the material and reportable non-financial and sustainability issues are disclosed."

I. Sustainability at MRC

Our mission is to develop and implement projects, in partnership with our stakeholders both in the private and public sector, which advance shareholder's interests, promote employee welfare, and stimulate sustainable community development.

Founded in 1990, MRC Allied Inc. (MRC) is the first publicly listed property development firm in the Philippines that has found its niche in real estate development. In 1995, MRC listed its 500 million shares in the Philippine Stock Exchange (PSE) with an initial public offering of three pesos per share. In 2010, MRC diversified its business into the mining exploration industry. In 2015, MRC disclosed its plan to venture into the renewable energy sector and created a subsidiary that will carry out its clean energy projects.

On November 24, 2020, the Securities and Exchange Commission (SEC) approved the change in Primary purpose of the company from real estate business to a holding company.

Our extensive industry knowledge is the key to creating more value for our stakeholders and partners. Our key investment strategy is to stay ahead of the curve and be responsive to the market changes.

Our vision is to be a globally competitive company in pursuing investments that boost local industries and improve the lives of the common Filipino.

Our company wants to integrate sustainability efforts in our business operation. The goal of the company in this report is to document Company's progress on environmental and social impacts both internal and external. As a new start of the company we ensure that this interaction serves the environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development. Being a company recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates. Our company value chain consists of inputs to the production/ implementation process, the production process itself and the resulting output.

Sustainable development means that the Corporation not only complies with existing regulations, but also voluntarily employs a value chain process that takes into consideration economic, environmental, social and governance issues and concerns. In considering sustainability concerns, the company plays an indispensable role alongside government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

The materiality process of the company is about identifying the issues that matter most to our business and our stakeholders. For the past years, we plot the economic, social and environmental issues that are of most concern to our external stakeholders against those that pose risks or present opportunities to MRC.

In this report our Company is socially responsible in all its dealings with the communities where it operates. We ensure that this interaction serves the environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development. Being a company recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the Corporation to grow its business, while contributing to the advancement of the society where it operates. Our company value chain consists of inputs to the production process, the production process itself and the resulting output.

Sustainable development means that the Corporation not only complies with existing regulations, but also voluntarily employs a value chain process that takes into consideration economic, environmental, social and governance issues and concerns. In considering sustainability concerns, the company plays an indispensable role alongside government and civil society in contributing solutions to complex global challenges like poverty, inequality, unemployment and climate change.

“ANNEX A” 2025 SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	MRC Allied Inc.
Location of Headquarters/Operations	4th Flr. Spirit of Communications Centre 106 Carlos Palanca St., Legaspi Village Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*Business Model, including Primary Activities, Brands, Products, and Services	MRC Allied Inc. is a publicly listed company in the Philippine Stock Exchange that holds a diversified portfolio in real estate development and mining and is currently pursuing renewable energy projects. Incorporated on November 20, 1990 and formerly known as Makilala Rubber Corporation, the activities of MRC have been primarily on processing and export of baled natural rubber. In 1993, MRC diversified into a real property development firm, more particularly, into township development. In 1995, MRC listed its entire 500 million shares in the Philippine Stock Exchange (PSE) through an initial public offering. Since 2000, MRC has continued to maintain its two eco-friendly properties in Cebu and Leyte. In 2010, MRC has ventured into the mining exploration industry acquiring mining assets located in various provinces in Mindanao with a total land area of 25,003 hectares. In 2015, the Company decided to diversify its portfolio into the energy sector and created its first Renewable Energy subsidiary - Menlo Renewable Energy Corporation. In 2017, MRC formally announced its new thrust and bared its plan to develop at least 1000MW of clean and renewable energy by 2022. On November 24, 2020 Securities and Exchange Commission approved the company application for the amendment of the primary purpose in its Articles

	of Incorporation from a real estate business to a holding company. On August 11, 2021, the Philippine Stock Exchange approved the Company’s additional listing of Four Billion Three Hundred Eighty-Seven Million Six Hundred Fifty-Eight Thousand Nine Hundred Seventy-Five (4,387,658,975) common shares or equivalent to Eight Hundred Seventy-Seven Million Five Hundred Thirty-One Thousand Seven Hundred Ninety-Five (Php877,531,795.00) the conversion of the advances at a conversion rate of Php0.20 par value per share. On 18 October 2023, the company secured from the Securities and Exchange Commission (SEC) the APPROVAL of the amendment of Article VII of Articles of Incorporation increasing the Par Value per Share from Php0.10 to Php1.00 through a reverse stock split (stock merge). As the result of the abovementioned application the company’s Authorized capital stock is now at One Billion Five Hundred Million Pesos (P1,500,000,000.00) Philippine Currency, and said capital stock is divided into One Billion Five Hundred Million (1,500,000,000) shares with par value of One Peso (PHP1.00) per share and that the subscribed and paid of the company was Eight Hundred Fifty-One Million Two Hundred Sixty-Five Eight Hundred Ninety-Seven (Php851,265,897.00) Pesos. The company also secured the approval for the amendment of Section 1 of Article I of the company By-Laws changing the date of the annual stockholders meeting from Second Monday of May to Second Tuesday of July. These amendments were part of the steps being taken by the company in relation to its

	Information and Communication Technology business plans. The abovementioned amendments were approved by Commission dated October 17, 2023. On July 09, 2024, the President & CEO of the company Mr. Augusto M. Cosio, Jr. stated in his President's report the continuous devotion of the company to pave the way for the expansion of MRC's business portfolio by entering into preliminary agreements for the acquisition of substantial stakes in both Information & Communication Technology (ICT) and Digital Online Platform businesses. The management direction in making these important initial steps to bring MRC to the FUTURE. The advances in technology we are seeing right now are indicating that businesses transactions will soon be fully automated and transacted online. The success of any business will thus rely on three (3) very important factors which are (1) Digital Online Platforms; (2) Data Centers and (3) Connectivity. The FUTURE is thus MRC being a central component of its internal and external customer's business success. The management is confident of the success of this endeavor having the support of its affiliate companies with considerable control of nationwide broadband and satellite internet distribution and internationally acclaimed online digital platform. On August 07, 2025, MRC Allied, Inc. ("MRC") and Asian Appraisal Holdings Inc. ("AAHI") signed a SUBSCRIPTION AGREEMENT wherein AAHI subscribed to 333,333,333 unissued Common Shares by way of the Private Placement. The abovementioned agreement between MRC and AAHI is in accordance with the company's previously approved Private Placement of up to PHP1,000,000,000.00. As a result of this transaction Menlo ownership percentage was reduced to 2.59% as of this filing and thereby losing control of the company to AAHI as the single and largest shareholder of the direct ownership of the 333,333,333 common shares or equivalent to

	28.14% of the issued and outstanding common shares of the company. As of this date of filing the company's Authorized Capital is One Billion Five Hundred Million Pesos (Php1,500,000,000) divided into One Billion Five Hundred Million (1,500,000,000) Common Shares with a Par Value of Php1.00 per Share. The issued and outstanding shares was increased from Eight Hundred Fifty-One Million Two Hundred Sixty-Five Thousand Eight Hundred Ninety-Seven (851,265,897) to One Billion One Hundred Eighty-Four Million Five Hundred Ninety-Nine Thousand Two Hundred Thirty (1,184,599,230) as a result of the transaction.
Reporting Period	2025
Highest Ranking Person responsible for this report	Augusto M. Cosio, Jr. – President & CEO

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[14]

The materiality process of the company is about identifying the issues that matter most to our business and our stakeholders. For the past years, we plot the economic, social and environmental issues that are of most concern to our external stakeholders against those that pose risks or present opportunities to MRC.

As a corporate citizen, it is our Company's continuing commitment to behave ethically and contribute to the economic development while improving the quality of life of its workforce, their families, our customers, our local communities, our government and society at large whilst committed to sustainability.

Economic Performance

As a corporate citizen, it is our Company's continuing commitment to behave ethically and contribute to the economic development while improving the quality of life of its workforce, their families, our customers, our local communities, our government and society at large whilst committed to sustainability.

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	0	PhP
Direct economic value distributed:		
a. Operating costs	23, 269,462	PhP
b. Employee wages and benefits	12, 065,943	PhP
c. Payments to suppliers, other operating costs	993,612	Php
d. Dividends given to stockholders and interest payments to loan providers	*As of this date the company has no declaration of dividend to stockholders and interest payments to loan provider.*	PhP
e. Taxes given to government	437,273,143	PhP
f. Investments to community (e.g. donations, CSR)	*As part of our Corporate Social Responsibility (CSR) Program, MRC conduct a feeding program annually for street children sponsored by Canossa Foundation-Scoulla Della Guioa at Brgy 105, Radial Road 10, Tondo, Manila on 5 July 2018 (Thursday) The company started the feeding program since July 2017. On July31, 2019 the company organize the feeding program for this year activity. The company hopes to continue this feeding program annually to help less fortunate people. We encourage also the employees of the Company to continue participate in this project by MRC.*	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
It affects the total image of the company and affects the primary business of the company *It affects the business relationship of the company since social involvement would have either a positive or negative impact on the shareholders*	*both public and private stakeholders can be affected*	*MRC shall continue its participation in charitable work and activities to share the company's accomplishments with the community*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
There is minimal risk to the company as it continues its part to contribute to the economic development of the country while improving the quality of life of its workforce and local communities	*Public*	*Continue its mandate under AOI and this will eventually lead to a contribution to the society, both economically and socially*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Better opportunity to partner with company in the business industry and attract business investors	Both Public and Private	*Continue its mandate under AOI and this will eventually lead to a contribution to the society, both economically and socially*

Climate-related risks and opportunities[15]

Climate risk pertains to a risks resulting from the effects of global warming. *Global warming* is a gradual increase in the overall temperature of the earth's atmosphere generally attributed to the greenhouse effect caused by increased levels of carbon dioxide, chlorofluorocarbons, and other pollutants.

The study of climate risk includes developing risk assessment and risk management strategies appropriate to global warming. The main aim of the company is to evaluate climate risks and exploring strategies for their prevention.

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts[16] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and Opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk Management
• The Board Risk Oversight Committee oversee the climate related risk and opportunities and ensures that there is effective and integrated risk management is in place. The committee meets periodically and if the need arises to discuss they	• The company tracks performance against our goals and adjust our plans as we learn and conditions evolve. • Develop mitigation plans for climate related risk • By providing oversight over Management's activities in	The Board Risk Oversight Committee conducts regular discussion on the Corporations prioritized and residual risk exposures based on regular management report and assesses how the concerned units or officers are addressing and managing this climate related risk.	• The company assess the climate-related risks and opportunities in line with the strategy and risk management by ensuring the Risk management framework is in place effectively, identify, monitor, assess and manage key business risk.

meet from time to time to discuss any material risk related transactions. •	climate related risk, managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation and evaluate effectiveness of the risk mitigation strategies and action plans whether in short, medium long term		
b) Describe management's role in assessing and managing climate-related risks and opportunities The Board and top management will be in the position to assess make a well -informed decisions, having into consideration the risk related to significant business activities especially in managing climate risk, plans and opportunities	b) Describe the impact of climate – related risks and opportunities on the organization's business, strategy and financial planning Reduce Revenue of the company Increase material & production cost It affects business operation of the company	b) Describe the organization's processes for managing climate-related risks The management usually meets monthly, quarterly and sometimes annually but if the needs arises with the climate risk related issues the management meets immediately to solve the issues with regard to this matter The company ensures that the policy and the officers involve are always available anytime to manage and processed climate related risk	c) Describe the targets used by the organization to manage climate – related risks and opportunities and performance against targets The company process that use to manage the climate related risk and opportunities is the Quantitative and Qualitative monitoring of resources

	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario The organization’s strategy is not to be fixed on a certain approach on dealing with climate-related risks. Every now and then, rules, regulations and technologies change in dealing with climate change and so must the organizations policies. It makes sures that it is updated with the current policies of the government in climate-related risks.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management Management usually is presented with policies to how to approach said climate-related risks. Suggestions of personnel are also taken to account and presented to management and if agreed to be feasible, becomes part of the process in identifying the climate-related risk.	

[15] 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.
[16] For this disclosure, impact refers to the impact of climate-related issues on the company.3

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	75	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
It affects the total image of the company and affects the primary business of the company *It affects the business relationship of the company since procuring equipment and materials would mean future partnerships with other companies*	*Employees and suppliers*	*MRC to continue good business practice and improve relationships with other companies in the business*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The risk in procurement is meeting the deadline in delivering the supplies and payment schedules	*Employees and suppliers*	*MRC to continue good business practice and improve relationships with other companies in the business*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Better equipment and supplies because of a competitive selection process	*Suppliers*	*MRC to continue good business practice and improve relationships with other companies in the business*

NOTE:

All procurement procedures are undertaken by MRC's subsidiary, Menlo Renewable Energy Corp. (MREN)

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	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

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 no record of corruption but if there would be any, it would be from the disbursement of funds from its day to day activities and on the operations side	*Employees and Suppliers*	*MRC to continue good business practice and continue its audit operations especially in disbursement of funds*
If there would be any corruption, it would greatly impact its business relationship with other companies and future investors	*Company, Community & Government*	
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
If there is corruption in the company, this would greatly affect the integrity of the employees and eventually will affect the integrity of the company	*Employees, private stakeholders and public stakeholders*	*MRC to continue good business practice and continue its audit operations especially in disbursement of funds*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunity to correct auditing procedures	*Employees, private stakeholders and public stakeholders*	*MRC to continue good business practice and continue its audit operations especially in disbursement of funds*

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	# 0
Number of incidents in which employees were dismissed or disciplined for corruption	0	# 0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	# 0

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 no record of corruption but if there would be any, it would be from the disbursement of funds from its day to day activities and on the operations side *If there would be any corruption, it would greatly impact its business relationship with other companies and future investors*	*Employees and Suppliers*	*MRC to continue good business practice and continue its audit operations especially in disbursement of funds*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
If there is corruption in the company, this would greatly affect the integrity of the employees and eventually will affect the integrity of the company	*Employees, private stakeholders and public stakeholders*	*MRC to continue good business practice and continue its audit operations especially in disbursement of funds*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunity to correct auditing procedures	*Employees, private stakeholders and public stakeholders*	*MRC to continue good business practice and continue its audit operations especially in disbursement of funds*

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	15,132	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	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**
It would greatly impact the primary business of the company for its daily operations *This would greatly impact the expenditures of the company for its day to day activities*	*Employees*	*Management monitors its consumption during its office hours and turns of all machines and lights that are not in use. Procurement of energy saving equipments and materials is also an option*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
This would greatly impact the expenditures of the company for its day to day activities and would affect the image of the company as a renewable energy company	*Stakeholders and Employees*	*Management monitors its consumption during its office hours and makes sure all equipment are running smoothly*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Installation of modern equipment to lessen consumption	Employees	*Management monitors its consumption during its office hours and makes sure all equipment are running smoothly*

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	365.99	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
It would greatly impact the primary business of the company for its daily operations *This would greatly impact the expenditures of the company for its day to day activities*	*Employees*	*Management monitors its consumption during its office hours and turns of all machines that are not in use and making sure that there are no leaks in the water line. Procurement of energy saving equipments and materials is also an option*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
This would greatly impact the expenditures of the company for its day to day activities and would affect the image of the company as a renewable energy company	*Stakeholders and Employees*	*Management monitors its consumption during its office hours and makes sure all equipment are running smoothly*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Installation of modern equipment to lessen consumption	*Employees*	*Management monitors its consumption during its office hours and makes sure all equipment are running smoothly*

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
renewable	N/A	kg/liters
non-renewable		kg/liters
Percentage of recycled input materials used to manufacture the organization’s primary products and services	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**
It would greatly impact the primary business of the company for its daily operations and would also affect the expenditures of the company	*Employees*	*Management monitors its expenses on office supplies especially the number of supplies of bond papers and folders. The bond papers which have been used primarily for documents but were rejected are being recycled as scratch papers*
What are the Risk/s Identified?	**Which stakeholdeers are affected?**	**Management Approach**
This would greatly impact the expenditures of the company for its day to day activities and would affect the image of the company as a renewable energy company.	*Stakeholders and Employees*	*Management monitors its consumption during its office hours and makes sure all expenditures for equipments and office supplies are accounted*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Inventory of materials and be able to check which are redundant	*Stakeholders and Employees*	*Management monitors its consumption during its office hours and makes sure all expenditures for equipments and office supplies are accounted*

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	(identify all sites) N/A	
Habitats protected or restored	N/A	Ha.
IUCN[17] Red List species and national conservation list species with habitats in areas affected by operations	(list)As N/A	

[17] 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
As of the moment, MRC does not have operational sites that has high biodiversity or have any protected areas in its properties	*As of the moment, MRC does not have operational sites that has high biodiversity or have any protected areas in its properties*	*As of the moment, MRC does not have operational sites that has high biodiversity or have any protected areas in its properties*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
As of the moment, MRC does not have operational sites that has high biodiversity or have any protected areas in its properties	*As of the moment, MRC does not have operational sites that has high biodiversity or have any protected areas in its properties*	*As of the moment, MRC does not have operational sites that has high biodiversity or have any protected areas in its properties*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
As of the moment, MRC does not have operational sites that has high biodiversity or have any protected areas in its properties	*As of the moment, MRC does not have operational sites that has high biodiversity or have any protected areas in its properties*	*As of the moment, MRC does not have operational sites that has high biodiversity or have any protected areas in its properties*

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
It would greatly impact the primary business of the company and would affect the image of the company as a renewable energy company. This can either be caused by the organization or can be linked to impacts through its business relationship	*Employees, Community and shareholders*	*Management monitors its electric consumption during its office hours and turns of all machines that are used and not used making sure that there are equipments run smoothly and properly. Procurement of energy saving equipments and materials is also an option.*

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
This would greatly impact the expenditures of the company for its day to day activities and would affect the image of the company as a renewable energy company.	*Employees*	*Management monitors its electric consumption during its office hours and turns of all machines that are used and not used making sure that there are equipments run smoothly and properly. Procurement of energy saving equipments and materials is also an option.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Inventory of equipment, materials and be able to check which equipments are outdated and needs replacement	*Employees*	*Management monitors its electric consumption during its office hours and turns of all machines that are used and not used making sure that there are equipments run smoothly and properly. Procurement of energy saving equipments and materials is also an option.*

Air pollutants

Disclosure	Quantity	Units
NO_x	0	kg
SO_x	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	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
It would greatly impact the primary business of the company and would affect the image of the company as a renewable energy company. This can either be caused by the organization or can be linked to impacts through its business relationship. *However, MRC has very minimal emissions of air pollutants as we only have airconditioners and one car that can be a source of these pollutants.*	*Employees, Community and shareholders*	*Management monitors its electric consumption during its office hours and turns of all machines that are used and not used making sure that there are equipments run smoothly and properly. Procurement of energy saving equipments and materials is also an option.* *The company car is also well maintained to reduce contributing to air pollution*

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Inventory of equipment, materials and be able to check which equipments are outdated and needs replacement	*Employees*	*Management monitors its electric consumption during its office hours and turns of all machines that are used and not used making sure that there is equipment run smoothly and properly. Procurement of energy saving equipment and materials is also an option.*

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
This would greatly impact the expenditures of the company for its day to day activities and would affect the image of the company as a renewable energy company.	*Employees, Community and shareholders*	*Management monitors its electric consumption during its office hours and turns of all machines that are used and not used making sure that there are equipment run smoothly and properly. Procurement of energy saving equipment and materials is also an option.*

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	100 more or less	kg
Reusable	0	kg
Recyclable	0	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	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
It would greatly impact the primary business of the company and would affect the image of the company as a renewable energy company. This can either be caused by the organization or can be linked to impacts through its business relationship. *However, MRC does not have any hazardous waste materials. Our waste mostly contains papers that are no longer in use.*	*Employees, Community and shareholders*	*Management monitors its office supply consumption like bond paper usage, printer cartridges and toner. Bond papers that can still be used are recycled as scratch papers. Folders and envelopes are not immediately thrown away and are also recycled if can still be used again.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
This would greatly impact the expenditures of the company for its day to day activities and would affect the image of the company as a renewable energy company.	*Employees, Community and shareholders*	*Management monitors its office supply consumption like bond paper usage, printer cartridges and toner. Bond papers that can still be used are recycled as scratch papers. Folders and envelopes are not immediately thrown away and are also recycled if can still be used again*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Inventory of equipment, materials and be able to check which equipments are outdated and needs replacement	*Employees*	*Management monitors its office supply consumption like bond paper usage, printer cartridges and toner. Bond papers that can still be used are recycled as scratch papers. Folders and envelopes are not immediately thrown away and are also recycled if can still be used again*

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	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
MRC does not have any hazardous waste materials. Our waste mostly contains papers and office supplies that are no longer in use.	*MRC does not have any hazardous waste materials. Our waste mostly contains papers and office supplies that are no longer in use.*	*MRC does not have any hazardous waste materials. Our waste mostly contains papers and office supplies that are no longer in use.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
MRC does not have any hazardous waste materials. Our waste mostly contains papers and office supplies that are no longer in use.	*MRC does not have any hazardous waste materials. Our waste mostly contains papers and office supplies that are no longer in use.*	*MRC does not have any hazardous waste materials. Our waste mostly contains papers and office supplies that are no longer in use.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
MRC does not have any hazardous waste materials. Our waste mostly contains papers and office supplies that are no longer in use.	*MRC does not have any hazardous waste materials. Our waste mostly contains papers and office supplies that are no longer in use.*	*MRC does not have any hazardous waste materials. Our waste mostly contains papers and office supplies that are no longer in use.*

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	400.99	Cubic meters
Percent of wastewater recycled	1	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
It would greatly impact the primary business of the company and would affect the image of the company as a renewable energy company. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Employees, Community and shareholders*	*Management monitors its water supply consumption during office hours and checks if there are leaks in the water system. Faucet that are malfunctioning are replaced. After office hours, all faucets and machines are checked to make sure that all are turned off.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
This would greatly impact the expenditures of the company for its day to day activities and would affect the image of the company as a renewable energy company.	*Employees, Community and shareholders*	*Management monitors its water supply consumption during office hours and checks if there are leaks in the water system. Faucet that are malfunctioning are replaced. After office hours, all faucets and machines are checked to make sure that all are turned off.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Inventory of equipment, materials and be able to check which equipments are outdated and needs replacement	*Employees*	*Management monitors its water supply consumption during office hours and checks if there are leaks in the water system. Faucet that are malfunctioning are replaced. After office hours, all faucets and machines are checked to make sure that all are turned off.*

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	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
MRC has not been fined for non-compliance with environmental laws and regulations nor have the company been sanctioned for violation thereof. If a violation does occur, this would greatly impact the primary business of the company and would affect the image of the company as a renewable energy company. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Employees, Community and shareholders*	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
This would greatly impact the activities of the company and would affect the image of the company as a renewable energy company. This would put doubt on future investors if the company is serious in dealing with renewable energy projects.	*Employees, Community and shareholders*	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify points in the policy of the company to comply with existing rules and regulations and to better the company as a new entity in the renewable energy business	*Employees*	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and*

portfolio. This would also give opportunity to explore the current portfolios of the company and be able to partner with companies in the business industry and attract business investors		*updates each department of any news or compliances that the company needs to comply and abide*

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[18]	13	
a. Number of female employees	4	#
b. Number of male employees	9	#
Attrition rate[19]		rate
Ratio of lowest paid employee against minimum wage	0	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	Yes	20%	9%
PhilHealth	Yes	0	18%
Pag-ibig	Yes	20%	0
Parental leaves	Yes	0	0
Vacation leaves	Yes	100%	100%
Sick leaves	Yes	100%	100%
Medical benefits (aside from PhilHealth))	No	0	0
Housing assistance (aside from Pag-ibig)	No	0	0
Retirement fund (aside from SSS)	Yes	0	0
Further education support	No	0	0
Company stock options	No	0	0
Telecommuting	Yes	0	0
Flexible-working Hours	No	0	0
(Others)		0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company complies with required the government benefits for its employees. Non-compliance with the required government benefits could result in a sanctioned activity by the company. Any violation of the said benefits would greatly impact the primary business of the company and would affect the image of the company as a whole. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management assures and make sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and brings up any issue with regard to employee benefits during management committee meeting.*

18 Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)
[19] 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)

What are the Risk/s Identified?	Management Approach
This would put the company at risk in paying hefty fines. Worse, the company can be closed down due to non-compliance on the regulation on employee benefits. This could tarnish the image of the company and the investors and shareholders may pull out with the company.	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and brings up any issue with regard to employee benefits during management committee meeting*
What are the Opportunity/ies Identified?	**Management Approach**
Identify points in the policy of the company to comply with existing rules and regulations and to better the company in complying with the benefits of its employees.	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and brings up any issue with regard to employee benefits during management committee meeting*

Employee Training and Development

Disclosure	Quantity	Units
	2025	
Total training hours provided to employees		
a. Female employees	120.5	hours
b. Male employees	120.5	hours
Average training hours provided to employees		
a. Female employees	35.00	At least 8 hours/employee
b. Male employees	33.00	At least 8 hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MRC continues to let their employees attend seminars and training in order for the employee's growth and widen the knowledge with regard to its business. Limiting the participation of the employees to its would also limit their growth. And limiting their growth would also mean limited growth of the company for a company is good only as the people that comprise it. Without the trainings impact the business of the company. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management assures that employees get the training and exposure they need to further their knowledge in the field of their expertise.*

What are the Risk/s Identified?	Management Approach
Other than the growth of the company in confining the knowledge of the employees, the company may be sanctioned to non-compliance of attending a mandated training or seminar required by the SEC or PSE.	*The company monitors and brings up any issue with regard to mandatory employee training and seminars.*
What are the Opportunity/ies Identified?	**Management Approach**
Trainings and seminars would further develop the employee's communication skills, gaining expert knowledge, networking with others, as well as renewing motivation and confidence. It gives employees ideas on new aspects of the business.	*The company monitors and brings up any issue with regard to mandatory employee training and seminars.*

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	13	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MRC has no union so the company does not have any collective bargaining agreement. The company has a employee's handbook that was updated and edited by consulting the employees of the company. Policies that are vague and unclear to the employees leads to confusion and eventually would demoralize the employees. This would decrease their productivity and eventually resign and turnover of employees would be high. This would affect the business of the company as there would be no consistency to the people that runs the company. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management makes sure that the employees are consulted and advised to any changes in the policy of the company. Grievance mechanism should be open and available under the HR department to hear the side of the employees.*
What are the Risk/s Identified?	**Management Approach**
Policies that are vague and unclear to the employees leads to confusion and eventually would demoralize the employees. This would decrease their productivity and eventually resign and turnover of employees would be high. This would affect the business of the company as there would be no consistency to the people that runs the company.	*Management makes sure that the employees are consulted and advised to any changes in the policy of the company. Grievance mechanism should be open and available under the HR department to hear the side of the employees*
What are the Opportunity/ies Identified?	**Management Approach**
Constant consultation will lessen the uneasiness of the employees as they have a voice when it comes to company policies and labor related policies.	*Management makes sure that the employees are consulted and advised to any changes in the policy of the company. Grievance mechanism should be open and available under the HR department to hear the side of the employees*

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	4	100%
% of male workers in the workforce	9	100%
Number of employees from indigenous communities and/or vulnerable sector*	0	# #

**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
MRC maximizes the potential of all employees by valuing diversity and neither does the company discriminate against race, sex, sexual orientation, gender identity, religion, or whether they have a genetic disorder or social standing. Every applicant and employee went through the same process of hiring regardless whether he is within a certain class, religion, gender, disability or marital status. Discrimination is an unhealthy environment in a work place and it lessens the productivity of employees and demoralizes them. This would eventually lead to resignation and turnover of employees would be high. This would affect the business of the company as a whole. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management makes sure that no discrimination shall occur in the company. Management makes sure that all employees have access to equal opportunities regardless of class, age, gender, race, sexual orientation, religious belief or disability. At the same time, employees are consulted and advised to any changes in the policy of the company.*
What are the Risk/s Identified?	**Management Approach**
Non-acceptance of diversity in the office may arise to conflicts. These conflicts can turn to intense arguments between officemates and in a worst-case scenario, it may lead to violence. Without equal opportunity, employees may resign early and turnover of manpower would be high that could also affect the company. However, diversity also may give rise to conflict due to differences in beliefs, customs, opinions, and tradition.	*Management suggests that each and every employee learn to accept and respect each other. Once they learn to respect each other, sharing of ideas would be much better appreciated and collaboration between departments would be better.*
What are the Opportunity/ies Identified?	**Management Approach**
Diversity and equal opportunity adds new skills to workers and employees and in turn promotes innovation. Because of the talents and skills of different persons brought about by its diversity, sharing ideas between one another, the team creates better and innovative ideas.	*Management suggests that each and every employee learn to accept and respect each other. Once they learn to respect each other, sharing of ideas would be much better appreciated and collaboration between departments would be better.*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	8	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MRC has no work-related injuries and fatalities. However, being ill does not mean that the employee is overworked. Weather conditions also is a factor together with stress. MRC makes sure that if an employee is feeling under the weather, they can always opt not to go to work and instead file a sick leave. It is best for everyone to report to work healthy in order for everyone to function properly. Any work-related injuries or fatalities would definitely affect the business of the company as a whole as this would mean that the company is not aware of the safety of its employees. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management monitors its employees whether they are in good working condition or not. Management makes sure that the employees are in good working condition and refrains from exposing them to hazardous conditions.*
What are the Risk/s Identified?	**Management Approach**
Allowing the employees to work in a hazardous environment would result in a sanctioned activity by the DOLE. Having work-related injuries would mean that the company has no safety precautions in its employees' working environment. This would result to a violation of any regulation made by the NLRC and DOLE. This would result to a bad reputation to the company and would affect its future dealings with potential partners, clients and investors.	*Management monitors its employees whether they are in good working condition or not. Management makes sure that the employees are in good working condition and refrains from exposing them to hazardous conditions.*
What are the Opportunity/ies Identified?	**Management Approach**
The company can review its manual for its employees and be able to improve its working environment and be able to prevent any work-related mishaps.	*Management monitors its employees whether they are in good working condition or not. Management makes sure that the employees are in good working condition and refrains from exposing them to hazardous conditions.*

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor *The Company has made it a strict policy to hire individuals solely on the basis of their personal qualifications. No individual shall be barred from employment in the Company because of race, gender, color, nationality or religious belief, provided that this is in conformity with the laws of the Philippine government. Only where the national interest so demands will the Company abrogate this policy.* *The Company recognizes its responsibility to safeguard as far as practicable the health and safety at work of all our staff members. This responsibility will form an integral part of our work activities. Pursuant to this policy, the Company undertakes to comply with the requirements of all relevant regulations; provide and maintain plans and systems at work, that are as far as reasonably practicable, safe and without risks to health by providing adequate heating, lighting, ventilation, seating and sanitary facilities; provide and maintain, safe access/exit to and from the place of work; and provide necessary training, information, instructions and supervision to ensure that all staff members are aware of and adhere to safety guidelines and regulations.* *Ref. MRC Employees Manual*	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? **NONE**

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
MRC does not practice and have ever entered to forced labor or child labor. The company respects the basic rights and freedom each of our employee have. This is also why we diversity in our working environment is established because we respect each person's freedom of expression, right to life, liberty and property, and recognition of workers right. Any violation to the DOLE and NLRC guidelines as well the basic rights of an employee would definitely affect the business of the company as a whole as this would mean that the company is does not respect its employees. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management makes sure that the company abides by the rules and regulation set by DOLE. The management also tries to map out existing policies to identify human rights coverage and update its policy when needed and cover gaps that have been identified.*
What are the Risk/s Identified?	**Management Approach**
Having forced labor and child labor would result in a sanctioned activity by the DOLE. And violation of basic human right would result in an unhealthy working environment. Employees will not be working as one and will be in constant conflict with each other. No coherence in the workplace will result in an unproductive company. This would result to a bad reputation to the company and would affect its future dealings with potential partners, clients and investors	*Management makes sure that the company abides by the rules and regulation set by DOLE. The management also tries to map out existing policies to identify human rights coverage and update its policy when needed and cover gaps that have been identified.*
What are the Opportunity/ies Identified?	**Management Approach**
The company can review its manual for its employees and be able to improve its working environment. Management also tries to map out existing policies to identify human rights coverage and update its policy when needed and cover gaps that have been identified.	*Management makes sure that the company abides by the rules and regulation set by DOLE. The management also tries to map out existing policies to identify human rights coverage and update its policy when needed and cover gaps that have been 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	Y	Reference is made in the selection/bidding
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	The supplier signs an NDA/Oath of Integrity

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Environmental performance, forced labor, child labor, human rights, bribery and corruption have already been discussed previously. It would greatly impact the primary business of the company and would affect the image of the company as a renewable energy company. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*

What are the Risk/s Identified?	Management Approach
This would greatly impact the activities of the company and would affect the image of the company as a renewable energy company. This would put doubt on future investors if the company is serious in dealing with renewable energy projects.	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify points in the policy of the company to comply with existing rules and regulations and to better the company as a new entity in the renewable energy business portfolio. This would also give opportunity to explore the current portfolios of the company and be able to partner with companies in the business industry and attract business investors	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*

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)
None	None	None	No	None	None

**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	0	#
CP secured	0	#

What are the Risk/s Identified?	Management Approach
As of now, the company has no projects that affected any indigenous people. However, the regulations setup by the government and the rights of the IP are not respected, the company would suffer an injury. This would greatly impact the activities of the company and would affect the image of the company as a renewable energy company. This would put doubt on future investors if the company is serious in dealing with renewable energy projects.	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify points in the policy of the company to comply with existing rules and regulations and to better the company as a new entity in the renewable energy business portfolio. This would also give opportunity to explore the current portfolios of the company and be able to partner with companies in the business industry and attract business investors	*Management assures and makes sure that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		No

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MRC take notes of the client's satisfaction of the services rendered by the company. This also goes hand in hand in with partners of the company to any business it deals into. Knowing whether they are good with the services we have provided will help us improve the company. Unfavorable customer satisfaction will affect the total image of the company and affects the primary business of the company *It affects the business relationship of the company since customer satisfaction would have either a positive or negative impact on the shareholders*	*Management updates the concerned departments if there are any issues with any clients or partners. It also updates its policies in order to better services to its clients and partners.*
What are the Risk/s Identified?	**Management Approach**
Unfavorable customer satisfaction will affect the total image of the company and affects the primary business of the company. It will also affect the business relationship of the company since customer satisfaction would have either a positive or negative impact on the shareholders	*Management updates the concerned departments if there are any issues with any clients or partners. It also updates its policies in order to better services to its clients and partners*
What are the Opportunity/ies Identified?	**Management Approach**
Identify points in the policy of the company to better serve the needs of its clients and partners. This would also give opportunity to explore the current portfolios of the company and be able to partner with companies in the business industry and attract business investors.	*Management updates the concerned departments if there are any issues with any clients or partners. It also updates its policies in order to better services to its clients and partners*

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#0
No. of complaints addressed	0	#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
MRC has no substantiated complaints on product or service health and safety. Any complaints related to health and safety or products would definitely affect the business of the company as a whole as this would mean that the company is not aware of the safety of its employees. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management assures and makes sure that the products that the company is using in its projects are of top quality or on par with other top-quality products. Management makes sure that the employees are in good working condition and refrains from exposing them to hazardous conditions.*
What are the Risk/s Identified?	**Management Approach**
Any complaints related to health and safety or products would definitely affect the business of the company as a whole as this would mean that the company is not aware of the safety of its employees. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management assures and makes sure that the products that the company is using in its projects are of top quality or on par with other top-quality products. Management makes sure that the employees are in good working condition and refrains from exposing them to hazardous conditions.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify points in the policy of the company to better serve the needs of its clients and partners. This would also give opportunity to explore the current portfolios of the company and be able to partner with companies in the business industry and attract business investors.	*Management assures and makes sure that the products that the company is using in its projects are of top quality or on par with other top-quality products. Management makes sure that the employees are in good working condition and refrains from exposing them to hazardous conditions.*

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
MRC has no substantiated complaints on marketing and labelling. As a listed company, MRC discloses any information that may affect the investing public. Any complaints related to marketing and labelling would definitely affect the business of the company as a whole as this would mean that the company is not properly informing the investing public. This will confuse the potential investors and stockholders and would definitely affect the company as whole. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management makes it a point that the clients are well informed of the project they entered into. They are given updates when the project is being built and is constantly being reminded of how to operate the business. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*
What are the Risk/s Identified?	**Management Approach**
Any complaints which can be linked to marketing and labeling will definitely affect the business of the company as a whole as this would mean that the company is not disclosing the information to the investing public. This can either be caused by the organization or can be linked to impacts through its business relationship	*Management makes it a point that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify points in the policy of the company to better serve the needs of its clients and partners in disclosing information relative to its business activity. This would also give opportunity to explore the current portfolios of the company and be able to partner with companies in the business industry and attract business investors.	*Management makes it a point that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*

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	#

Note: **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
MRC has no substantiated complaints on customer privacy. MRC makes sure that clients and partners are satisfied by the services and performance done by the company. Any complaints by clients and/or customers will definitely affect the business of the company as a whole as this would mean that the company is not properly doing its job properly. This will put doubt on the potential investors and stockholders and would definitely affect the company as whole. This can either be caused by the organization or can be linked to impacts through its business relationship	*Management assures and make sure that the company discloses any information that the investing public should know. Management makes it a point that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*
What are the Risk/s Identified?	**Management Approach**
Any complaints which can be linked to marketing and labeling will definitely affect the business of the company as a whole as this would mean that the company is not disclosing the information to the investing public. This can either be caused by the organization or can be linked to impacts through its business relationship	*Management assures and make sure that the company discloses any information that the investing public should know. Management makes it a point that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify points in the policy of the company to better serve the needs of its clients and partners relative to its business activity. This would also give opportunity to explore the current portfolios of the company and be able to partner with companies in the business industry and attract business investors.	*Management assures and makes sure that the company discloses any information that the investing public should know. Management makes it a point that the company complies with the existing rules and regulations of all government agencies concerned. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
There have been no data breach or leaks with regard to the documents and information pertinent to the business of the company or information of its personnel, clients or partners. The company makes sure that the data that it has is secured and cannot be accessed just by anyone. Certain personnel have only access to particular documents. If there arises a data security breach, this will put doubt on the potential investors and stockholders and would definitely affect the company as whole. This can either be caused by the organization or can be linked to impacts through its business relationship.	*Management assures and makes sure that the company’s information on its projects, personnel, clients and partners is secured and cannot be accessed by anyone. Only certain personnel have access to certain to limit any leakage of information and sensitive materials and documents. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*

What are the Risk/s Identified?	Management Approach
Any breach of information will definitely affect the business of the company as a whole as this would mean that the company is not taking into steps in securing the information that it has with its projects, personnel, clients and partners. This will put serious doubt on the company in handling sensitive information and in turn will affect those investing in the company, stockholders and potential clients and partners.	*Management assures and makes sure that the company's information on its projects, personnel, clients and partners is secured and cannot be accessed by anyone. Only certain personnel have access to certain to limit any leakage of information and sensitive materials and documents. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*
What are the Opportunity/ies Identified?	**Management Approach**
Identify points in the policy of the company to better secure its data.	*Management assures and makes sure that the company's information on its projects, personnel, clients and partners is secured and cannot be accessed by anyone. Only certain personnel have access to certain to limit any leakage of information and sensitive materials and documents. It monitors and updates each department of any news or compliances that the company needs to comply and abide.*

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
*Solar PV Rooftop panels	Renewable Energy	The production technology for solar pv panels (which are used to convert energy into power) requires relatively high energy outputs.	Ensure the availability of RE resources and sustainable management of RE products.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

-End of Report-

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	8	4	2	2	8

COMPANY NAME

MRC ALLIED, INC.

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

4th Floor Spirit of Communications Center, 106 Carlos Palanca St., Legazpi Village, Makati City

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mrcalliedinc@gmail.com	02 88467910	0917-808-2991

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
617	Second Tuesday of July	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Helen Q. Chico	helen.quiamno@mrcallied.com	02 88467910	0908-738-0854

CONTACT PERSON'S ADDRESS

4th Floor Spirit of Communications Center, 106 Carlos Palanca St., Legazpi Village, 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 shall not excuse the corporation from liability for its deficiencies.*

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
MRC Allied, Inc.
4th Floor Spirit of Communications Center
106 Carlos Palanca St., Legazpi Village
Makati City

Opinion

We have audited the separate financial statements of MRC Allied, Inc. (the Company), which comprise the separate statements of financial position as at December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2025, and 2024, and notes to the separate financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate 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 separate financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the separate 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.

Material Uncertainty Related to Going Concern

As discussed in Note 1 to the separate financial statements, the Company has no significant revenue generating activity and has been incurring significant expenses as it continues to explore and develop potential business ventures. As at December 31, 2025 and 2024, the Company's current liabilities exceeded its current assets by ₱833.2 million and ₱1,089.0 million, respectively.

Moreover, the Mines and Geosciences Bureau (MGB) denied the Company's applications for exploration permit because of its failure to comply with documentary requirements within the specified period. The Company has been persistent in obtaining the required documents, however, because of circumstances beyond the Company's control, the required documents are still pending as at the date of the approval of the separate financial statements. The Company has submitted an appeal to the MGB and is still pending resolution as at the date of the approval of the separate financial statements. Management and its legal counsel believe that as soon as the Company gets the documentary requirements, the Company can obtain the necessary clearance for the MGB approval.

These factors may cast a material uncertainty on the ability of the Company to continue as a going concern.

The Company's stockholders, however, have continued to provide financial support to sustain the Company's operations and to meet its maturing obligations. Moreover, the Company has significant real estate properties, business ventures and corporate initiatives to generate revenues and sustain operations over time.

The Company's investment properties in Naga City, Cebu and San Isidro, Leyte have an aggregate carrying value of ₱2,304.8 million as at December 31, 2025, which the Company held for capital appreciation and intends to develop through joint venture with property developers. The Company is looking at expanding into the telecommunications and data transmission industry and will be approaching potential local and foreign partners for this project in cooperation with related companies operating nationwide broadband and satellite internet distribution and data transmission business. To finance this current pipeline of investment acquisitions, the Company is raising funds of up to ₱1,000.0 million through a private placement. On August 7, 2025, the Company executed a Subscription Agreement with Asian Appraisal Holdings, Inc. for 333,333,333 unissued common shares at ₱1.00 a share. On January 16, 2026, the Board of Directors approved another private placement for 315,000,000 unissued common shares at ₱1.00 a share to a new group of investors.

These business development plans and corporate initiatives are discussed in Note 1 to the separate financial statements.

Our opinion is not modified in respect of these matters.

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

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

In preparing the separate 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 but to do so.

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 audits 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate financial statements represent 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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.

REYES TACANDONG & CO.

Ma. Roselyn B. Balane

MA. ROSELYN B. BALANE
Partner
CPA Certificate No. 133328
Tax Identification No. 402-406-197-000
BOA Accreditation No. 4782/P-023; Valid until June 6, 2026
SEC Accreditation No. 133328-SEC Group A
Issued September 11, 2025
Valid for Financial Periods 2025 to 2029
BIR Accreditation No. 08-005144-019-2024
Valid until November 25, 2027
PTR No. 10764006
Issued January 2, 2026, Makati City

April 1, 2026
Makati City, Metro Manila

MRC ALLIED, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2025**	2024
ASSETS			
Current Assets			
Cash in banks		**₱770,634**	₱481,357
Due from related parties	10	**39,836,742**	37,557,715
Other current assets	5	**4,527,404**	5,082,718
Total Current Assets		**45,134,780**	43,121,790
Noncurrent Assets			
Financial asset at fair value through other comprehensive income (FVOCI)	7	**255,250,000**	255,250,000
Investment properties	4	**2,304,820,472**	2,282,423,972
Investments in subsidiaries	7	**40,000,000**	108,405,952
Property and equipment	6	**6,535,273**	8,974,412
Exploration and evaluation assets	11	**231,496,991**	231,496,991
Total Noncurrent Assets		**2,838,102,736**	2,886,551,327
		₱2,883,237,516	₱2,929,673,117
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued interest and penalties	9	**₱560,011,528**	₱529,434,610
Due to related parties	10	**266,046,096**	551,602,573
Accrued and other payables	8	**27,252,678**	26,051,945
Loan payable	9	**25,000,000**	25,000,000
Total Current Liabilities		**878,310,302**	1,132,089,128
Noncurrent Liabilities			
Retirement liability	13	**18,447,852**	16,732,384
Subscription payable	7	**20,000,000**	20,000,000
Deferred tax liabilities	14	**437,273,143**	431,674,018
Total Noncurrent Liabilities		**475,720,995**	468,406,402
Total Liabilities		**1,354,031,297**	1,600,495,530
Equity			
Capital stock	15	**1,184,599,231**	851,265,898
Retained earnings		**344,606,988**	477,911,689
Total Equity		**1,529,206,219**	1,329,177,587
		₱2,883,237,516	₱2,929,673,117

See accompanying Notes to Separate Financial Statements.

MRC ALLIED, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 **2025**	2024
COSTS AND EXPENSES	12	**₱88,742,570**	₱20,614,448
FINANCE INCOME (COST)			
Interest expense and penalties	9	**(64,832,668)**	(71,111,126)
Interest income		**169**	157
		(64,832,499)	(71,110,969)
OTHER INCOME			
Gain on fair value changes of investment properties	4	**22,396,500**	16,674,000
Consultancy income	10	**6,094,891**	8,495,698
Recovery of cost	11	**–**	67,000,000
		28,491,391	92,169,698
INCOME (LOSS) BEFORE INCOME TAX		**(125,083,678)**	444,281
PROVISION FOR INCOME TAX	14		
Current		**121,898**	169,914
Deferred		**5,599,125**	4,168,500
		5,721,023	4,338,414
NET LOSS		**(130,804,701)**	(3,894,133)
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE LOSS		**(₱130,804,701)**	(₱3,894,133)

See accompanying Notes to Separate Financial Statements.

MRC ALLIED, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31	
	Note	**2025**	2024
CAPITAL STOCK	15		
Balance at beginning of year		**₱851,265,898**	₱851,265,898
Issuance		**333,333,333**	–
Balance at end of year		**1,184,599,231**	851,265,898
RETAINED EARNINGS			
Balance at beginning of year		**477,911,689**	481,805,822
Net loss		**(130,804,701)**	(3,894,133)
Stock issuance cost	15	**(2,500,000)**	–
Balance at end of year		**344,606,988**	477,911,689
		₱1,529,206,219	₱1,329,177,587

See accompanying Notes to Separate Financial Statements.

MRC ALLIED, INC.

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		**(₱125,083,678)**	₱444,281
Adjustments for:			
Provision for impairment on investment in a subsidiary	7	**68,405,952**	–
Interest expense and penalties	9	**64,832,668**	71,111,126
Gain on fair value changes of investment properties	4	**(22,396,500)**	(16,674,000)
Depreciation	6	**2,439,139**	2,439,139
Retirement benefits expense	13	**1,715,468**	1,605,383
Interest income		**(169)**	(157)
Recovery of costs	11	**–**	(67,000,000)
Operating loss before working capital changes		**(10,087,120)**	(8,074,228)
Decrease in other current assets		**555,314**	845,659
Increase in accrued and other payables		**1,200,733**	1,471,741
Net cash used for operations		**(8,331,073)**	(5,756,828)
Income tax paid		**(121,898)**	(169,914)
Interest received		**169**	157
Net cash used in operating activities		**(8,452,802)**	(5,926,585)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances made to related parties	10	**(2,279,027)**	(4,719,763)
Proceeds from recovery of costs	11	**–**	67,000,000
Net cash provided by (used in) investing activities		**(2,279,027)**	62,280,237
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Issuance of capital stock	15	**333,333,333**	–
Due to related parties		**–**	10,784,389
Payments for:			
Due to related parties		**(319,812,227)**	(67,000,000)
Stock issuance cost	15	**(2,500,000)**	–
Net cash provided by (used in) financing activities		**11,021,106**	(56,215,611)
NET INCREASE IN CASH IN BANKS		**289,277**	138,041
CASH IN BANKS AT BEGINNING OF YEAR		**481,357**	343,316
CASH IN BANKS AT END OF YEAR		**₱770,634**	₱481,357
NONCASH FINANCIAL INFORMATION			
Reclassification of asset held for sale to exploration and evaluation assets	11	**₱–**	₱231,496,991
Additions to property and equipment paid by a related party	6	**–**	10,631,408

See accompanying Notes to Separate Financial Statements.

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. **Corporate Information**

General Information
MRC Allied, Inc. (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 28, 1990. Its shares are publicly traded in the Philippine Stock Exchange (PSE). The Company is primarily engaged in the business of a holding company, and for that purpose either in the name of the Company or in the name of any other company.

The Company's registered principal business address is 4th Floor Spirit of Communications Center, 106 Carlos Palanca St., Legazpi Village, Makati City.

On August 7, 2025, the Company executed a Subscription Agreement wherein Asian Appraisal Holdings, Inc. (AAHI) subscribed to 333,333,333 unissued common shares of Company by way of the private placement at ₱1.00 per share.

As a result of the subscription and issuance, AAHI became the single major stockholder of the Company with 28.14% ownership. The ownership of Menlo Capital Corporation (MCC), the previous Ultimate Parent Company, was reduced as at December 31, 2025 and thereby losing control of the Parent Company.

On January 16, 2026, another private placement for 315,000,000 unissued shares of the Company to a new group of investors was approved by the Board of Directors (BOD).

The Company's subsidiaries which were incorporated and domiciled in the Philippines are as follows:

	Year of Incorporation	Nature of Business	% of Ownership
Menlo Renewable Energy Corporation (MREN)	2015	Renewable energy	100
MRC Tampakan Mining Corporation (MRC Tampakan)	2011	Mining	100
MRC Surigao Mines, Inc. (MRC Surigao)	2011	Mining	100
Makrubber Corporation (Makrubber)	1990	Processing and export of natural rubber products	100

MREN and Makrubber ceased commercial operations in 2023 and 2011, respectively.

MRC Tampakan and MRC Surigao have not yet started commercial operations. MREN has a capitalization of ₱35.0 million, while MRC Surigao and MRC Tampakan have a capitalization of ₱5.0 million each.

Shares Listing with the PSE
In 1995, the Company listed its shares with the PSE. On May 19, 2021, the Company has obtained the approval of the PSE for the additional listing of 4,387,658,975 shares owned by MCC with listing date of August 13, 2021.

The total shares of the Company owned by the public represent 71.78% and 82.04% of the total shares issued and outstanding as at December 31, 2025 and 2024, respectively.

Status of Operations

As at December 31, 2025 and 2024, the Company has no significant revenue-generating activity. The Company also incurred significant expenses as it continues to explore and develop potential business ventures. The Company's current liabilities exceeded its current assets by ₱833.2 million and ₱1,089.0 million as at December 31, 2025 and 2024, respectively.

Moreover, the Mines and Geosciences Bureau (MGB) denied the Company's applications for exploration permit because of its failure to comply with documentary requirements within the specified period. The Company has been persistent in obtaining the required documents, however, because of circumstances beyond the Company's control, the required documents are still pending as at the date of the approval of the separate financial statements. The Company has submitted an appeal to the MGB and is still pending resolution as of reporting date.

These factors indicate material uncertainty on the Company's ability to continue as a going concern.

The Company, however, has investment properties in Naga City, Cebu and San Isidro, Leyte with aggregate carrying amount of ₱2,304.8 million as at December 31, 2025 which the Company held for capital appreciation and intends to develop through joint venture with property developers (see Note 4).

The Company's business ventures and corporate initiatives are as follows:

a. The Company 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 7). The power generated from this project is currently being sold to Wholesale Electricity Spot Market (WESM). As at the date of the approval of the separate financial statements, the Company is actively assisting SEPALCO in its ongoing negotiations with potential investors to develop 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. The 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 Company gets the documentary requirements, the Company 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 stock is intended to support the aforementioned business plans.

The Company's stockholders have continued to provide financial support to sustain Company's operations and to meet its maturing obligations. Due to related parties has aggregated ₱266.0 million and ₱551.6 million as at December 31, 2025 and 2024, respectively (see Note 10).

Accordingly, the Company continues to prepare its separate financial statements on a going concern basis.

Approval of the Separate Financial Statements

The separate financial statements as at December 31, 2025 and 2024, and for the years ended December 31, 2025 and 2024 were approved and authorized for issuance by the BOD, as approved and endorsed by the Audit Committee, on April 1, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The separate 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 material accounting policy information adopted are consistent with those of the previous years, except as otherwise stated.

The Company also prepares and issues consolidated financial statements which are available for public use. The consolidated financial statements can be obtained at the Company's registered office address and at the SEC.

Measurement Bases

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

The separate financial statements of the Company have been prepared under the historical cost basis, except for investment properties and financial asset 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 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 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 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 separate 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 separate 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 date.

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 as explained above.

Further information about the assumptions made in measuring fair values is included in the Notes 4 and 16 to the separate financial statements.

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 separate 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 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 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.

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

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate 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, are 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 Company 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 Company 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 Company determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Company 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 Company's business model and its contractual cash flow characteristics.

The Company 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 Company's cash in banks and due from related parties are classified under this category.

Financial Assets at FVOCI. For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above 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 Company designated its unquoted investment in equity securities as financial assets 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 Company 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 through the amortization process.

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

Reclassification

The Company 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 the difference between the previous amortized cost of the financial asset and fair value is recognized in 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 Company 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 Company 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 Company 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 Company 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 Company 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 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 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 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.

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 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 Company 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 separate 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 separate 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 Company; 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 Company 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.

<u>Other Current Assets</u>
Other current assets consist of input value-added tax (VAT), deposits and creditable withholding taxes (CWT).

Input VAT. Input VAT represents tax imposed on the Company by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Company's current VAT liability.

Deposits. Deposits represent payments made in relation to the lease entered into by the Company. 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 represent taxes withheld by the Company'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 Company's income tax liability.

Investments in Subsidiaries

The Company’s investments in subsidiaries are accounted for at cost less impairment in value, if any. Subsidiaries are entities over which the Company has the power over 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. The reporting dates of the subsidiaries of the Company are identical and the subsidiaries’ accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

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 the 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 separate statements of comprehensive income 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 are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the property and equipment 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 normally charged to profit or loss in the year such 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 costs 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 is 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 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 are removed from the accounts and any resulting gain or loss is recognized in the separate statements of comprehensive income.

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

Fully depreciated property and equipment are retained in the accounts until these are no longer in use and no further depreciation is charged to current operations.

Exploration and Evaluation Assets

Exploration and evaluation assets represent the Company'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 value 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 separate 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 is measured at par value for all shares issued.

Retained Earnings
Retained earnings represent cumulative balance of the Company's results of operations net of stock issuance cost. Retained earnings also include the effect of any remeasurement gains or losses on retirement liability.

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 Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

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

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

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

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 separate 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.

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

<u>Leases</u>

At inception of a contract, the Company 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 a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16, *Leases*.

Company as a Lessee. The Company 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.

<u>Employee Benefits</u>

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic salary, 13^{th} 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 Company has an unfunded, non-contributory, 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 Company recognizes service costs, comprising of current service costs and interest expense in separate statements of comprehensive income. Interest is calculated by applying the discount rate to the retirement liability.

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. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability pertains to the present value of the retirement liability.

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

<u>Income Taxes</u>

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 rate 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 value 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 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 sufficient future 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 future 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 sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate 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 offset 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

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, by owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) key management personnel, directors or its stockholders.

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 Company’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 Company’s total assets. Details of transactions entered into by the Company with related parties are reviewed in accordance with the Company’s related party transactions policy.

Provisions
Provisions, if any, 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. Where the Company 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 separate 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 liabilities are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to separate 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 Company's separate financial statements at the end of the reporting period (adjusting events) are reflected in the separate financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to separate financial statements when material.

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3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of separate financial statements require management to exercise judgments, make accounting estimates and assumptions that affect the application of accounting principles and amounts reported in the separate financial statements and related notes. The judgments and accounting estimates used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments
The critical judgment, apart from those involving estimations, that the management has made and that have the most significant effect on the amounts recognized in the separate financial statements are discussed below.

Assessing the Ability of the Company to Continue as a Going Concern. As disclosed in Note 1, the Company has no significant revenue generating activity and has been incurring significant expenses as it continues to explore and develop potential business ventures. As at December 31, 2025 and 2024, the Company's current liabilities also exceeded its current assets by ₱833.2 million and ₱1,089.0 million, respectively.

Moreover, the MGB denied the Company's applications for exploration permit because of its failure to comply with documentary requirements within the specified period. The Company has been persistent in obtaining the required documents, however, because of circumstances beyond the Company's control, the required documents are still pending as at the date of the approval of the separate financial statements. The Company has submitted an appeal to the MGB and is still pending resolution as of reporting date.

With the Company's investment ventures and corporate initiatives as discussed in Note 1, investment properties with fair value aggregating ₱2,304.8 million as at December 31, 2025 and the stockholders' continuing financial support to sustain the Company's operations, management has assessed that the Company has the ability to continue to operate on a going concern basis.

Assessing Control and Ownership over Investment Properties. As discussed in Note 4, the Company, has 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 Company and/or Tax Declarations and without any certificates of titles in the Company's name) and a 700-hectare land in San Isidro, Leyte (covered by Transfer Certificates of Title) with carrying amounts of ₱1,297.0 million and ₱1,007.8 million, respectively, as at December 31, 2025. Management has assessed that the Company has control over these properties based on the practical ability to control and direct the use of these assets. The Company has been exercising control and administration over these properties. The Company holds these properties for capital appreciation and intends to develop these properties through joint venture with property developers.

Determining the Highest and Best Use of Investment Properties. The Company determines the highest and best use of investment properties when measuring fair value. In making its judgment, the Company takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Company has determined that the highest and best use of the investment properties is industrial land development and forest eco-system project development for Naga City, Cebu and San Isidro, Leyte properties, respectively (see Note 4).

Classifying Property. The Company determines whether a property is classified as investment property or property and equipment:

- Investment properties comprise land and buildings that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rent income or for capital appreciation. These are real estate properties that are primarily held for capital appreciation and not intended to be sold in the ordinary course of business.

- Property and equipment are tangible items that are held for use in the production or supply of goods or services and are expected to be used for more than one period. These are owner-occupied properties which are substantially for use of the Company or in the operations.

Classifying Financial Instruments. The Company exercises judgment in classifying financial instruments in accordance with PFRS 9. The Company classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of the financial instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Company's separate statements of financial position. The Company has designated its 15% ownership in the unquoted shares of SEPALCO as financial assets at FVOCI (see Note 7).

Classifying Lease Commitments - Company as a Lessee. The Company has entered into a lease agreement for its office space for a period of one year and renewable upon the mutual consent of both parties. The Company elected not to recognize right-of-use (ROU) assets and lease liability for short-term leases. Consequently, the Company recognizes the lease payments associated with this agreement as an expense on a straight-line basis over the lease term (see Note 11).

Assessing Legal Contingencies. The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

As at December 31, 2025 and 2024, the Company is involved in litigations and claims, which arise in the normal course of business. The estimate of the probable costs for the resolution of possible claims has been developed in consultation with legal counsel handling the Company's defense in these matters and is based upon an analysis of potential results. As allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, the Company is not required to disclose information that may prejudice the position of the Company on the subject matter of the provision (see Note 8).

Estimates and Assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining the Fair Value of Investment Properties. The Company uses the fair value model of accounting for investment properties. The fair values are determined by an independent appraiser.

The value of the investment properties was arrived at using the Sales Comparison Approach which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

In valuing the Company's investment properties, records of recent sales and offerings of similar lands are analyzed and comparisons were made for company-specific factors, such as size, characteristics of the lot, location, quality and prospective use. Although these inputs are subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions. Estimated fair value may vary from the actual price that would be achieved in an arm's length transaction at the reporting date.

The carrying amounts of investment properties as at December 31, 2025 and 2024 are disclosed in Note 4.

Determining the Fair Value of Financial Asset at FVOCI. Management has assessed that the fair value of the financial asset at FVOCI approximates its cost. The fair value information and carrying amounts of the financial asset at FVOCI as at December 31, 2025 and 2024 are disclosed in Note 7.

Estimating Provision for ECL on Financial Assets at Amortized Cost. The Company measures the loss allowance for a financial asset at amortized cost at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information, including that which is forward-looking. For financial instruments for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

No allowance for ECL on financial assets at amortized cost was recognized in 2025 and 2024. Cash in banks amounted to ₱0.8 million and ₱0.5 million as at December 31, 2025 and 2024, respectively.

Estimating Useful Lives of Property and Equipment. The Company estimates the useful life of each property and equipment based on the period over which the property and equipment are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of the property and equipment in 2025 and 2024. The carrying amount of the Company's property and equipment is disclosed in Note 6.

Assessing the Impairment of Nonfinancial Assets. The Company determines whether an asset is impaired when indication exists, or when an annual impairment testing for an asset is required. Determining the fair value of these assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the Company to make estimates and assumptions that can materially affect the separate 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 Company's separate financial position and financial performance. 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.

No provision for impairment losses was recognized on nonfinancial assets in 2025 and 2024.

The carrying amounts of nonfinancial assets as at December 31, 2025 and 2024, are disclosed in Notes 4, 5, 6 and 11.

Assessing Impairment on Investment in Subsidiaries. The Company assesses any impairment on its investment in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Indicators such as significant decline in market value and significant negative industry or economic trends are considered by the Company in deciding when to perform impairment review.

The provision for impairment loss on investment in subsidiaries in 2025 and 2024 are disclosed in Note 7.

The carrying amounts of investment in subsidiaries as at December 31, 2025 and 2024 are disclosed in Note 7.

Assessing Recoverability of Exploration and Evaluation Assets. The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether the future economic benefits are likely, based on assumptions made and may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the separate statements of comprehensive income in the period when the new information becomes available. The Company reviews the carrying amounts of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable values and exceed their fair values.

The mining sites have ongoing applications for exploration permits (EP) with the MGB. However, the MGB denied the EP applications because of a failure to comply with documentary requirements within the specified period. Pursuant to MGB's guidelines and procedures, the Company filed a Motion for Reconsideration (MR) to reverse the denial. The Company has been persistent in obtaining the required documents, however, because of circumstances beyond the Company's control, the required document is still pending as at the date of the approval of the separate financial statements. The Company has submitted an appeal to the MGB which is still pending as of reporting date.

Management and its legal counsel believe that as soon as the Company get the documentary requirements, the Company can obtain the necessary clearance for the MGB approval.

The fair market value of the exploration and evaluation assets based on independent engineer's valuation is higher than its carrying value.

The carrying amount of exploration and evaluation assets are disclosed in Note 11.

Determining the Retirement Liability. The determination of obligation and cost for provision for retirement benefits is dependent on the selection of certain assumptions, notwithstanding the simplification in estimating retirement liability. While the Company believes that the assumption is reasonable and appropriate, significant differences in the actual experience or significant changes in the assumption may materially affect the retirement liability.

The Company did not obtain an actuarial valuation as at December 31, 2025 and 2024 because the Company believes that the difference between the retirement liability as determined by an actuarial valuation and retirement liability recorded is not significant.

The carrying amounts of retirement liability, retirement benefits expense and the significant assumptions in calculating such amounts are disclosed in Note 13.

Assessing Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of NOLCO and excess MCIT is based on the forecasted taxable income of the following reporting period. This forecast is based on the Company's past results and future expectations on revenue and expenses.

The carrying amounts of deferred income 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 assets to be utilized in the future.

Deferred tax assets were not recognized because management assessed that it may not be probable that sufficient future taxable income will be available against which the Company can utilize the benefits therefrom. The carrying amounts of unrecognized deferred tax assets as at December 31, 2025 and 2024 are disclosed in Note 14.

4. Investment Properties

This account pertains to the real estate 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 Company and/or Tax Declarations and without any certificates of titles in the Company's name) and a 700-hectare land in San Isidro, Leyte (covered by Transfer Certificates of Title).

Details and movements in this account follows:

	2025		
	Naga City, Cebu	**San Isidro, Leyte**	**Total**
Cost	**₱203,547,668**	**₱359,257,715**	**₱562,805,383**
Cumulative Changes in Fair Value			
Balance at beginning of year	**1,093,446,804**	**626,171,785**	**1,719,618,589**
Gain on fair value changes	**–**	**22,396,500**	**22,396,500**
Balance at end of year	**1,093,446,804**	**648,568,285**	**1,742,015,089**
Carrying Amount	**₱1,296,994,472**	**₱1,007,826,000**	**₱2,304,820,472**

	2024		
	Naga City, Cebu	San Isidro, Leyte	Total
Cost	₱203,547,668	₱359,257,715	₱562,805,383
Cumulative Changes in Fair Value			
Balance at beginning of year	1,076,772,804	626,171,785	1,702,944,589
Gain on fair value changes	16,674,000	–	16,674,000
Balance at end of year	1,093,446,804	626,171,785	1,719,618,589
Carrying Amount	₱1,296,994,472	₱985,429,500	₱2,282,423,972

About 182 hectares of the properties in Naga City, Cebu are covered by Deeds of Absolute Sale/Assignment in favor of the Company, 82 hectares of which are covered by Tax Declarations in the name of the Company and 100 hectares are covered by Tax Declarations in the names of the original owners. The remaining 10 hectares are covered by Tax Declaration in the names of the original owners but are not covered by Deeds of Assignment/Sale. These properties are not yet covered by Transfer Certificates of Title and are not registered in the Company's name as the title to these properties are still in the names of the assignors or previous owners. The Company, however, has maintained actual, open, continuous, exclusive, notorious, and uninterrupted possession of the properties. Any person who questions the Company ownership over these properties will have to show by preponderance of evidence that they have a greater claim over the Company. Moreover, the Company has been exercising control and administration over these properties, including the right to dispose the same.

These properties covered by titles, deeds of absolute sale/assignment and tax declarations are held by the Company for capital appreciation and are intended to be developed through joint venture with property developers. As at December 31, 2025, the Company has no contractual obligations related to its investment properties.

No revenue was earned and no direct operating expenses were incurred from the investment properties in 2025 and 2024.

Fair Value

The fair values of the investment properties aggregating ₱2,304.8 million and ₱2,282.4 million as at December 31, 2025 and 2024, respectively, are based on the appraisal reports dated January 27 and February 6, 2026 and March 11, 2025, respectively, as determined by an independent appraiser.

The Company determines the highest and best use of investment properties when measuring fair value. In making its judgment, the Company takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Company has determined that the highest and best use of the investment properties is industrial land development and forest eco-system project development for Naga City, Cebu and San Isidro, Leyte properties, respectively.

The fair values of the investment properties were determined using the Sales Comparison Approach which considers the sales of similar properties of related market data and establishes a value estimate by process involving comparison. Under this approach, the sales prices of comparable properties in close proximity are used in the valuation of the subject property with adjustments made on the price for differences in the key attributes such as property size, zoning and accessibility.

The fair values were categorized as level 2 (significant unobservable inputs) and the significant unobservable input used in determining values is discussed as follows:

	2025	2024
Price per square meter	**₱150 to ₱4,500**	₱150 to ₱4,500
Value adjustments	**(70%) to 25%**	(75%) to 10%

Price per square meter pertains to the estimated value prevailing in the real estate market depending on the location, area and time element. Value adjustments are adjustments made to bring the comparative values in approximation to the properties taking into account internal factors such as marketability, location, terrain, size, shape and development.

Sensitivity Analysis. The following factors were considered in determining the market value of the subject property:

- property location and neighborhood data;
- present uses of the properties are industrial (Naga City, Cebu) and residential/agricultural (San Isidro, Leyte);
- quantitative market value adjustments based on internal factors; and
- highest and best use (industrial and residential/agricultural)

Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

As at December 31, 2025 and 2024, there were no transfers between levels in the fair value hierarchy.

5. **Other Current Assets**

This account consists of:

	Note	2025	2024
Input VAT		**₱4,284,699**	₱4,840,013
Deposits	11	**210,100**	210,100
CWT		**32,605**	32,605
		₱4,527,404	₱5,082,718

6. **Property and Equipment**

Details and movements in this account follow:

	2025		
	Transportation Equipment	**Furniture, Fixtures and Equipment**	**Total**
Cost	**₱12,892,118**	**₱2,438,073**	**₱15,330,191**
Accumulated Depreciation			
Balances at beginning year	**3,917,706**	**2,438,073**	**6,355,779**
Depreciation	**2,439,139**	**–**	**2,439,139**
Balances at end year	**6,356,845**	**2,438,073**	**8,794,918**
Carrying Amounts	**₱6,535,273**	**₱–**	**₱6,535,273**

	2024		
	Transportation Equipment	Furniture, Fixtures and Equipment	Total
Cost			
Balances at beginning of year	₱2,260,710	₱2,438,073	₱4,698,783
Additions	10,631,408	–	10,631,408
Balances at end of year	12,892,118	2,438,073	15,330,191
Accumulated Depreciation			
Balances at beginning year	1,478,567	2,438,073	3,916,640
Depreciation	2,439,139	–	2,439,139
Balances at end year	3,917,706	2,438,073	6,355,779
Carrying Amounts	₱8,974,412	₱–	₱8,974,412

Fully depreciated property and equipment with cost amounting to ₱3.1 million and ₱2.4 million as at December 31, 2025 and 2024, respectively, are still being used in operations.

7. **Investments in Shares of Stock**

<u>Financial asset at FVOCI</u>

The financial asset at FVOCI amounting to ₱255.3 million is a 15% investment in the shares of stock of SEPALCO. The Company designated its investment in SEPALCO as financial asset at FVOCI because the Company intends to hold this investment for the long term and for strategic purposes.

The fair value of the financial asset at FVOCI, which was determined using the adjusted net assets approach by referring to the latest available financial information of the investee and categorized as Level 3, approximates cost as at December 31, 2025 and 2024.

There were no transfers between levels in the fair value hierarchy as at December 31, 2025 and 2024.

Investment in Subsidiaries
This account consists of:

	Note	**2025**	2024
MREN		**₱68,405,952**	₱68,405,952
MRC Tampakan		**20,000,000**	20,000,000
MRC Surigao		**20,000,000**	20,000,000
		108,405,952	108,405,952
Allowance on impairment loss	12	**(68,405,952)**	–
		₱40,000,000	₱108,405,952

MREN ceased commercial operations in 2023.

MRC Tampakan and MRC Surigao have not started commercial operations. The related subscription payable to a subsidiary amounted to ₱20.0 million as at December 31, 2025 and 2024.

The key financial information of subsidiaries follows:

	2025		
	MREN	**MRC Surigao**	**MRC Tampakan**
Current assets	**₱706,443**	**₱312,213**	**₱–**
Noncurrent assets	**–**	**2,385,001**	**–**
Current liabilities	**33,579,684**	**32,077,738**	**500,000**
Capital deficiency	**(32,873,241)**	**(29,380,524)**	**(500,000)**
Net loss	**(2,642,071)**	**(290,773)**	**–**

	2024		
	MREN	MRC Surigao	MRC Tampakan
Current assets	₱688,591	₱312,213	₱–
Noncurrent assets	–	2,675,774	–
Current liabilities	30,919,760	32,077,738	500,000
Capital deficiency	(30,231,170)	(29,089,751)	(500,000)
Net loss	(3,526,428)	–	–

8. Accrued and Other Payables

This account consists of:

	2025	2024
Provision for probable loss	**₱20,000,000**	₱20,000,000
Accrued expenses	**4,725,530**	4,807,934
Statutory payables	**2,527,148**	1,244,011
	₱27,252,678	₱26,051,945

Provision for probable loss covers probable claims from a third party. As allowed under PAS 37*,* the Company is not required to disclose information that may prejudice the Company's position.

Accrued expenses include accruals for rent and management fees.

Statutory payables include withholding taxes and payables to other regulatory agencies to be settled in the subsequent month.

9. Loan Payable

Bank loan amounting to ₱25.0 million represents unsecured, due and demandable loan from First Metro Investment Corporation at 13% annual interest that has been outstanding since February 1998. Interest expense and penalties on this loan amounted to ₱30.6 million in 2025 and ₱29.9 million in 2024.

Total interest expense and penalties consist of:

	Note	**2025**	2024
Interest from:			
Due to a related party	10	**₱34,255,750**	₱41,233,631
Loan payable		**3,249,800**	3,249,800
Penalties		**27,327,118**	26,627,695
		₱64,832,668	₱71,111,126

There were no borrowing costs capitalized in 2025 and 2024.

Accrued interest and penalties amounted to ₱560.0 million and ₱529.4 million as at December 31, 2025 and 2024, respectively.

10. **Related Party Transactions**

The Company, in the normal course of business, has transactions with its related parties.

The following summarizes the related party transactions of the Company and its outstanding balances:

	Nature of Transactions	Transactions during the Year		Outstanding Balance	
		2025	2024	**2025**	2024
Due from -					
Subsidiaries	Advances for working capital	**₱2,279,027**	₱4,719,763	**₱39,836,742**	₱37,557,715
Due to:					
Entity under common control	Advances for working capital	**₱1,608,447**	₱10,784,389	**₱19,450,789**	₱253,213,698
	Interest	**34,255,750**	41,233,631	**34,255,750**	75,417,910
	Additions to property and equipment	**–**	10,631,408	**–**	10,631,408
Stockholder	Advances	**–**	–	**212,339,557**	212,339,557
				₱266,046,096	₱551,602,573
Consultancy Income					
Entity under common control	Consultancy income	**₱6,094,891**	₱8,495,698	**₱–**	**₱–**

Terms and Conditions

Due from Subsidiaries. Outstanding balances of due from subsidiaries are unsecured, noninterest-bearing, payable on demand and are settled in cash.

Due to an Entity Under Common Control. Outstanding balances of due to a related party are unsecured, payable on demand, interest bearing at 12% annual interest and are settled in cash.

Interest expense from due to a related party amounted to ₱34.3 million and ₱41.2 million in 2025 and 2024, respectively (see Note 9).

Due to a Stockholder. Due to a stockholder is unsecured, noninterest-bearing, payable on demand and is settled in cash.

There have been no guarantees provided or received for any related party receivables and payables.

Consultancy Agreement

The Company entered into a consultancy agreement to provide consultancy services to an entity under common control.

Key Management Personnel

Management and professional fees of key management personnel of the Company are as follows:

	2025	2024
Short-term benefits	**₱2,043,000**	₱1,134,000
Retirements benefits	**189,761**	189,761
	₱2,232,761	₱1,323,761

11. **Significant Agreements**

Mines Operating Agreements (MOA)

The Company has MOA for gold and copper covering mining areas where Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC) have applications for EP or Mineral Production Sharing Agreement (MPSA) with the MGB. These are summarized as follows:

Holder	Date	Location	No. of Hectares
	November 8, 2010	Kiblawan, Davao del Sur and Columbio, Sultan Kudarat (AMC Kiblawan)	7,559.1
AMC	January 7, 2011	Marihatag, Surigao del Sur (AMC Marihatag)	3,759.3
	March 28, 2011	Boston and Cateel, Davao Oriental (PMC Boston-Cateel)	4,860.0
PMC	February 4, 2011	Paquibato, Davao City (PMC Paquibato)	593.2

Each MOA provides for, among others:

- 3% royalty on gross proceeds or gross sales of all mineral production payable 15 days after every three months commencing at the end of the first full quarter after the commencement of production; and,

- ₱2.0 million to ₱3.0 million royalty advances at every anniversary date of the MOA. However, the Company has not yet provided any royalty advances for the MOA dated March 28, 2011 due to pending exploration permits.

Moreover, the Company will assume all financial costs and expenditures and provide all technical expertise, manpower and support to AMC and PMC to get the necessary MPSA for the mining areas and to comply with the tenement requirements to bring the mining agreements into commercial mining production and operation within the earliest time possible. The agreements with the Philippine government shall always be in the name of AMC and PMC with the Company as the operator.

As at December 31, 2025 and 2024, the carrying amount of these exploration and evaluation assets consists of:

AMC Kiblawan	₱214,000,000
PMC Paquibato	17,496,991
	₱231,496,991

In consideration for the MOA dated November 8, 2010 (AMC Kiblawan) and February 4, 2011 (PMC Paquibato), MCC issued 600 million MCC shares each to AMC and PMC in 2011 equivalent to ₱464.3 million. In 2020, the Company wrote off exploration and evaluation assets of ₱232.5 million as a result of the reduction of the mining area covered by the EP for PMC Paquibato.

The Company has not yet transferred the 600 million common shares at ₱0.10 par value for the MOA dated March 28, 2011 (PMC Boston-Cateel) pending the final determination of the mining areas by PMC. The consideration for the MOA dated January 7, 2011 (AMC Marihatag), which was entered into by MRC Surigao, is subject to a separate agreement. As at the date of the approval of these separate financial statements, the Company is awaiting the lifting of the moratorium on the issuance of new mining permits by the Department of Environment and Natural Resources (DENR) to finalize the terms of the MOA.

However, the MGB denied the EP applications because of a failure to comply with documentary requirements within the specified period. Pursuant to MGB's guidelines and procedures, the Company filed a Motion for Reconsideration (MR) to reverse the denial. The Company has been persistent in obtaining the required documents, however, because of circumstances beyond the Company's control, the required document is still pending as at the date of the approval of the separate financial statements. The Company has submitted an appeal to the MGB and is still pending as at reporting date.

Due to successive moratorium and freezing actions on applications for explorations and mines operating agreements implemented by MGB and the onset of the COVID 19 Pandemic resulted to the inability of the Company to submit material documentary requirements that resulted to the denial of the previous applications for its several mining projects. The denial is without prejudice to the filing of new applications for each mining project and did not affect the Company's rights over the mining claims designated for the mining projects.

Management has given appropriate directives to authorized personnels to initiate the updating of the legal, technical and financial documentary requirements for the refiling of all applications for all its existing mining projects with the MGB. Management is certain that with the updated material documentary requirements, the new applications for explorations and mines operating agreements will be approved. The Company also has existing agreements with Indigenous Groups ensuring that only the Company can apply for exploration over mining claims covered by the mining projects. There are no duplicate applications for the same tenement under the existing EP applications.

On February 17, 2022, the Company's BOD approved to sell the exploration and evaluation assets resulting to the reclassification of these assets to 'Asset Held for Sale'. On March 10, 2022, the Company entered into a Memorandum of Agreement with a third party for the sale of the MOA for AMC Kiblawan, PMC Paquibato, PMC Boston-Cateel and AMC Marihatag for ₱750.0 million. As at December 31, 2023, the carrying values of the exploration and evaluation assets were lower than the negotiated price of the transaction. The Memorandum of Agreement did not materialize. Consequently, management has reclassified back the asset held for sale to exploration and evaluation assets.

Leases

The Company has a lease agreement with a third party for its office space for a period of one year and may be extended for another period subject to terms and conditions as may be agreed upon by both parties. Deposits on lease contract, which is refundable at the end of the lease term, amounted to ₱0.2 million as at December 31, 2025 and 2024 (see Note 5).

Rent expense amounted to ₱1.0 million and ₱1.2 million in 2025 and 2024, respectively (see Note 12).

Recovery of Cost

In 2024, the Company received ₱67.0 million from a third party as recovery of damaged property in Naga City, Cebu.

12. **Costs and Expenses**

This account consists of:

	Note	2025	2024
Provision for impairment loss on investment in a subsidiary	7	**₱68,405,952**	₱–
Salaries, wages and employee benefits		**9,624,667**	₱9,130,785
Entertainment, amusement and recreation		**3,305,629**	3,089,460
Depreciation	6	**2,439,139**	2,439,139
Management and professional fees		**2,369,630**	2,658,992
Rent	11	**993,612**	1,220,291
Communication, light and water		**806,691**	920,182
Dues and subscriptions		**349,633**	393,422
Transportation and travel		**262,510**	386,364
Supplies		**77,943**	71,750
Taxes and licenses		**13,840**	29,220
Fuel and oil		**7,453**	25,967
Others		**85,871**	248,876
		₱88,742,570	₱20,614,448

Others represent marketing, insurance, donations, service charges, security services and other miscellaneous expenses.

13. **Retirement Liability**

The Company has an unfunded, non-contributory, defined benefit retirement plan covering all of its qualified employees.

The Company did not obtain an actuarial valuation as at December 31, 2025 and 2024 because the Company believes that the difference between the retirement liability as determined by an actuarial valuation and retirement liability recorded is not significant.

The components of retirement liability recognized in the separate statements of financial position are as follow:

	2025	2024
Balance at beginning of year	**₱16,732,384**	₱15,127,001
Retirement benefits expense:		
Interest cost	**1,037,241**	927,156
Current service cost	**678,227**	678,227
Balance at end of year	**₱18,447,852**	₱16,732,384

Retirement benefits expense presented under “Salaries, wages and employee benefits” amounted to ₱1.7 million in 2025 and ₱1.6 million in 2024.

The actuarial assumptions used to determine the retirement benefits are as follows:

	2025	2024
Discount rates	**6.21%**	6.13%
Expected rates of salary increase	**10.00%**	10.00%

Sensitivity analysis based on reasonable possible changes of assumptions are as follows:

	Basis Points	**2025**	2024
Discount rate	+100	**(₱2,532,791)**	(₱2,465,890)
	-100	**2,972,520**	2,921,749
Salary rate	+100	**2,834,017**	2,782,807
	-100	**(2,472,781)**	(2,406,130)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The weighted average duration of the retirement benefit plan is 16.0 years and 17.0 years in 2025 and 2024, respectively.

The maturity analysis based on a 10-year projection of expected future benefit payments amounted to ₱3.3 million for the financial year 2025.

14. Income Taxes

The Company's provision for current income tax pertains to MCIT in 2025 and 2024.

The Company's deferred tax liabilities are as follows:

	2025	2024
Cumulative fair value gain on investment properties	**₱435,503,772**	₱429,904,647
Actuarial gain on retirement liability	**1,769,371**	1,769,371
	₱437,273,143	₱431,674,018

The Company did not recognize deferred tax assets, as it is not probable that sufficient taxable income will be available against which the benefit of the deferred tax assets can be utilized.
The components of unrecognized deferred tax assets are as follows:

	2025	2024
NOLCO	**₱47,552,580**	₱110,945,783
Provision for probable loss	**5,000,000**	5,000,000
Retirement liability	**2,842,592**	2,413,725
Excess MCIT over RCIT	**390,132**	268,234
	₱55,785,304	₱118,627,742

As at December 31, 2025, the Company has NOLCO that can be carried forward and claimed as deduction against future taxable income as follows:

Year Incurred	Beginning	Incurred	Expired	Ending	Expiry
2025	₱–	₱37,671,224	₱–	₱37,671,224	2028
2024	35,175,081	–	–	35,175,081	2027
2023	84,310,732	–	–	84,310,732	2026
2022	27,424,877	–	27,424,877	–	2025
2021	33,053,284	–	–	33,053,284	2026
2020	263,819,158	–	263,819,158	–	2025
	₱443,783,132	₱37,671,224	₱291,244,035	₱190,210,321	

Under the Republic Act No. 11494, also known as “Bayanihan to Recover As One Act” and Revenue Regulations No. 25-2020, the Company is allowed to carry-over its net operating losses incurred for taxable years 2021 and 2020 for the next five (5) years immediately following the year of such loss. NOLCO incurred for taxable year 2022 and beyond can be carried over for the next three consecutive years.

Details of excess MCIT over RCIT are as follows:

Year Incurred	Beginning	Incurred	Ending	Expiry
2025	₱–	₱121,898	₱121,898	2028
2024	169,914	–	169,914	2027
2023	98,320	–	98,320	2026
	₱268,234	₱121,898	₱390,132	

The reconciliation of income tax provision (benefit) computed using the statutory tax rates to the provision for income tax as shown in the separate statements of comprehensive income are as follows:

	2025	2024
Income tax (benefit) computed at statutory tax rate	**(₱31,270,920)**	₱111,070
Change in unrecognized deferred tax assets	**(62,842,438)**	9,365,030
Adjustments for:		
Expired NOLCO	**72,811,009**	–
Nondeductible interest expense	**8,563,948**	10,308,418
Nondeductible expense	**18,459,466**	1,303,935
Interest income subject to final tax	**(42)**	(39)
Nontaxable revenue	**–**	(16,750,000)
Income tax expense at the effective tax rate	**₱5,721,023**	₱4,338,414

Philippine Economic Zone Authority (PEZA) Registration

The Company is an ecozone developer/operator of New Cebu Township One (NCTO) and Amihan Woodlands Township (AWT) pursuant to Republic Act (RA) No. 7916 as amended by RA No. 8748. As a PEZA-registered developer/operator, the Company is subject to 5% tax on gross income of the PEZA-registered activities in lieu of all national and local taxes. As at December 31, 2025 and 2024, the Company has no PEZA-registered activities.

15. **Capital Stock**

The Company's capital stock consists of common shares with par value of ₱1.00.

As discussed in Note 1, the Board has an existing approval for the conduct of further fund-raising efforts through an increase in the Authorized Capital Stock from ₱1,500.0 million to ₱5,000.0 million. This increase will be presented for approval by the stockholders in this year's annual stockholders' meeting.

Movements in the account are as follows:

	2025		2024	
	No. of Shares	**Amount**	No. of Shares	Amount
Authorized	**1,500,000,000**	**₱1,500,000,000**	1,500,000,000	₱1,500,000,000
Subscribed, Issued and Outstanding:				
Balance at beginning of year	**851,265,898**	**₱851,265,898**	851,265,898	₱851,265,898
Issuances	**333,333,333**	**333,333,333**	–	–
Balance at end of year	**1,184,599,231**	**₱1,184,599,231**	851,265,898	₱851,265,898

On August 7, 2025, the Company executed a Subscription Agreement with AAHI for the subscription of 333,333,333 unissued common shares of the Company at ₱1.00 a share by way of the private placement. As a result, AAHI gained 28.14% ownership over the Company. The related issuance costs for the subscription of shares amounted to ₱2.5 million. Subsequently, during the special meeting on January 16, 2026, the BOD approved the additional issuance of 315,000,000 unissued common shares of the Company at ₱1.00 a share to a new group of investors.

16. **Financial Risk and Capital Management**

Financial Risk Management Objectives and Policies

The Company's financial instruments consists of cash in banks, due from related parties, loan payable, accrued interest and penalties, accrued and other payables (excluding statutory payables), due to related parties and subscription payable.

The BOD is responsible for the Company's risk management. The Company has risk management policies to identify and manage Company exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies.

Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to credit risk and liquidity risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk. Credit risk refers to the potential loss arising from any failure by counter parties to fulfill their obligations, as and when they fall due. Credit risk from balances with banks and related parties are managed by the Company's management in accordance with the policies set by the BOD. The Company's maximum exposure of credit risk is equal to the carrying amounts of the financial assets.

The table below shows the maximum exposure to credit risk for the Company's financial assets, without taking account of any collateral and other credit enhancements:

	2025	2024
Cash in banks	**₱770,634**	₱481,357
Due from related parties	**39,836,742**	37,557,715
	₱40,607,376	₱38,039,072

The tables below show the credit quality and aging analysis of the Company's financial assets as at December 31, 2025 and 2024:

	2025							
	Neither Past Due nor Impaired			**Past Due but not Impaired**				
	High Grade	**Standard Grade**	**Substandard Grade**	**1 - 30 Days**	**31 - 60 Days**	**More than 60 Days**	**Impaired**	**Total**
Cash in banks	**₱770,634**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱770,634**
Due from related parties	**–**	**39,836,742**	**–**	**–**	**–**	**–**	**–**	**39,836,742**
	₱770,634	**₱39,836,742**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱40,607,376**

	2024							
	Neither Past Due nor Impaired			Past Due but not Impaired				
	High Grade	Standard Grade	Substandard Grade	1 - 30 Days	31 - 60 Days	More than 60 Days	Impaired	Total
Cash in banks	₱481,357	₱–	₱–	₱–	₱–	₱–	₱–	₱481,357
Due from related parties	–	37,557,715	–	–	–	–	–	37,557,715
	₱481,357	₱37,557,715	₱–	₱–	₱–	₱–	₱–	₱38,039,072

The credit quality of the receivables is managed by the Company using internal credit quality ratings. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts. Financial assets that are still collectible but require persistent effort from the Company to collect are considered substandard grade accounts. Past due but not impaired are items with history of frequent default, nevertheless, the amounts are still collectible. Financial assets that are most likely uncollectible are considered as impaired.

At the reporting date, there is no significant concentration of credit risk.

Liquidity Risk. The Company's objective is to maintain a balance between continuity of funding and flexibility through availment of loan and advances from related parties. The maturity profile of the Company's financial liabilities as at December 31, 2025 and 2024 based on contractual payments follow:

	2025				
		Contractual Undiscounted Payments			
	Carrying Amounts	**On Demand**	**< 1 Year**	**1 to 5 Years**	**> 5 Years**
Loan payable	**₱25,000,000**	**₱25,000,000**	**₱–**	**₱–**	**₱–**
Accrued interest and penalties	**560,011,528**	**560,011,528**	**–**	**–**	**–**
Accrued and other payables*	**24,725,530**	**–**	**24,725,530**	**–**	**–**
Subscription payable	**20,000,000**	**–**	**–**	**20,000,000**	**–**
Due to related parties	**266,046,096**	**266,046,096**	**–**	**–**	**–**
	₱895,783,154	**₱851,057,624**	**₱24,725,530**	**₱20,000,000**	**₱–**

**Excluding statutory payables*

	2024				
		Contractual Undiscounted Payments			
	Carrying Amounts	On Demand	< 1 Year	1 to 5 Years	> 5 Years
Loan payable	₱25,000,000	₱25,000,000	₱–	₱–	₱–
Accrued interest and penalties	529,434,610	529,434,610	–	–	–
Accrued and other payables*	24,807,934	–	24,807,934	–	–
Subscription payable	20,000,000	–	–	20,000,000	–
Due to related parties	551,602,573	551,602,573	–	–	–
	₱1,150,845,117	₱1,106,037,183	₱24,807,934	₱20,000,000	₱–

**Excluding statutory payables*

The reconciliation of due to related parties and loan payable with cash flows from financing activities is presented below:

		Cash changes	**Noncash changes**		
	2024	**Net cash outflows from financing activities**	**Additions**	**Interest and other financing charges**	**2025**
Due to related parties	**₱551,602,573**	**(₱319,812,227)**	**₱–**	**₱34,255,750**	**₱266,046,096**
Loan payable	**25,000,000**	**–**	**–**	**–**	**25,000,000**
	₱576,602,573	**(₱319,812,227)**	**₱–**	**₱34,255,750**	**₱291,046,096**

		Cash changes	Noncash changes		
	2023	Net cash outflows from financing activities	Additions	Interest and other financing charges	2024
Due to related parties	₱555,953,145	(₱56,215,611)	₱10,631,408	₱41,233,631	₱551,602,573
Loan payable	25,000,000	–	–	–	25,000,000
	₱580,953,145	(₱56,215,611)	₱10,631,408	₱41,233,631	₱576,602,573

Capital Management

The primary objective of the Company's capital management is to ensure that the Company maintains strong credit ratings and healthy capital ratios in order to support its operations, pay existing obligations and maximize stockholder value. The Company considers the paid-in capital presented in the separate statements of financial position as its core capital.

The Company manages its capital structure and makes adjustments to it based on changes in economic conditions. To maintain or adjust the capital structure, the Company may obtain additional advances from related parties, return capital to stockholders or issue new shares. No changes were made in the objectives, policies and processes in 2025 and 2024. The Company is not subject to externally imposed capital requirements.

As discussed in Note 1, the Company is continuously undertaking specific actions to improve operations, including restructuring and settlement of outstanding loans, and communication with prospective investors which are part of the Company's policies and processes in managing its capital.

The Company's debt-to-equity ratio as at December 31 are shown below:

	2025	2024
Total liabilities	**₱1,354,031,297**	₱1,600,495,530
Total equity	**1,529,206,219**	1,329,177,587
	0.89:1	1.20:1

Fair Value
The table below presents the financial assets and liabilities of the Company as at December 31 whose carrying amounts approximate their fair values due to short-term and demandable nature of these financial instruments:

	2025		2024	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets:				
Cash in banks	**₱770,634**	**₱770,634**	₱481,357	₱481,357
Due from related parties	**39,836,742**	**39,836,742**	37,557,715	37,557,715
Financial assets at FVOCI	**255,250,000**	**255,250,000**	255,250,000	255,250,000
	₱295,857,376	**₱295,857,376**	₱293,289,072	₱293,289,072
Financial liabilities:				
Loan payable	**₱25,000,000**	**₱25,000,000**	₱25,000,000	₱25,000,000
Accrued interest and penalties	**560,011,528**	**560,011,528**	529,434,610	529,434,610
Accrued and other payables*	**24,725,530**	**24,725,530**	24,807,934	24,807,934
Subscription payable	**20,000,000**	**20,000,000**	20,000,000	20,000,000
Due to related parties	**266,046,096**	**266,046,096**	551,602,573	551,602,573
	₱895,783,154	**₱895,783,154**	₱1,150,845,117	₱1,150,845,117

**Excluding statutory payables*

Cash in banks, Due from and to related parties, Loan payable, Accrued interest and penalties, Accrued and other payables (excluding statutory payables) and Subscription payable. Carrying amounts approximate the fair values at reporting dates due to the short-term maturities and demand feature of these financial instruments.

Financial assets at FVOCI. The estimated fair value was determined using the adjusted net assets approach (Level 3).

17. **Supplementary Information Required by Bureau of Internal Revenue (BIR) Under Revenue Regulations No. 15-2010**

The information for 2025 required by the above regulations is presented below.

Output VAT

Output VAT declared by the Company for the year ended December 31, 2025 and the revenues upon which the same was based consist of:

	Gross Amount	Output VAT
Revenue from consultancy services	₱6,094,891	₱731,386
Input VAT claimed against output VAT		(731,386)
Balance at end of year		₱–

Input VAT

Movements in the Company's input VAT for the year ended December 31, 2025 follow:

Beginning balance	₱4,840,013
Add: Current year's domestic purchases payments for:	
Domestic purchases of goods other than capital goods	127,160
Domestic purchase of services	48,912
Total available input VAT	5,016,085
Application of input VAT against output VAT	(731,386)
Balance at end of year	₱4,284,699

Withholding Taxes

The Company has neither paid nor accrued withholding taxes for the year ended December 31, 2025.

All Other Local Taxes

The Company paid business permits and licenses amounting to ₱13,840 for the year ended December 31, 2025. These are presented under "Taxes and licenses" in "Cost and Expenses" account in the separate statements of comprehensive income.

Tax Assessment and Cases

As at December 31, 2025, the Company has ongoing tax assessment on all internal revenue taxes for the taxable year 2024.

MRC ALLIED
A Member of the Philippine Stock Exchange

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of MRC Allied, Inc. (the Company) is responsible for the preparation and fair presentation of the separate 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 separate 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 but to do so.

The Board of Directors is responsible in overseeing the Company's financial reporting process.

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Jimmy T. Yaokasin Jr.
Chairman of the Board

Augusto M. Cosio Jr.
President & Chief Executive Officer

Bernardo D. Rabanzo
Chief Admin and Finance Officer

Signed this April 1, 2026.

APR 1 4 2026 SUBSCRIBED AND SWORN TO before me this ____ day of ________, ___ at PASIG CITY, M.M. Philippines. Affiant(s) exhibited to me his/her/their competent evidence of identity as shown below his/her/their name(s) and signature and attested of the foregoing statements.

Doc No. 107 ;
Page No. 23 ;
Book No. IV ;
Series of 2026.

ATTY. MEL LOISE M. DELMORO
Notary Public for Pasig City and Pateros
Until 31 December 2026
Appointment No. 143 (2025-2026)
3rd Floor, Strata 2000 Bldg, Ortigas, Pasig City
Roll of Attorney's No. 79586
IBP No.: 586215/ 01-05-2026/Cavite
PTR No.: 3945086/ 01-06-2026 / Pasig City
MCLE Compliance No. VIII-0024697 issued on 03/21/2025