



MSRD - Processing of Information Statement (Form 20-IS) for Publicly Listed Companies (PLC) and Registered Issuers of Securities

#SEC-121420

Basic Ticket Information

Ticket Status: Open
Department: MSRD - SRD
Create Date: 6/10/26 12:22 PM

User Information

Name: Nestor Romulo
Email: metro.alliance@yahoo.com
Phone:

Processing of Information Statement (Form 20-IS) for Publicly Listed Companies (PLC) and Registered Issuers of Securities

Company Name : Metro Alliance Holdings & Equities Corp.

SEC Registration No.: PW00000296

Details of Request :

Submission of Preliminary Information Statement (PIS) and other documents for review by the assigned MSRD Analyst in connection with the company's Annual Stockholders' Meeting on July 21, 2026, Tuesday at 10:00 AM via remote communication. Publication of Notice of ASM both in print and online by two (2) publication of general circulation will be on June 24-25, 2026. In lieu of the Affidavit of Publication, we hereby submit copies of contract with our publishers. We will submit as such after the publication dates.

Region: NATIONAL CAPITAL REGION (NCR)

Province: METRO MANILA

City/Municipality: CITY OF PASIG

What is your official email address as required under MC 28? : metro.alliance@yahoo.com

SEC Form 20-IS and Annexes: MAH Preliminary 20-IS_10June2026.pdf
SEC 17-C Metro Alliance - Setting the Date of 2026 ASM_10Jun2026.pdf

Letter to SEC - Permission to Distribute DIS via Website & PSE
Edge.pdf

SEC 2026 Notice-re-Alternative-Mode-of-Distribution-of-Notice-and-
ASM-Materials.pdf

MAHEC - Approved Quotation - June 24-25 2026 (Business Mirror).pdf

MAHEC - Approved Quotation - June 24-25 2026 (Daily Tribune).pdf

2025 Minutes of Meeting - Annual Stockholders' Meeting).pdf

2025 Minutes of Meeting - Organizational Meeting of BOD.pdf

Created by



NESTOR ROMULO 6/10/26 12:22 PM

Certification

I, Annabelle T. Abunda, Finance and Compliance Officer of Metro Alliance Holdings & Equities Corp., with SEC registration number 296 with principal office at 35th Flr. One Corporate Center, Doña Julia Vargas, cor. Meralco Ave., Ortigas Center, Pasig City, on oath state:

- 1) That on behalf of Metro Alliance Holdings & Equities Corp., I have caused this Preliminary Information Statement (PIS) SEC Form IS-20 to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company, Metro Alliance Holdings & Equities Corp., will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

JUN 10 2026

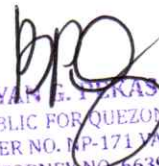
IN WITNESS WHEREOF, I have hereto set my hands this _____ day of _____, 2026.



Annabelle T. Abunda
Affiant
TIN: 205-231-659

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2026.

NOTARY PUBLIC



ATTY. BRYAN E. PARAS
NOTARY PUBLIC FOR QUEZON CITY
ADM. MATTER NO. MP-171 VALID UNTIL DEC. 31, 2026
ROLL OF ATTORNEY NO. 66393/TIN 289-467 753
IRP NO. 576803 DECEMBER 30, 2025 QUEZON CITY
MCLE NO. VIII-0013094, VALID UNTIL 31/APR/2028
PTR NO. 10438501, JANUARY 5, 2026, MARIKINA CITY
603 EDSA DIAMOND FINANCE, CUBAO, Q.C.

DOC NO. 452
PAGE No. 91
BOOK No. XVII
SERIES OF 2026

COVER SHEET

P	W	0	0	0	0	0	2	9	6
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SEC Registration No.

M	E	T	R	O		A	L	L	I	A	N	C	E		H	O	L	D	I	N	G	S		&					
E	Q	U	I	T	I	E	S		C	O	R	P.		&		S	U	B	S	I	D	I	A	R	I	E	S		

(Company's Full Name)

3	5	T	H		F	L	R.		O	N	E		C	O	R	P	O	R	A	T	E		C	E	N	T	R	E	
D	O	N	A		J	U	L	I	A		V	A	R	G	A	S		C	O	R.		M	E	R	A	L	C	O	
A	V	E.		O	R	T	I	G	A	S		C	E	N	T	E	R,		P	A	S	I	G		C	I	T	Y	

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

Atty. Nestor S. Romulo

Contact Person

(632) 8706-7888

Contact Telephone No./Fax No.

1	2
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3	1
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			2	0	-	I	S			
P	R	E	L	I	M	I	N	A	R	Y

Every 3rd Tuesday of July

Fiscal Year

FORM TYPE

Month Day

Annual Meeting

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Secondary License Type, If Applicable

M	S	R	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

813

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

20-IS Preliminary Report: MAHEC
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	Page
Notice to Stockholders	4
Proxy Form	5
Information Statement	6-28
Certificates of Independent Director and Secretary Certificate	29-32
Management Report	33-79
Audited Financial Statements, Independent Auditor's Report and Audit Report on Additional Components of the Financial Statements for the year ended December 31, 2025	79-161
<ul style="list-style-type: none"> • Statement of Management's Responsibility for Financial Statements • Independent Auditor's Report • Statements of Financial Position • Statements of Comprehensive Income • Statements of Changes in Equity • Statements of Cash Flows • Notes to Company Financial Statements • Audit Report of Additional Components of the Financial Statements • Appendices and Supplementary Schedules 	
Financial Statements for the Quarter Ended March 31, 2026 and 2025	162-228
<ul style="list-style-type: none"> • Statements of Financial Position • Statements of Comprehensive Income • Statements of Changes in Equity • Statements of Cash Flows • Notes to Company Financial Statements • Appendix 	



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be advised that the annual meeting of the stockholders of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION** (the "Corporation"), in accordance to SEC Memorandum Circular No. 6, Series of 2020 will be held on **Tuesday, July 21, 2026 at 10:00 a.m.** and the meeting will be conducted virtually via secure online meeting (zoom application) platform to pass upon the matters:

1. Call to Order;
2. Certification of Notice and Quorum;
3. Approval of the Minutes of the Annual Meeting of Stockholders held on July 15, 2025;
4. Report of the President
5. Presentation and approval of the Annual Financial Statements 2025;
6. Ratifications of all the actions and proceedings taken by the Board of Directors, Committees and Corporate Officers;
7. Election of the Members of the Board of Directors;
8. Appointment of External Auditor;
9. Other business/matters; and
10. Adjournment.


The record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is **June 26, 2026**. The stock and transfer book will be closed from **June 27 to July 21, 2026**.

PARTICIPATION ONLY VIA REMOTECOMMUNICATION. Stockholders can only participate in the meeting by remote communication on **July 21, 2026**. Stockholders as of **June 26, 2026**, the Record Date, who intend to participate or be represented in the virtual annual stockholders meeting may register by notifying the Corporation by email at metroalliance.ASM@gmail.com not later than July 17, 2026 and shall first submit a copy of proof of identity, ownership and other certification/information for validation purposes and/or duly accomplished proxy instrument for a representative to the virtual meeting, if applicable. After validation, the stockholder shall thereafter receive an email confirmation and details with link to log in and view the annual stockholders' meeting 2026 of the recorded schedule.

VOTES MAY BE CAST ONLY THROUGH ONLINE CASTING OF VOTES/PROXIES ON OR BEFORE **July 17, 2026** (at 5:00P.M.). Stockholders whose shareholdings are lodged with the Philippine Central Depository are reminded to secure a certification of your shareholdings from your respective stockbrokers.

WE ARE NOT SOLICITING YOUR PROXY.

Pasig City, Philippines, June 10, 2026


ATTY. NESTOR S. ROMULO
Corporate Secretary
35 Floor, One Corporate Center, Dona Julia Vargas Ave.,
cor Meralco Ave., Ortigas Center, Pasig City

Note: Electronic copy of Information Statement, SEC Form 17-A and other pertinent documents are available on the Company's website (www.metroalliance.com) and PSE Edge portal

BALLOT / PROXY FORM

Please mark as applicable:

Vote By Ballot: The undersigned stockholder of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION** (the “Company”) casts his/her vote on the agenda items for the Annual Meeting of Stockholders on **July 21, 2026**.

Vote By Proxy: The undersigned, stockholder of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION** (the “Company”), do hereby constitutes and appoints _____, or in his/her absence, the Chairman of the meeting, as attorney-in-fact and proxy, with the power of substitution, to represent and vote upon _____ shares registered in the name of undersigned stockholder, at the Annual Meeting of Stockholders on **July 21, 2026** and any of its adjournment(s). If I fail to indicate my vote on the items specified below, my proxy shall vote in accordance with the recommendation of Management. Management recommends a “FOR ALL” vote for proposal 6, and a “FOR” vote for proposals 1 through 5.*

ITEM NO.	SUBJECT MATTER	ACTION		
		Yes	No	Abstain
1	• Approval of Minutes of Previous Meeting held on July 15, 2025			
2	• Approval of Annual Financial Statements as of December 31, 2025			
3	• Ratification of all acts and resolutions of the Board of Directors and Management adopted during the preceding year.			
4	<ul style="list-style-type: none"> Election of Directors <p>*All nominees listed below: Elvira A. Ting Hanniel T. Ngo Lamberto B. Mercado, Jr. Aristeo R. Cruz Nestor S. Romulo Josaias T. Dela Cruz (<i>Independent Director</i>) Sergio Antonio S. Ortiz-Luis (<i>Independent Director</i>)</p> <p><i>Note:</i> To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.</p>	FOR ALL*	WITHHOLD FOR ALL*	EXCEPTION
5	• Appointment of Valdes Abad & Associates CPAs, as external auditor for 2026			
6	• At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the Meeting.			

Signed this _____ day of _____ 2026.

 PRINTED NAME OF STOCKHOLDER

 SIGNATURE OF STOCKHOLDER /
 NAME AND SIGNATURE OR AUTHORIZED REPRESENTATIVE

*THIS BALLOT/PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE JULY 17, 2026. KINDLY EMAIL TO METROALLIANCE.ASM@GMAIL.COM

THIS BALLOT/PROXY FORM IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED “FOR” THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANYTIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

THE FULL DETAILS OF THE REGISTRATION AND VOTING PROCEDURES WILL BE AVAILABLE ON THE COMPANY’S WEBSITE. PLEASE GO TO <https://metroalliance.com/annualstockholdersmeeting.html>

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter:
Metro Alliance Holdings & Equities Corp.
3. **Philippines**
 Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number: **PW00000296**
5. BIR Tax Identification Code: **000-130-411**
6. **35th Flr. One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City** **1605**
 Address of principal office Postal Code
7. Registrant's telephone number, including area code: **(632) 8706-7888**
8. **July 21, 2026, Tuesday @10:00 AM via remote communication**
 Date, time and place of the meeting of security holders
9. Approximate date on which the Information Statement will be published through alternative mode of distribution through the Corporation's Website and PSE Edge: **June 25, 2026**
10. *In case of Proxy Solicitations:*
Name of Person Filing the Statement/Solicitor: **Not applicable**
Address and Telephone No.: **Not applicable**
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Class A	183,673,470
Common Class B	122,448,979
Outstanding Debt	₱ 709,708,172
12. Are any or all of registrant's securities listed in a Stock Exchange?
 Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange

All Common Class A and Class B

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

(a) Annual Stockholders' Meeting will be held on:

Date: July 21, 2026, Tuesday
Time: 10:00 am
Place: Via remote communication

Complete mailing address of the principal office of the corporation:

35th Flr. One Corporate Centre, Doña Julia Vargas Avenue, cor. Meralco Ave., Ortigas Center, Pasig City, 1605

(b) As stated in the first page of the information statement, the approximate date on which the Information Statement will be published through alternative mode of distribution through the Corporation's Website and PSE Edge is on **June 25, 2026**.

Item 2. Dissenters' Right of Appraisal

Instances of appraisal right of dissenters with respect to any matter to be acted upon provided in Section 80 of the Revised Corporation Code of the Philippines:

- (a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
- (c) In case of merger or consolidation; and
- (d) In case of Investment of corporate funds for any purpose other than the primary purpose of the corporation.

In instances wherein the stockholder has voted against a proposed corporate action, the statutory procedures required to be followed by dissenting security holders in order to perfect such rights are, as follows:

- (a) The dissenting stockholder shall make a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action;
- (b) If, within (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by (3) disinterested persons one of whom shall be named by the stockholder, another by the corporation, and the third by the (2) thus chosen. Then findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation;

There are no matters or proposed corporate actions to be taken up during the annual stockholders meeting which may give rise to a possible exercise by security holders of their appraisal right under Section 80 of the Revised Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No person who has been a director, officer, nominee for election as a director or associate of any director, officer or nominee of the corporation since the beginning of the last fiscal, has any substantial interest, direct or indirect, by security holdings or otherwise, of each of the following persons in any matter to be acted upon, other than election to office.
- (b) No director of the registrant has informed the registrant in writing that he intends to oppose any action to be taken by the corporation at the meeting.

B. CONTROL AND COMPENSATION INFORMATION**Item 4. Voting Securities and Principal Holders Thereof**

- (a) Class of voting shares as of May 31, 2026:

	Shares Outstanding	No. of Vote Each Share is Entitled
Common Shares – Class A		
Filipino	183,670,970	One (1) vote each
Foreigner	2,500	One (1) vote each
Total	183,673,470	
Common Shares – Class B		
Filipino	61,851,094	One (1) vote each
Foreigner	60,597,885	One (1) vote each
Total	122,448,979	
Total Outstanding Shares	306,122,449	

The Corporation has 306,122,449 outstanding shares divided into 183,673,470 Class A and 122,448,979 Class B shares issued by the Corporation, as of May 31, 2026.

Out of the total outstanding shares of 306,122,449 as of May 31, 2026, number of Class A and B shares owned by foreigners totaled 60,600,385 or 19.80%. Each share is entitled to one vote as of the established record date.

- (b) All stockholders as of record date June 26, 2026 are entitled to notice and to vote at the annual stockholders' meeting.
- (c) The election of directors shall be taken up at the meeting and pursuant to Section 23 of the Revised Corporation Code. The holders of common stock (Class A and Class B) are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all such votes for a single nominee or may apportion such votes among any two or more nominees.
- (d) Security Ownership of Certain Record and Beneficial Owners and Management (Information required by Part IV paragraph (C) of "Annex C" to the extent known by the persons on whose behalf the solicitation is made).

1. Security Ownership of Certain Record and Beneficial Owners

As of May 31, 2026, the Corporation knows of no one who beneficially owns in excess of 5% of the Corporation's common stock except as set forth in the table below.

Title of Class	Name, address of Record owner and Relationship with issuer	Name of Beneficial Owner* and relationship with record owner	Citizenship	No. of Shares Held	Percent
Common Shares – Class A 43,385,384 Class B 30,606,940	PCD Nominee Corp. 37F Tower 1, The Enterprise Center, 6766 Ayala Avenue cor. Paseo De Roxas, Makati City	PCD Participants and their clients**	Filipino	73,992,324	24.171%

Common Shares – Class B	Creston Global Limited c/o #9 Cardinal St., St. Dominic Subd., Bahay Toro, Congressional Ave, Quezon City	Perlie Alpuerto – Authorized signatory (Designated representative)	British	56,378,388	18.417%
Common Shares – Class A	Chesa Holdings, Inc. Room 206 Bencom Bldg., 146 West Avenue, Brgy. PHIL-AM, Quezon City	Yolly C. Fernandez Corporate Secretary (Designated representative)	Filipino	40,500,000	13.230%
Common Shares – Class A	Pacific Wide Realty & Development Corp. Room 206 Bencom Bldg., 146 West Avenue, Brgy. PHIL-AM, Quezon City	Babelyn R. Mantos Corporate Secretary (Designated representative)	Filipino	31,498,000	10.289%
Common Shares – Class A 16,376,856 Class B 13,432,644	Forum Holdings Corporation Room 402 Bencom Bldg., 146 West Avenue, Brgy. PHIL-AM, Quezon City	Ellen T. Balunsat Corporate Treasurer (Designated representative)	Filipino	27,875,000	9.106%
Common Shares – Class A 6,329,500 Class B 9,503,908	Pacific Concorde Corporation Room 402 Bencom Bldg., 146 West Avenue, Brgy. PHIL-AM, Quezon City	Lauraine San Roque Corporate Treasurer (Designated representative)	Filipino	15,833,408	5.172%

* Person designated to exercise investment power over the equity

** The clients of each company have the power to decide how their shares are to be voted. Natural persons authorized to vote the shares of PCD Nominee cannot be identified until the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact.

2. Security Ownership of Management

As of May 31, 2026 the security ownership of individual directors, executive officers and nominees of the Corporation is as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	%
Common–Class A	Elvira A. Ting	98 / Direct	Filipino	0.000
Common–Class A	Nestor S. Romulo	1 / Direct	Filipino	0.000
Common–Class A	Lamberto B. Mercado, Jr.	1 / Direct	Filipino	0.000
Common–Class A	Aristeo R. Cruz	100 / Direct	Filipino	0.000
Common–Class A	Hannel T. Ngo	100 / Direct	Filipino	0.000
Common–Class A	Josaias T. Dela Cruz	100 / Direct	Filipino	0.000
Common–Class A	Sergio Antonio S. Ortiz-Luis	100 / Direct	Filipino	0.000
	Richard L. Ricardo	–	Filipino	0.000
	Omar M. Guinomla	–	Filipino	0.000
	Annabelle T. Abunda	–	Filipino	0.000
Total		500		0.000

3. Voting Trust Holders of 5% or More – There are no voting trust holders of 5% or more.

4. Changes in Control – There are no change in control of the corporation and there is no arrangement which may result in change of control.

(e) No change in control of the corporation has occurred since the beginning of its last fiscal year.

Item 5. Directors and Executive Officers

If action is to be taken with respect to the election of directors, furnish the following information in tabular form, to the extent practicable.

A. Information required by Part IV, paragraphs (A), (D) (1) and (D) (3) of “Annex C”

- (1) Directors, including Independent Directors, and Executive Officers
 a. Names, ages, citizenship, and position and office of all directors and executive officers

Name	Age	Citizenship	Position and Office	Years of Service
Elvira A. Ting	65	Filipino	Chairman/Director	2019-Present
			President	Jul 2025-Present
Lamberto B. Mercado, Jr.	61	Filipino	Director	2003-Present
			Compliance Officer	2003-Jul 2025
Nestor S. Romulo	81	Filipino	Director/Corporate Secretary	2010-Present
Hanniel T. Ngo	43	Filipino	Director	Jul 2025-Present
Aristeo R. Cruz	60	Filipino	Director	Jul 2024-Present
Josaias T. Dela Cruz	65	Filipino	Independent Director	Jul 2024-Present
Sergio Antonio S. Ortiz-Luis	51	Filipino	Independent Director	Jul 2025-Present
Richard L. Ricardo	62	Filipino	Corporate Treasurer	2021-Present
			VP for External Affairs	2014-Present
Annabelle T. Abunda	49	Filipino	Finance Officer	2014-Present
			Compliance Officer	Jul 2025-Present
Omar M. Guinomla	52	Filipino	Data Protection Officer	2022-Present
			Compliance Officer for Anti-Money Laundering Council	2022-Present

b. Term of Office as a Director

The Directors of the Corporation are elected at the annual stockholders’ meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. Thus, the term of office of each director is one year, until the Board of Directors at its first meeting following the Meeting of Stockholders has elected their successors annually. Their respective terms of office are until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected or shall have qualified.

c. Business experience during the past five (5) years and other directorships

Name	Company	Position
Elvira A. Ting Chairman/Director Filipino 65 years old BS in Business Administration Major in Management Philippine School of Business Administration	Waterfront Philippines, Inc.	President/Director
	Wellex Industries, Inc.	Vice Chairman/Director
	Acesite (Phils.) Hotel Corp.	Corp. Treasurer/Director
	Forum Pacific, Inc	President/Director
	Philippine Estates Corp.	President/Director
	Orient Pacific Corp.	Chairman/Director
	Crisanta Realty Dev’t. Corp.	Chairman/President/Director
	Recovery Dev’t Corp.	Corp. Treasurer/Director
	The Wellex Group, Inc.	Corp. Treasurer/Director
	Plastic City Industrial Corp.	Corp. Treasurer/Director
	Waterfront Manila Premier Dev’t, Inc.	Corp. Secretary/Director
	Rexlon Realty Group, Inc.	Chairman/President/Director
	Pacific Rehouse Corp.	Corp. Treasurer/Director
	Westland Pacific Properties Corp.	Asst. Corp. Sec./Director
	Heritage Pacific Corp.	Chairman/President/Director
	Palawan Estate Corp.	Asst. Corp. Sec./Director
	Poly Premier Property Dev’t Corp.	Corp. Treasurer/Director
	Wanda Prime Property Dev’t, Inc.	President/ Director
	Bocau Prime Estate Corp.	President/ Director
	Bulacan Fortune Land Dev’t Corp.	Chairman/President/Director
	Taguig Lake City Dev’t Corp.	President/ Director
	Country Garden Agri-Tourism Dev’t, Inc.	Corp. Treasurer/Director
	Alliance Energy Power & Dev’t Corp.	Corp. Secretary/Director
North Luzon Premier Dev’t Corp.	President/ Director	
Shangrila Global Estate Ventures Corp.	Chairman/Director	
Aristocrat Manila City Holdings, Inc.	President/Director	
Seabrook Resources & Dev’t, Corp.	Corp. Treasurer/Director	

<p>Atty. Lamberto B. Mercado, Jr. Director Filipino 61 years old Bachelor of Laws (L.L.B.) <i>Ateneo de Manila University</i> School of Law</p>	<p>Asia Healthcare, Inc. FEZ-EAC Holdings, Inc. Wellex Industries, Inc. Acesite (Phils.) Hotels Corp. Forum Pacific, Inc. Philippine National Construction Corp. Consumer Product Distribution Services Rexlon Realty Group, Inc. Wellex Mining Corp. Southernpec Phils., Inc. Dubai Gold Mining Corp. Sands Mining & Dev't. Corp. Bulacan Harbour Dev't. Corp. Wanda Prime Property Dev't., Inc. Seabrook Resources & Devt Corp. Country Garden Agri-Tourism Dev't., Inc. Bulacan Country Garden Dev't. Corp.</p>	<p>Director Director Director Chief Risk Officer/Director Director Director Director Assist. Cop. Sec./Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director Director Corp. Secretary/Director Director Corp. Secretary/Director President Director</p>
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<p>Nestor S. Romulo Corp. Secretary/Director Filipino 81 years old Lawyer Bachelor of Laws (LLB) <i>University of the Philippines</i></p>	<p>Westmont Investment Corp. Wincorp Securities Romulo, Serrano & Camello Law Offices JMP Development, Inc. Reyno, Tiu, Domingo & Santos Law Offices JP Consultancy Resources & Management, Inc. Zuellig Distributors, Inc. Asia Healthcare, Inc. FEZ-EAC Holdings, Inc.</p>	<p>Chairman of the Board Director Partner Corporate Secretary Consultant Corporate Secretary Corporate Secretary Corporate Secretary Corporate Secretary</p>
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<p>Hannel T. Ngo Director - Nominee 43 years old Bachelor of Science in Architecture <i>University of Sto. Tomas</i> Professional Architect</p>	<p>Philippine Contractors Accreditation Board 1 Sheperd Corporation Building and Construction Authority (Singapore) Triton Construction & Development Corp. Altai Philippines Mining Corp. Clean Patrol Cleaning Services, Inc. 1931 & Co. Management Services, Inc. Orient Pacific Corporation Pacific Rehouse Corporation Crisanta Realty Development Corporation Forum Holdings Corporation Pacific Wide Holdings, Inc.</p>	<p>Authorized Managing Officer Construction Occupational Safety and Health Officer Risk Management Officer President President President President Corporate Secretary Asst. Corporate Secretary Vice President Chairman & President Director</p>
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<p>Aristeo R. Cruz Director 60 years old CPA Lawyer B.S. in Commerce Major in Accountancy <i>De La Salle University</i> Bacheclor of Laws (LLB) <i>New Era University</i></p>	<p>Wellex Industries, Inc. Forum Pacific, Inc. Acesite (Phils.) Hotel Corp. Waterfront Philippines, Inc. Liberty Bank (A Rural Bank), Inc. Meycauayan College, Inc. Cruz, Altares & Associates Law Office Phil-Star Innovation Realty Corp. Stratosphere Realty & Development Corp. Jose & Luz Locsin Foundation Justino Emilia Realty & Management Devt. Corp.</p>	<p>Independent Director Independent Director Independent Director Independent Director Vice President Vice Chairman of the Board President Founding and Managing Partner Director/Corporate Secretary President and COO President Corporate Secretary</p>
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Josaias T. Dela Cruz Independent Director Filipino 65 years old B.S. in Business Management <i>Ateneo De Manila University</i>	Forum Pacific, Inc. Wellex Industries, Inc. Philippine Estates Corp. JTDC Spinmaster Laundry Service	Independent Director Independent Director Independent Director Sole Proprietor
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Sergio Antonio S. Ortiz-Luis Independent Director 51 years old Bachelor of Fine Arts <i>University of Sto. Tomas</i>	Wellex Industries, Inc. Forum Pacific, Inc. The Events Hive Canadian Tourism and Hospitality Institute Arena Islands Beach Resorts, Inc. Esports World Federation Philippine Chamber of Commerce and Industry Youth Committee Philippine Young Entrepreneurs Association – NCR First Kick for Peace Brick Traders	Independent Director Independent Director Sole Proprietor Director Director/Vice President Vice President Vice Chairman President Vice President Proprietor
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Richard L. Ricardo Corp. Treasurer/Investor Relations Officer Filipino 62 years old B.S. in Business Management A.B. in Economics <i>Ateneo de Manila University</i>	Wellex Industries, Inc. Waterfront Philippines, Inc. Acesite (Phils.) Hotel Corp. Forum Pacific, Inc. Philippine Estates Corp. The Wellex Group, Inc. Rexlon Realty Group, Inc. Westland Pacific Properties Corp. Wellex Petroleum, Inc. Wellex Mining Corp. Bocau Prime Estate Corp. Taguig Lake City Dev't. Corp. Pacific Wide Holdings, Inc. Dubai Gold Mining Corp. Sand Mining & Dev't. Corp. Manila Bay Front Hotels, Inc. Shanghai Global Estate Ventures Corp. Bulacan Country Garden Dev't. Corp. Alliance Energy Power & Dev't. Inc.	President/Investor Relations Officer/Director Investor Relations/Corporate Affairs President Director/Investor Relations Officer Corp. Treasurer/Investor Relations Officer/Director Corp. Secretary/Director Vice President/Director Corp. Secretary/Director Corp. Treasurer/Director Assist. Corp. Sec./Director Corp. Secretary/Director Corp. Secretary/Director Corp. Treasurer/Director Chairman/President/Director Corp. Treasurer/Director Corp. Treasurer/Director Corp. Secretary/Director Corp. Secretary/Director President/Director
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Annabelle T. Abunda Finance and Compliance Officer Filipino 49 years old CPA and Licensed Real Estate Broker B.S. in Accountancy <i>University of the Philippines in the Visayas</i>	Pacific Rehouse Corp. Pacific Wide Holdings, Inc. Wellex Industries, Inc. Forum Pacific, Inc.	Finance & Administration Manager Accounting Manager Finance and Compliance Officer Finance and Compliance Officer
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Omar M. Guinomla Data Protection Officer Compliance Officer for Anti-Money Laundering Council Filipino 52 years old A.B. Management <i>De La Salle University</i> Master's in Business Administration <i>Ateneo de Manila University</i>	Recovery Real Estate Corp. Forum Pacific, Inc. Pacific Rehouse Corp. Orient Pacific Corp. Recovery Dev't Corp. Philippine International Airways Continental Wire & Cable Corp. Shanghai Resources Corp. Calinan Star Mining, Inc. Dubai Gold Mining Corp. Sands Mining & Dev't. Corp. Manila Bay Front Hotels, Inc. Silverquest Mining Resources Inc. Bulacan Fortune Land Dev't. Corp. Triton Construction & Dev't. Corp.	Director Director Director Asst. Corp. Sec./Director Asst. Corp. Sec./Director Corp. Treasurer/Director Director Chairman/President/Director Director Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director
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d. Trainings for Directors and Key Officers

Seminars of Bureau of Internal Revenue, Securities and Exchanges Commission, Philippine Stocks Exchanges and other external group are available to Directors and Key Officers for their continuing professional education. The Company paid the seminar fees for attendees. The Company annually invites all Directors and Key Officers to attend Corporate Governance Seminar, which is required by SEC under SEC Memorandum Circular No. 20, series of 2013. The Seminar in 2024 and 2023 was conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc., an accredited training provider of SEC, last November 12, 2024 and November 7, 2023, respectively.

Nominees for Election as Members of the Board of Directors, including the Independent Directors

The following are expected to be nominated to the Board of Directors of the Corporation for the following year:

	Name	Position	Age	Citizenship	Term	Year Covered
1.	Elvira A. Ting	Chairman & President	65	Filipino	1 year	Jul2026 – Jul2027
2.	Atty. Lamberto B. Mercado, Jr.	Director	61	Filipino	1 year	Jul2026 – Jul2027
3.	Atty. Nestor S. Romulo	Director	81	Filipino	1 year	Jul2026 – Jul2027
4.	Atty. Aristeo R. Cruz	Director	60	Filipino	1 year	Jul2026 – Jul2027
5.	Hannel T. Ngo	Director	43	Filipino	1 year	Jul2026 – Jul2027
6.	Sergio Antonio S. Ortiz-Luis	Independent Director	51	Filipino	1 year	Jul2026 – Jul2027
7.	Josaias T. Dela Cruz	Independent Director	65	Filipino	2 years	Jul2026 – Jul2028

The aforementioned nominees are all incumbent directors. All nominees in the final list were pre-screened by the Nomination Committee and their qualifications are presented on the previous pages. The independent directors, Mr. Josaias T. Dela Cruz will be serving his 3rd term while Mr. Sergio Antonio S. Ortiz-Luis, will be serving his 2nd term or when elected during the annual meeting. A company's independent director shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election as such. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting pursuant to SEC Memorandum Circular No. 4 Series of 2017 (Term Limit of Independent Directors).

The Certifications of Independent Directors executed by the aforementioned independent directors of the Corporation are attached hereto (Please refer to pages 29 and 30). None of the candidates for independent directors of the Corporation are related to Metro Alliance Holdings & Equities Corp.

A summary of the nominees' qualifications is presented in the preceding paragraph. Ms. Elvira A. Ting is the nominating person and she has no relationships with these nominees.

The members of the Nomination Committee are the following:

1. Atty. Lamberto B. Mercado, Jr. – Chairman
2. Atty. Aristeo R. Cruz – Member
3. Atty. Nestor S. Romulo – Member

(2) Significant Employees

Other than its current officers mentioned in the preceding subsection, the Corporation has not engaged the services of any person who is expected to make significant contribution to the business of the Corporation.

(3) Family Relationships

Except for Ms. Elvira A. Ting, the Chairman & President being the maternal aunt of Mr. Hanniel T. Ngo, one of the directors, there are no family relationships up to the fourth civil degree either by consanguinity or affinity among other directors, executive officers, persons nominated or chosen by the corporation to become directors, or executive officers.

(4) Involvement in Certain Legal Proceedings

For the past five (5) years up to May 31, 2026, the Company is not aware of any bankruptcy proceedings filed by or against any business of a director, person nominated to become a director, executive officer or control person of the Company is a party or of which any of their property is subject.

For the past five (5) years up to May 31, 2026, the Company is not aware of any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, of any of its director, person nominated to become a director, executive officer, or control person.

For the past five (5) years up to May 31, 2026, the Company is not aware of any order, judgment or decree not subsequently reversed, superseded, or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director, person nominated to become a director, person nominated to become a director, executive officer, or control person of the Company in any type of business, securities, commodities, or banking activities.

For the past (5) years up to May 31, 2026, the Company is not aware of any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of its director, person nominated to become a director, executive officer, or control person has violated a securities or commodities law.

The Corporation, as represented by the Board of Directors, is involved or has been involved in certain legal proceedings as follows (*please refer to page 64 to 67) of this report for the detailed discussion of each case*):

- 1) Metro Alliance vs Commissioner of Internal Revenue
 - Assessment for deficiency withholding taxes for the year 1989, 1990 and 1991.
 - As of the date of this report, Metro Alliance has not received any order of Execution relative to this case. Accordingly, the related obligation is not currently determinable.
- 2) Metro Alliance Holdings & Equities Corp., et.al. vs Philippine Trust Company, et. al., Civil Case SCA#TG-05-2519, RTC Branch 18 Tagaytay City
 - Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, Annulment of Interest Unilaterally Imposed, Service Charge, Penalties, Annulment of Sheriff's Sales, Voicing of TCTs and Recovery of Properties plus Damages
 - In 2020, the Parent Company already acknowledged the obligation to PHES, which was due and demandable
 - As of to date, this is still awaiting decision of the court.
- 3) Metro Alliance Holdings & Equities Corp. et al. vs. Philippine Veterans Banks et.al., Civil Case No. BCV-2011-175, RTC Branch 19 Bacoor, Cavite
 - This is an appeal by Philippine Veterans Bank before the Court of Appeals of the Decision of the Regional Court (RTC) Br. 19 of Bacoor Cavite which made permanent the writ of preliminary injunction issued against the defendants PVB and Ex-Officio Sheriff of the RTC of Bacoor, Cavite, extinguished the real estate mortgage and ordered PVB to return the transfer certificates of title covering the mortgaged properties and to refund MAHEC the Php25,000,000 excess payment plus 6% interest per annum from finality of the Decision;
 - The civil case originated from a complaint files by MAHEC and Polymax Worldwide Ltd before the RTC Br. 19 of Bacoor, Cavite for injunction against the Philippine Veterans Bank and the Ex-

- Officio Sheriff of the RTC of Bacoor, Cavite to prevent the sale at public auction of real estate mortgaged under the Real Estate Mortgage dated January 19, 2004;
- Legal counsels of MAHEC received PVB's Appellant's Brief on January 16, 2026 and and subsequently filed Appellee's Brief on March 6, 2026. As of the filing of this report, this case is awaiting decision of the court.
- 4) Metro Alliance Holdings & Equities Corp. et.al. vs Phil. Veterans Bank (PVB) Civil Case No.08-555, RTC Branch 142, Makati City
Metro Alliance Holdings & Equities Corp. et.al. vs Phil. Veterans Bank (PVB) G.R. No.240495
Philippine Veterans Bank vs. Metro Alliance Holdings & Equities Corp., et.al. G.R. No.240513, Supreme Court, Manila, First Division
- Civil Action with Damages to Nullify the Foreclosure of Property
 - The case is an injunction suit with damages filed on July 23, 2008 in RTC-Makati to nullify the foreclosure of Pasig lot securing a ₱350M loan obtained by the Plaintiffs.
 - The case was consolidated with other case of affiliated company with the same RTC.
 - The Supreme Court Decision dated September 15, 2021 was partially executed by reconstituting previously foreclosed property of Wellex, PVB issued its Certificate of Turn Over and PVB paid MAHEC the amount of Php137,862,000.96 which is equivalent to the full monetary judgment specified in the Writ.
 - As of the filing of this report, legal counsel is monitoring the following pending matters: (a) the Register of Deeds' confirmation that all collateral and mortgages securing the subject loan has indeed been released and discharged; and (b) Zen Sen Realty's formal written notice on Wellex, stating that Wellex can already freely occupy and exercise acts of dominion on the Pasig property.
- 5) Philippine Veterans Bank vs. Hon. Rainald C. Paggao et.al. CA G.R. No. SP No.185926, Court of Appeals, Manila Seventeenth Division
- This case involves PVB's Petition for Certiorari and Prohibition (With Urgent Prayer for the Issuance of a Temporary Restraining Order and Writ of Preliminary Injunction and/or Restraining Order and Writ of Preliminary Injunction and/or Other Injunctive Remedies) praying that the Court of Appeals to:
 - Restrain the implementation of the RTC Branch 142 Makati City's May 31 and August 15, 2024 Orders;
 - Declare said Orders void, and issued with grave abuse of discretion;
 - Declare that the market rental value of Pasig Property from 2010 to present is zero, or in the alternative, that the monthly rental cannot exceed Php100,000; and
 - Command MAHEC, et.al. to pay PVB the principal loan of Php66,202,988.64 plus interest until full payment, which as of May 22, 2024 is Php206,420,918.58
 - As of to date, the petition is pending resolution of the Court of Appeals
- 6) Metro Alliance, Polymax Worldwide Ltd, et.al vs NPC International Ltd, et al.
- Civil Case filed by the Plaintiffs against the Defendants before the Regional Trial Court of Pasig City, Branch 159, Civil Case No. R-PSG 19-02106CV, For: Corporate Mismanagement and Damages with Application for Temporary Restraining Order and Injunction
 - The parties have entered into an agreement, wherein the parties amicably and voluntarily agreed to settle their claims and withdraw all pending cases. In view of the parties' settlement agreement, Plaintiffs move for the withdrawal of the complaint last January 17, 2025. On January 22, 2025, the RTC granted the Motion to Withdraw.
- 7) NPC Alliance Corporation, et.al. vs Regional Trial Court (RTC) Branch 159, Pasig City, et.al. CA-G.R. SP No.165159, Court of Appeals, Manila Twelfth Division
- Petition for Certiorari filed by NPC Alliance Corporation before the Court of Appeals assailing the Regional Trial Court Branch 159 Pasig City's Order dated February 3, 2020 denying the NPCA's Motion to Refer Dispute to Arbitration and ruling that the Shareholders' Agreement had been superseded by the execution of the Settlement Agreement among the parties.
 - On March 6, 2024, the Court issued a Decision granting the instant Petition for Certiorari and annulling the RTC Pasig's Order dated February 3, 2020. MAHEC filed Motion for Reconsideration on April 11, 2024.
 - Pending resolution of the aforesaid Motion for Reconsideration, the parties have entered into an agreement, wherein the parties amicably and voluntarily agreed to settle their claims and withdraw all pending cases. Hence, on January 17, 2025, NPCA filed a Motion to Withdraw asking the Court to grant its motion to withdraw the instant Petition

Metro Combined Logistics Solutions, Inc. has the following legal matters as of December 31, 2025:

- 1) Adolfo Escote Dela Torre, III, et. Al. vs. Metro Combined Logistics Solutions Inc.,(MCLSI) et al., NLRC LAC 04-001185-24, NLRC NCR Case No. 04-00291-23
Complaint filed by MLCISI's two (2) previous project employees for illegal dismissal with non-payment of service incentive leave, 13th month pay, separation pay and claims for moral and exemplary damages and attorney's fees. MCLSI received the Entry of Judgment and will proceed with execution proceedings but has filed last April 21, 2025 for petition for certiorari before the Court of Appeals (CA) to elevate the decision and resolutions of the NLRC. A resolution dated October 2, 2025 was issued by the CA, declaring that the case has now been submitted for resolution.

Simultaneously, as the case before the labor tribunals became final and executory, several conferences were held before the Labor Arbiter for the payment of the judgment award to complainants. MCLSI paid the recomputed judgment award to one of the complainants during one of the conferences and complainant executed a waiver and quit claim noting that the same will be subject to the results of the Petition before the CA. On the other hand, no payment was made to the other complainant due to his liability to the company is higher than the recomputed judgment award. Eventually, MCLSI was informed of the death of the latter complainant. Assuming that MCLSI secures a win the CA, it will initiate restitution proceedings for the amounts it will be compelled to pay before the NLRC.

- 2) MCLSI vs. Freight Management Worldwide and MCC Transport Philippines Inc., R-MKT-19-01658-CV; For the collection of a sum of money and damages. Counsel for FMW submitted a written motion to substitute a witness, however, this was objected to by MCLSI as well as by counsel for MCC. Ultimately, the court resolved to deny this motion, and FMW formally rested its case on 13 February 2024. On 23 July 2024, defendant MCC Transport formally offered its evidence and concluded the presentation of its witness. As the undersigned deemed it unnecessary to present any rebuttal evidence, the case was submitted for decision. On October 15, 2025, after much discussion, the parties were able to enter into a Settlement Agreement, whereby FMV will pay MCLSI the total amount of ₱2.8 million.
- 3) Nutri-Asia, Inc., vs. Metro Combined Logistics Solutions, Inc. (MCLSI), PDRCI Case No.2024-164; For collection of a sum of money and damages. MCLSI received a notice of arbitration dated 04 December 2024 filed by NAI before the Philippine Dispute Resolution Center, Inc. (PDRCI). On 28 January 2025, MCLSI received the order to respond to the issue by the PDRCI, directing MCLSI to communicate its response to NAI's Notice of Arbitration. NAI claims for a sum of money for unreturned and/or unaccounted finished goods, failure to observe first-expiration-first-out (FEFO) inventory policy and overpayment for use of air conditioning units in the total amount of ₱108.2 million pesos which MLCISI disputed such claims and provide its counterclaims against NAI amounting to ₱54.6 million. As of the filing of this report, the arbitration is close to completion, with the parties already filed their final Memoranda last February 27, 2026. The tribunal is expected to render its decision soon thereafter.
- 4) On 23 December 2025, Metro Combined Logistics Solutions, Inc. (MCLSI) filed a Petition for Review before the Court of Tax Appeals (CTA), assailing the assessment issued by the Bureau of Internal Revenue (BIR). The petition was dated 22 December 2025 and was accompanied by a Motion for Suspension of Collection of Deficiency Taxes.

There are also other pending minor legal cases against the Parent Company. Based on the facts of these cases, management believes that its position has legal merits and the resolution thereof will not materially affect the Parent Company's financial position and results of operations.

Certain Relationships and Related Transactions

The Group, in the normal course of business, has transactions with related parties. The following table summarizes the transactions with related parties for the year ended December 31, 2025 and 2024. Please refer to Note 18 and 27 of the Audited Consolidated Financial Statements attached to this report for the broad discussions.

a. Due from/to related parties

In 2023, the Parent Company acknowledged its obligation to PHES, an affiliate who granted an interest-bearing, due and demandable loan in favor of the Parent Company.

The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

b. Compensation of key management personnel follows:

Particulars	2025	2024	2023
Short-term employee benefits	₱10,532,224	₱11,516,547	₱10,866,805

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under their respective entity's retirement plan.

c. The related relationships and amounts applicable to the Group's transactions with related parties as of December 31, 2025 and 2024 are as follows:

Name of the related party	Relationship	Nature of transaction	Country of Incorporation
The Wellex Group, Inc.	Affiliate	Holding company	Philippines
Metro Combined Logistics Solutions, Inc.	Subsidiary	Third party logistics and warehousing	Philippines
Polymax Worldwide Limited	Affiliate	Series of acquisition transaction	British Virgin Island
Philippine Estate Corporation	Affiliate	Holding and developing real estate	Philippines

Particulars	Terms and Conditions	Transactions		Outstanding Balance	
		2024	2023	2025	2024
Due from related parties:					
The Wellex Group, Inc.	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	(₱14,311)	₱-	₱5,244,098	₱5,258,409
Metro Combined Logistics Solutions, Inc.	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	-	-	18,924	18,924
Others	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	-	-	31,373	31,373
Total		(₱14,311)	₱-	₱5,294,395	₱5,308,706
Advances:					
Polymax Worldwide Limited	Represents 20% share investment in NPCA	₱4,370,388	₱-	₱352,090,391	₱347,720,003
Due to related parties					
Philippine Estate Corporation	Secured, no impairment, no guarantee, interest bearing	5,891,208	5,891,208	298,347,592	292,456,384
Others	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	15,791	(350,020)	404,721	388,930
Total		₱5,906,999	₱5,541,188	₱298,752,313	₱292,845,314

The Parent Company issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 and a 2% per annum until the maturity date of March 15, 2026. The parties agreed to extend the term for another five (5) years or until March 15, 2031 at the same interest rate.

Ownership Structure and Parent Company

Metro Alliance Holdings & Equities Corp. (MAHEC), the Parent Company, wholly owns three (3) companies: Consumer Products Distribution Services, Inc. (CPDSI), FEZ-EAC Holdings, Inc. (FEZ-EAC) and Zuellig Distributors, Inc. (ZDI), all have ceased operations. MAHEC owns 60% of Asia Healthcare, Inc. (AHI), the pharmaceutical arm of the Group and also have ceased operations. Lastly, MAHEC owns 51% of Metro Combined Logistics Solutions, Inc. (MCLI; formerly GAC Logistics, Inc.), the contract logistics arm and the only operating subsidiary of the Group.

Resignation of Directors Due to Disagreement

There are no directors who resigned or decline to stand for re-election because of disagreement.

Terms of Office

The Directors of MAHEC are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

All officers, except executive officers, shall be elected by the Board of Directors at its first meeting following their election. Every officer so elected shall be subject to removal at any time by the Board of Directors but all officers, unless removed, shall hold office until their successors are duly elected and qualified.

The executive officers shall hold office either by appointment of the Board of Directors or upon contract of employment with the Corporation approved by the Board of Directors.

The members of the Executive Committee are the following:

1. Elvira A. Ting – Chairman
2. Atty. Lamberto B. Mercado, Jr. – Member
3. Atty. Nestor S. Romulo – Member

Item 6. Compensation of Directors and Executive Officers

The following table list the names of the Corporation's Directors and Executive Officers Annual Compensation for the two most recent years including the estimated compensation for year 2026. Due to Company's tight cash position, it was agreed that there would be no compensation to directors and key officers except for a per diem amounting to ₱10,000 for each Independent Director that will attend a regular meeting. In 2025, Atty. Aristeo R. Cruz, Mr. Josaias T. Dela Cruz and Mr. Sergio Antonio S. Ortiz-Luis, were present in the Annual Stockholders' Meeting and received a per diem of ₱10,000 each. On the same matter, there is none to report for the period January 2026 to present. The Corporate Secretary/Director receives monthly legal retainers fee.

Summary Compensation Table – Annual Compensation

Name and Principal Position	Year	Salary (Php)	Bonus (Php)	Other Annual Compensation (Php)
Elvira A. Ting* Chairman of the Board/President/Director	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Atty. Nestor S. Romulo Director/Corporate Secretary	2026 (est)	-	-	300,000
	2025	-	-	300,000
	2024	-	-	300,000
Atty. Lamberto B., Mercado, Jr.* Hannel T. Ngo* Director	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Richard L. Ricardo* Treasurer/Investor Relations Officer	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Atty. Aristeo R. Cruz Director/Chairman of Audit Committee	2026 (est)	-	-	10,000
	2025	-	-	10,000
	2024	-	-	10,000

Josaias T. Dela Cruz Lead Independent Director	2026 (est)	-	-	10,000
	2025	-	-	10,000
	2024	-	-	10,000
Sergio Antonio S. Ortiz-Luis Independent Director	2026 (est)	-	-	10,000
	2025	-	-	10,000
	2024	-	-	-
Annabelle T. Abunda* Finance and Compliance Officer	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Omar M. Guinomla* Data Protection Officer / Compliance Officer for Anti-Money Laundering Council	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Total aggregate compensation as a group	2026 (est)	-	-	330,000
	2025	-	-	330,000
	2024	-	-	320,000

**Officers of affiliated company; salaries/compensation are being paid by affiliated company*

Note: As the company is undergoing tight financial condition, there will be no other compensation to directors and officers except for external directors and officers as indicated in the above table

The Compensation Committee prescribed only the above compensation for the specified officers and directors. The members of Compensation Committee are the following:

1. Hanniel – Chairman
2. Josaias T. Dela Cruz – Member (Independent Director)
3. Atty. Aristeo R. Cruz – Member

(1) Standard Arrangement

Except for a nominal amount of per diem amounting to ₱10,000 during attendance in regular meetings, there is no standard arrangement with regard to election, any bonus, profit sharing, pension/retirement plan, granting of any option, warrant or right to purchase any securities. There are no other arrangements or consulting contracts or other form of services with directors.

(2) Other Arrangement

There are no other arrangements pursuant to which any director of the Corporation was compensated, or is to be compensated directly or indirectly for any services provided as a director for the last completed calendar year and ensuing year, for any service provided as a director.

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no employment contract and termination of employment and change-in-control arrangement with the directors and executive officers.

(4) Warrants and Options Outstanding: Repricing

There are no warrants and options outstanding held by the Corporation's CEO, executive officers and all officers and directors as a group. There is no repricing made.

Item 7. Independent Public Accountants

- (a) Valdes, Abad & Associates, CPAs, upon recommendation by the Audit Committee of the Board of Directors composed of Mr. Aristeo R. Cruz as Chairman and Mr. Lamberto B. Mercado, Jr. and Mr. Josaias T. Dela Cruz as members, is the external auditors of the Company for the year 2025. Said firm will be recommended to the stockholders for election as the Company's principal external auditors for the year 2026. The selection of external auditors is made on the basis of credibility, professional reputation and accreditation with the Securities and Exchange Commission. The professional fees of the external auditors are approved by the Company after the approval by the stockholders of the engagement and prior to the commencement of each audit season.
- (b) In Compliance with SRC Rule 68 paragraph 3 (b) (iv) (Rotation of External Auditors) and as adopted by the Company, the external auditors or engagement partners are rotated every five years or earlier. The Corporation has engaged Ms. Felicidad A. Abad of Valdes Abad & Associates, CPAs for years 2011-2012, 2014-2016 and 2021, Ms. Ma. Milagros Padernal of Uy Singson Abella & Co. for the year 2013 and Mr. Alfonso Cay-an of Valdes Abad & Company, CPAs for calendar years 2017-2020 and 2022-2025 and was recommended again for 2026.

- (c) Representatives of the principal auditors for the current year and for the most recently completed fiscal year are expected to be present at the annual stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are likewise expected to be available to respond to appropriate questions.
- (d) The members of the Audit Committee of the Corporation are the following:
1. Atty. Aristeo R. Cruz – Chairman
 2. Atty. Lamberto B. Mercado, Jr. – Member
 3. Josaias T. Dela Cruz – Member (Independent Director)
- (e) External Audit Fees and Services
Fees in connection with the audit and audit-related services rendered by Valdes Abad & Company CPAs and for expressing an opinion on the financial statements and assistance in preparing the annual income tax return of the Parent Company and its subsidiaries, pursuant to the regulatory and statutory requirements for the years ended December 31, 2025, 2024 and 2023 is shown below:

	2025	2024	2023
Audit Fees	₱375,000	₱360,000	₱350,000
Out of Pocket Expenses*	37,500	36,000	35,000
VAT (12%)	49,500	47,520	46,200
TOTAL	₱462,000	₱443,520	₱431,200

**Out of Pocket Expenses are expenses incurred in the course of the audit such as printing, postage, transportation, communication and other expenses reimbursed by the auditing firm from the company*

No other service was provided by external auditors to the company for the calendar year 2024. Out of pocket expenses includes expenses incurred in the course of the audit such as printing, postage, transportation, communication and other expenses.

The Audit committee evaluates the fee proposals from known external audit firms. The review focuses on quality of service, commitment to deadline and fees as a whole, and no one factor should necessarily be determinant.

Audit Committee and Policies

The Audit Committee is composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member has an adequate understanding at least or competence at most of the Company's financial management systems and environment. Two of the members (including the Chairman) are CPA lawyers while the other member is an independent director.

The Committee shall review the charter at least annually and obtain the approval of the full Board of Directors for any revisions thereto or for any case where external bodies may suggest a change.

It is the policy of Metro Alliance to constitute and maintain an Audit Committee which shall provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders relating to:

1. the Corporation's financial statements and the financial reporting process;
2. the systems of internal and financial reporting controls;
3. the internal audit activity;
4. the annual independent audit of the Corporation's financial statements; and
5. compliance with legal and regulatory matters.

To fulfill this responsibility, the Committee shall maintain free and open communication with the Corporation's independent auditors, the internal auditors and the management of the Corporation. In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention, with full access to all records, books of accounts, facilities and personnel of the Company and the power to retain outside counsel or other experts for this purpose.

The Audit Committee has reviewed the adequacy of the Corporation's internal control and risk management system and has endorsed the 2025 Audited Financial Statements to the Board for approval.

- (f) Changes in and Disagreement with Accountants on Accounting and Financial Disclosure during the corporation's two most recent fiscal years or any subsequent interim period.
- (1) Valdes Abad & Associates who is the Corporation's principal accountant for the most recent fiscal year and the current year has not resigned (or indicated it has declined to stand for re-election after the completion of the current audit) nor was it dismissed.
 - (2) No new independent accountant has been engaged as either the principal accountant to audit the registrant's financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary, notwithstanding any previous disclosure.
 - (3) There is no change in the auditing firm or handling partner in the two most recent calendar years and in the interim period. There are no changes and disagreements with accountants on accounting and financial disclosure.

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed. There are no stock options, warrants or rights plan or any other type of compensation plan.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

Metro Alliance Holdings and Equities Corp has no plans yet to increase its authorized capital stock.

Item 10. Modification or Exchange of Securities

Metro Alliance Holdings and Equities Corp has no plans yet to modify any of each authorized and issued securities or to exchange then to another class.

Item 11. Financial and Other Information

Audited Financial Statements as of December 31, 2025, Management's Discussion and Analysis and Market Price of Shares and other data related to the Company's financial information are attached thereto. The schedules required under Part IV(c) of Rule 68 are included in the Annual Report.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no action to be taken with respect to any transactions involving the following: (1) the merger or consolidation of the Corporation into or with any other entity; (2) the acquisition by the Corporation or any of its stockholders of securities of another person or entity; (3) the acquisition by the Corporation of any other going business or of the assets thereof; (4) the sale or other transfer of all or any substantial part of the assets of the Corporation; and (5) the liquidation or dissolution of the Corporation.

Item 13. Acquisition or Disposition of Property

There is no action to be taken with respect to any material acquisition or disposition of any property of the Corporation.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Corporation.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

There is no action to be taken with respect to any report of the corporation or its directors, officers or committees, except for the approval of the minutes of the previous annual stockholders' meeting of the corporation held last July 15, 2025 and for the ratification of all acts of the Board of Directors during their term of office.

The previous Annual Stockholders' Meeting held on July 15, 2025 was attended, in person or by proxy, by the stockholders representing 221,003,808 common shares, constituting 72.19% of the total outstanding capital stock of the Corporation as of record date, June 24, 2025. The attendance constituted

a quorum for the approval of all matters in the agenda. The Board of Directors, Officers, external legal counsels and external auditors were also present in the said meeting. Summary of attendance for the determination of quorum as prepared and tabulated by the company's stock transfer agent, BDO Unibank, Inc. of last annual stockholders' meeting held on July 15, 2025 is as follows:

METRO ALLIANCE HOLDINGS & EQUITIES CORP.
ATTENDANCE TABULATION
2025 ANNUAL STOCKHOLDERS' MEETING (VIA REMOTE COMMUNICATION)
JULY 15, 2025

NO.	STOCKHOLDERS' NAME	NOMINEE	NO. OF SHARES	%
1	Forum Holdings Corporation (class A)	Elvira Ting/Chairman	16,376,856	5.35%
2	Forum Holdings Corporation (class B)	Elvira Ting/Chairman	13,432,644	4.39%
3	Chartered Commodities Corp. (class A)	Elvira Ting/Chairman	11,296,000	3.69%
4	Pacific Wide Holdings, Inc. formerly: Pacific Wide Realty and Development Corporation (class A)	Elvira Ting/Chairman	31,498,000	10.29%
5	Chesa Holdings Corporation (class A)	Elvira Ting/Chairman	40,500,000	13.23%
6	Rexlon Realty Group, Inc. (class A)	Elvira Ting/Chairman	12,200,000	3.99%
7	Rexlon Realty Group, Inc. (class B)	Elvira Ting/Chairman	2,673,112	0.87%
8	William T. Gatchalian (class A)	Elvira Ting/Chairman	2,091,000	0.68%
9	William T. Gatchalian (class B)	Elvira Ting/Chairman	1,481,500	0.48%
10	Pacific Rehouse Corp. (class A)	Elvira Ting/Chairman	1,258,000	0.41%
11	Pacific Rehouse Corp. (class B)	Elvira Ting/Chairman	1,670,000	0.55%
12	Mizpah Holdings, Inc. (class A)	Elvira Ting/Chairman	10,098,700	3.30%
13	Mizpah Holdings, Inc. (class A)	Yolanda Fernandez/Chairman	10,000	0.00%
14	Mizpah Holdings, Inc. (class A)	Odette V. Cabiling/Chairman	10,000	0.00%
15	Mizpah Holdings, Inc. (class A)	Joann Arendayin/Chairman	10,000	0.00%
16	Pacific Concorde Corporation (class A)	Elvira Ting/Chairman	6,329,500	2.07%
17	Pacific Concorde Corporation (class B)	Elvira Ting/Chairman	9,503,908	3.10%
18	Creston Global Limited (class B)	Elvira Ting/Chairman	56,378,388	18.42%
19	Westlink Global Equities, Inc. (class A)	Elvira Ting/Chairman	3,842,700	1.26%
20	Westlink Global Equities, Inc. (class B)	Elvira Ting/Chairman	343,000	0.11%
	TOTAL PROXY		218,816,608	72.19%
1	Elvira A. Ting (class A)		98	0.00%
2	Hannel T. Ngo (class A)		100	0.00%
3	Nestor S. Romulo (class A)		1	0.00%
4	Lamberto B. Mercado, Jr. (class A)		1	0.00%
5	Aristeo R. Cuz (class A)		100	0.00%
6	Josaias T. Dela Cruz (class A)		100	0.00%
7	Sergio Antonio S. Ortiz-Luis		100	0.00%
	TOTAL IN PERSON ATTENDANCE		500	0.00%
	TOTAL PROXY & IN PERSON		221,003,808	72.19%
	TOTAL ISSUED AND OUTSTANDING SHARES		306,122,449	

The method by which votes counted from previous meeting:

The 2025 Annual Stockholders' Meeting was conducted via remote communication using Zoom Meeting. Interested stockholders notified the Corporation of their intention to participate and they were given a chance to vote either in absentia or through proxy during their registration or in the given date of casting of votes from June 25 to July 11, 2025. Registered stockholders and confirmed proxies were given the meeting link and password of the Annual Stockholders' Meeting. The counting of votes was done by the Corporate Secretary with the assistance of the representatives of the Corporation's Stock Transfer Agent, BDO Unibank, Inc. All votes attaching to the shares owned by stockholders whose proxies were received by the Corporation were casted in accordance with the instructions given or authority granted under proxies. The Corporate Secretary recorded all the votes and proceedings of the stockholders and of the Directors in a book kept for that purpose.

All the items of the agenda from previous year's meeting were approved by the stockholders and the voting results as follows:

Agenda	Voting Results		
	For	Against	Abstain
Approval of Minutes of Previous Meeting held last July 24, 2024	72.19%	0.00%	0.00%
Approval of the President's Report for the year 2024			
Approval of Annual Report and Audited Financial Statements for the year ended December 31, 2024	72.19%	0.00%	0.00%
Ratification of acts of the Board and Management	72.19%	0.00%	0.00%
Election of Board of Directors	72.19%	0.00%	0.00%
Elvira A. Ting	72.19%	0.00%	0.00%
Hannel T. Ngo	72.19%	0.00%	0.00%
Lamberto B. Mercado, Jr.	72.19%	0.00%	0.00%
Nestor S. Romulo	72.19%	0.00%	0.00%
Aristeo R. Cruz	72.19%	0.00%	0.00%
Josaias T. Dela Cruz	72.19%	0.00%	0.00%
Sergio Antonio S. Ortiz-Luis	72.19%	0.00%	0.00%
Election of External Auditor	72.19%	0.00%	0.00%
Other Matters	72.19%	0.00%	0.00%

The minutes of the previous meeting last July 15, 2025 includes discussion of the following matters and contains the approval of the following resolutions:

- (a) Minutes of the Annual Stockholders' Meeting held last July 24, 2024;
The Chairman made it of note that copies of minutes of stockholders' meeting held on July 24, 2024 were attached to the Notice of Meeting that were earlier sent to the stockholders. The same was also uploaded to the company's website. The Chairman opened the table to give opportunity to stockholders to ask questions by informing to raise their hands and waited to be acknowledged or to type their questions in the chat box and/or by reading the advanced questions sent to company email. As there were no questions raised and no objections on the minutes of previous meeting, copy of which was distributed to stockholders via access to company's website and PSE EDGE portal, the same was approved.
- (b) Annual Report and Audited Financial Statements for the year ended December 31, 2024;
In lieu of the President (due to vacancy of the position during the meeting), the Chairman, Ms. Elvira A. Ting, presented the results of the financial operations for the year ended December 31, 2024. She stated that despite the challenging economic environment which resulted to a decrease in rental revenue by 18%, the management is committed to a responsive and proactive response in its business endeavors. She extended her gratitude to all stockholders for the continued support and trust. She opened the table to give opportunity to stockholders to ask questions by informing to raise their hands and waited to be acknowledged or to type their questions in the chat box and/or by reading the advanced questions sent to company email.

Questions raised and answers given during the meeting were as follows:

- 1) A stockholder asked for the future plans of the company. The Chairman reported that all legal dispute with Iranian partners on the Bataan Polyethylene Plant are simultaneously withdrawn by all parties. The management of both parties are focused more on entering and drafting a settlement agreement which is estimated to be finalized before the end of 2025. The management will pursue to review its investment portfolio and will focus with its only operating subsidiary in the logistics industry. After this question was raised and answered, the Audited Financial Statements for the year ended December 31, 2024 was approved.
- (c) Ratification of the Corporate Acts of the Board of Directors and Executive Officers since July 24, 2024 by a majority vote of the stockholders;
The Chairman stated the dates and agenda of all of the minutes of board meetings since July 24, 2024 up to the date of annual stockholders' meeting to inform the stockholders of all the acts of the Board of Directors and Executive Officers for ratification by the stockholders. The Chairman opened the table for questions to give opportunity to stockholders to ask question by informing to raise their hands and waited to be acknowledged or to type their questions in the chat box and/or by reading the advanced questions sent to company email.

As there were no questions raised and no objections, the acts of the Board of Directors and Executive Officers since July 24, 2024 were approved.

- (d) Election of the members of the Board of Directors for the ensuing year;
The Chairman presented the nominees for the Board of Directors for election. Voting procedures were properly observed and followed. Chairman opened the table for questions to give opportunity to stockholders to ask question by informing to raise their hands and waited to be acknowledged or to type their questions in the chat box and/or by reading the advanced questions sent to company email. Nominated directors as presented were elected with no objections. Elected directors and officers will assume office for the term 2025-2026.
- (e) Appointment of External Auditor by a majority vote of the stockholders.
With the given track record, Valdes Abad and Associates, CPAs and its lead engagement partner, Mr. Alfonso A. Cay-an was appointed and was approved to be the Company's external auditors for the year 2025. Chairman opened the table for questions to give opportunity to stockholders to ask question by informing to raise their hands and waited to be acknowledged or to type their questions in the chat box and/or by reading the advanced questions sent to company email. As there no questions raised and no objections were made, the motion is carried.
- (f) Other Matters
The Chairman addressed the attendees of the Annual Stockholders' Meeting if there were any other matters that they would like to be discussed in the said meeting. Chairman opened the table for questions to give opportunity to stockholders to ask question by informing to raise their hands and waited to be acknowledged or to type their questions in the chat box and/or by reading the advanced questions sent to company email. As there no questions raised and no objections were made, the motion to adjourn is carried.

Dividends

No cash or stock dividend has been declared in 2025, 2024 and 2023 due to incurred losses for the past three (3) years.

Company's Dividend Policy

Dividend shall be declared only from the surplus profit and shall be payable at such times and in such amounts as the Board of Directors shall determine, and shall be payable in cash or in share of the unissued stock of the company, or both as said Board of Directors shall determine. No dividends shall be declared that will impair the capital of the company. Stock dividends shall be declared in accordance with Corporation Law.

An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock was sufficient for the approval of 1) Minutes of the Previous Stockholders' Meeting 2) Financial Statements 3) Ratification of Corporate Acts of the Board of Directors and Officers of the corporation as reflected in the minutes and 4) Appointment of External Auditor.

The following directors and officers were present during the 2025 annual stockholders' meeting:

	Name	Position
1.	Elvira A. Ting	Director/Chairman/President
2.	Atty. Lamberto B. Mercado Jr.	Director
3.	Atty. Nestor S. Romulo	Director/Corp Secretary
4.	Atty. Aristeo R. Cruz	Director
5.	Hannel T. Ngo	Director
6.	Josaias T. Dela Cruz	Independent Director
7.	Sergio Antonio S. Ortiz-Luis	Independent Director
8.	Richard L. Ricardo	Treasurer
9.	Annabelle T. Abunda	Finance and Compliance Officer

The stockholders or its representative were given a chance to ask questions to the Board of Directors after each discussion of the agenda of the meeting. The registered stockholders and its proxies were advised to send their questions in advance through **metroalliance.ASM@gmail.com**. Minutes of the Annual Stockholders Meeting and Organizational Meeting were available in the company website.

For the upcoming Annual Stockholders' Meeting on July 21, 2026, below are the agenda, which are subject for approval of the stockholders:

- (a) Minutes of the Annual Stockholders' Meeting held last July 15, 2025 will also be presented to the stockholders for approval by a majority vote of the stockholders.
- (b) The Annual Report and Audited Financial Statements for the year ended December 31, 2025 will be presented to the stockholders for approval by a majority vote of the stockholders. Approval of the Annual Report and Audited Financial Statements constitutes a ratification of the Corporation's performance during the previous fiscal year as contained therein.
- (c) Ratification of all the actions and proceedings taken by the Board of Directors, Committees and Corporate Officers.
- (d) Election of the members of the Board of Directors for the ensuing year
- (e) Appointment of External Auditor by a majority vote of the stockholders.

Below is a summary of the Corporate Acts of the Board of Directors and Executive Officers subject to ratification of the stockholders in the upcoming annual stockholders' meeting:

July 15, 2025

The Corporation submitted the result of the Annual Stockholders' Meeting and the Organizational Meeting of the Board of Directors held last July 15, 2025 through remote communication.

July 18, 2025

The Corporation approved the authorization of the authorized signatories for transactions on behalf of the Corporation with stock transfer agent, BDO Unibank, Inc. and Philippine Depository & Trust Corporation.

September 16, 2025

The Corporation approved the authorization of the signing and execution of Term Sheet covering the Settlement Agreement with NPC International Limited (NPCI), Persian Gulf Petrochemical Industries Corporation (PGPIC), Petrochemical Industries Investment Company (PIIC), NPC Alliance Corporation (NPCAC), Polymax Worldwide Limited (Polymax), Bataan Polyethylene Land Development Resources Corporation (BPLDRC) and The Wellex Group, Inc. (TWGI) pertaining to all issues between the Parties, more particularly the decommissioning of the polyethylene plant located in the PNOC Petrochemical Complex in Bataan, Philippines, and belonging to NPCAC. The Corporation also authorized Ms. Elvira A. Ting and/or Mr. Richard L. Ricard as signatories of such Term Sheet.

January 14, 2026

The Corporation approved the authorization of Atty. Nestor S. Romulo as signatory in the processing of the application for amendment of the Articles of Incorporation (Article 6 and 9). The Corporation also designated Mr. Alfredo R. Tolentino, Jr. as the authorized contact person and representative in such application.

April 13, 2026

The Corporation approved and authorized the issuance of Parent Audited Financial Statements for the year ended December 31, 2025.

April 23, 2026

The Corporation approved and authorized the issuance of Consolidated Audited Financial Statements for the year ended December 31, 2025.

The Corporation also authorized Mr. Alfredo R. Tolentino, Jr. as the authorized filer of the reportorial requirements to the Securities and Exchange Commission's (SEC) Electronic Filing and Submission Tool (EFAST).

June 10, 2026

Setting the date of Annual Stockholder's Meeting through remote communication on July 21, 2026 at 10:00 am in accordance to SEC Memorandum Circular No. 6 Series of 2020. The Board also set June 26, 2026 as the record date for purposes of determining the shareholders entitled to receive Notice of Meeting and to vote and be elected during the said meeting.

Below is the list of attendees of directors from January to December 2025 regular and special meetings of the Board of Directors

Meetings 2025										
	Jan 8	Mar 13	Apr 21	Jun 9	Jul 15*	Jul 18	Sep 16	Total No. of Meeting	Total No. of Meetings Attended	% of Attendance
Elvira A. Ting	✓	✓	✓	✓	✓	✓	✓	7	7	100%
Atty. Lamberto B. Mercado, Jr.	✓	✓	✓	✓	✓	✓	✓	7	7	100%
Atty. Nestor S. Romulo	✓	✓	✓	✓	✓	✓	✓	7	7	100%
Hannel T. Ngo**					✓	✓	✓	3	3	100%
Aristeo R. Cruz	✓	✓	✓	✓	✓	✓	✓	7	7	100%
Sergio Antonio S. Ortiz-Luis**					✓	✓	✓	3	3	100%
Josaias T. Dela Cruz	✓	✓	✓	✓	✓	✓	✓	7	7	100%

*ASM and Organizational Meeting

**newly elected directors last July 15, 2025

Below tables are the attendance of directors in committee meetings for the year 2025:

AUDIT COMMITTEE – March 13 & April 21, 2025

Directors	Total Present	Total Absent	Total Meetings
Atty. Aristeo R. Cruz	2	0	2
Atty. Lamberto B. Mercado, Jr.	2	0	2
Josaias T. Dela Cruz	2	0	2

EXECUTIVE COMMITTEE – Jan 8 & September 16, 2025

Directors	Total Present	Total Absent	Total Meetings
Elvira A. Ting	2	0	2
Atty. Nestor S. Romulo	2	0	2
Atty. Lamberto B. Mercado, Jr.	2	0	2

NOMINATION COMMITTEE – June 9, 2025

Directors	Total Present	Total Absent	Total Meetings
Atty. Lamberto B. Mercado, Jr.	1	0	1
Atty. Nestor S. Romulo	1	0	1
Atty. Aristeo R. Cruz	1	0	1

COMPENSATION COMMITTEE – July 15, 2025

Directors	Total Present	Total Absent	Total Meetings
Hannel T. Ngo	1	0	1
Josaias T. Dela Cruz	1	0	1
Atty. Aristeo R. Cruz	1	0	1

RISK MANAGEMENT COMMITTEE – Jan 8 & September 16, 2025

Directors	Total Present	Total Absent	Total Meetings
Atty. Aristeo R. Cruz	2	0	2
Atty. Nestor S. Romulo	2	0	2
Sergio Antonio S. Ortiz-Luis	1	0	1

CORPORATE GOVERNANCE COMMITTEE – April 21 & July 18, 2025

Directors	Total Present	Total Absent	Total Meetings
Atty. Aristeo R. Cruz	2	0	2
Atty. Nestor S. Romulo	2	0	2
Sergio Antonio S. Ortiz-Luis	1	0	1

In year 2025, no material information on the current stockholders and their voting rights as well as in directors' disclosures on self-dealing and related party transactions.

For appraisal and performance report for the board and the criteria and procedure for assessment, please refer to the corporate governance report 2025, which stated that the principle is indicated in the Corporation's Revised Manual on Corporate Governance. But due to minimal operations of the Corporation, there was no written self-assessment of each individual or committee's performance.

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of the stockholders.

Item 17. Amendment of Charter, By-Laws or Other Documents

Except for the following, no other amendment was made by the Corporation as of this report:

1. Amendment of the Article III Section 1 of the Corporation's By-Laws with respect to the date of the Annual Stockholders' Meeting from "any day not a Sunday or legal holiday in the month of May of each year to *Every 3rd Tuesday of July of each year*" which was approved by the Board of Directors on their meeting held last June 18, 2024 and approved by the stockholders representing at least 2/3 of the outstanding capital stock on the Annual Stockholders' Meeting held last July 24, 2024.

The amendment was approved by the Securities and Exchange Commission on January 31, 2025. The Company submitted SEC 17-C to SEC and PSE after SEC approved the released of the certificate of amendment last February 17, 2025.

2. Amendment of the Article VI (increasing the number of directors from 7 to 9) and IX (declassification of class A and B shares) of the Article of Incorporation which the Corporation initially filed last January 15, 2026. The application and review by the SEC is still ongoing as of the filing of this report.

Item 18. Other Proposed Action

As of this report, there are no other matters which the Board of Directors intends to present or has reason to believe others will present at the meeting.

Item 19. Voting Procedures

An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient for the approval of 1) Minutes of the Previous Stockholders' Meeting 2) Financial Statements 3) Ratification of Corporate Acts of the Board of Directors and Officers of the corporation as reflected in the minutes 4) Appointment of External Auditor.

The holders of a majority interest of all outstanding stocks of the Corporation are entitled to vote at the meeting present in person or by proxy, shall constitute a quorum for the transaction of business.

The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. In all matters included in the agenda, except the election of directors, stockholders are entitled to one vote per share. For the election of directors, the counting will be cumulative. The counting of votes will be done by the Corporate Secretary with the assistance of the representatives of the Corporation's Stock Transfer Agent, BDO Unibank, Inc. All votes attaching to the shares owned by stockholders whose proxies were received by the Corporation will be cast in accordance with the instructions given or authority granted under the proxies. The Corporate Secretary shall record all the votes and proceedings of the stockholders and of the Directors in a book kept for that purpose.

The Board of Directors of Metro Alliance Holdings & Equities Corp. still decided to conduct the annual stockholders' meeting via remote communication (Zoom Application). Stockholders can only participate in the meeting by remote communication. Stockholders as of the Record Date who intend to participate or be represented in the meeting should register for the meeting by notifying the Corporation by email at **metroalliance.ASM@gmail.com** not later than July 17, 2026 (at 5:00P.M.) and shall first submit a copy of proof of identity, ownership and other certification/information for validation purposes and/or duly accomplished proxy instrument for a representative to the virtual meeting, if applicable.

Stockholders as of the Record Date who are interested in casting their votes on any of the matters to be presented during the 2025 Annual Stockholders' Meeting must cast their votes on or before July 17, 2026 (at 5:00pm). Stockholders whose shareholdings are lodged with the Philippine Central Depository are reminded to secure a certification of your shareholdings from your respective stockbrokers. Registered stockholders and confirmed proxies will receive the meeting link and password. Only stockholders who notified the Company of their intention to participate in the virtual meeting and have registered themselves or their proxies will be included in the determination of quorum.

The full details of the registration and voting procedures will be available on the Company's website, www.metroalliance.com/annualstockholdersmeeting.html, on June 25, 2026.

We are not soliciting proxies.

PART II.

INFORMATION REQUIRED IN A PROXY FORM
(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)

NOT APPLICABLE

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on June 10, 2026.

Metro Alliance Holdings & Equities Corp.

By:


Atty. Nestor S. Romulo
Corporate Secretary

Upon the written request of the stockholder, the Corporation undertakes to furnish said stockholder a copy of the SEC 17-A free of charge. Any written request for a copy of SEC 17-A shall be addressed as follows:

Atty. Nestor S. Romulo
Corporate Secretary
Metro Alliance Holdings & Equities Corp.
35th Flr., One Corporate Center, Doña Julia Vargas Ave.,
Cor. Meralco Ave., Ortigas Center, Pasig City

CERTIFICATE OF INDEPENDENT DIRECTOR

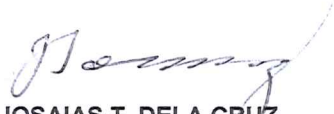
I, **Josaias T. Dela Cruz**, Filipino, of legal age and a resident of 304 Hogan Street, Capitol Hills, Quezon City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an Independent Director of **METRO ALLIANCE HOLDINGS & EQUITIES CORP.** since 2024.
2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
JTDC Spinmeister Laundry Service	Sole Proprietor	2016 – present
Philippine Estates Corporation	Independent Director	2021 – present
Forum Pacific, Inc.	Independent Director	2021 – present
Wellex Industries, Inc.	Independent Director	2021 – present

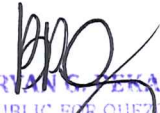
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Metro Alliance Holdings & Equities Corp.**, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **Metro Alliance Holdings & Equities Corp.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **Metro Alliance Holdings & Equities Corp.** of any changes in the above mentioned information within five days from its occurrence.

Done this JUN 10 2026 day QUEZON CITY


JOSAIAS T. DELA CRUZ
 Affiant

SUBSCRIBED AND SWORN TO before me this JUN 10 2026 at QUEZON CITY, affiant exhibiting his Tax Identification No. 123-365-209 issued by the Bureau of Internal Revenue.

Doc. No. 113
 Page No. 91
 Book No. XIII
 Series of WU


ATTY. BRYAN S. PERALTA
 NOTARY PUBLIC FOR QUEZON CITY
 ADM. MATTER NO. NP-173 VALID UNTIL DEC. 31, 2026
 ROLL OF ATTORNEY NO. 66393/TIN 289-467 753
 IBP NO. 576803 NOVEMBER 30, 2025, QUEZON CITY
 MCLE NO. VIII-0013054, VALID UNTIL 14/APR/2028
 PTR NO. 10438501, JANUARY 5, 2026, MARIKINA CITY
 803 EDSA DIAMOND FINANCE, CUBAO, Q.C.

CERTIFICATE OF INDEPENDENT DIRECTOR


I, **Sergio Antonio S. Ortiz-Luis**, Filipino, of legal age and a resident of 151 10th Avenue cor. 3rd St., Riverside Village, Sta. Lucia, Pasig City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an Independent Director of **METRO ALLIANCE HOLDINGS & EQUITIES CORP.** since July 2025.
2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
The Events Hive	Sole Proprietor	2012 – present
Canadian Tourism and Hospitality Institute	Director	2015 – present
Arena Islands Beach Resorts, Inc.	Director/Vice President	2022 - present
Esports World Federation	Vice President	2022 - present
Philippine Chamber of Commerce and Industry Youth Committee	Vice Chairman	2022 – present
Philippine Young Entrepreneurs Association – NCR	President	2020 – present
First Kick for Peace	Vice President	2017 – president
Brick Traders	Proprietor	2019 – president
Forum Pacific, Inc.	Independent Director	2024 – present
Wellex Industries, Incorporated	Independent Director	2024 – present


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Metro Alliance Holdings & Equities Corp.**, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **Metro Alliance Holdings & Equities Corp.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **Metro Alliance Holdings & Equities Corp.** of any changes in the above mentioned information within five days from its occurrence.

Done this **JUN 10 2026** day _____, at **QUEZON CITY**


SERGIO ANTONIO S. ORTIZ-LUIS
 Affiant

SUBSCRIBED AND SWORN TO before me this **JUN 10 2026** at _____, affiant exhibiting his Tax Identification No.243-083-810 issued by the Bureau of Internal Revenue. **QUEZON CITY**

Doc. No. 455
 Page No. 91
 Book No. XVII
 Series of 2024


ATTY. BRYAN C. DELAS
 NOTARY PUBLIC FOR QUEZON CITY
 ADM. MATTER NO. NP-171 VALID UNTIL DEC. 31, 2026
 ROLL OF ATTORNEY NO. 62393/TIN 289-467 753
 IBP NO. 576803 DECEMBER 30, 2025, QUEZON CITY
 MCLE NO. VII-0013054, VALID UNTIL 14/APR/2028
 PTR NO. 10438501, JANUARY 5, 2026, MAKINA CITY
 603 EDSA DIAMOND FINANCE, CUBAO, Q.C.

CERTIFICATION

I, NESTOR S. ROMULO, of legal age and with office address at 35th Flr. One Corporate Center, Doña Julia Vargas cor. Meralco Aves., Ortigas Center, Pasig City, after being duly sworn to in accordance with law, do hereby certify:

I am the duly elected Corporate Secretary of METRO ALLIANCE HOLDINGS & EQUITIES CORP., a corporation duly organized and existing under Philippine laws with principal office at 35th Flr., One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City (the "Corporation").

All incumbent directors and officers of the Corporation are not connected with any government agency or instrumentality, except for Atty. Lamberto B. Mercado, Jr. Attached herewith is a copy of a certification issued by the Philippine National Construction Corporation, allowing/authorizing Atty. Lamberto B. Mercado, Jr. to be director in other corporations.

I execute this certification to comply with the requirements of the Securities and Exchange Commission.

JUN 10 2026

IN WITNESS WHEREOF, I have hereunto set my hand this _____ in the city of QUEZON CITY

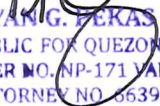

NESTOR S. ROMULO
Corporate Secretary

JUN 10 2026

QUEZON CITY

Subscribed and sworn to before me this _____ at _____, affiant exhibiting to me his Tax Identification Number 107-200-723-000 issued by the Bureau of Internal Revenue.

Doc. No. 454
Page No. 91
Book No. XIII
Series of 2026


ATTY. BRYAN G. PEKAS
NOTARY PUBLIC FOR QUEZON CITY
ADM. MATTER NO. NP-171 VALID UNTIL DEC. 31, 2026
ROLL OF ATTORNEY NO. 66393/TIN 289-467 753
IBP NO. 576803 DECEMBER 30, 2025, QUEZON CITY
MCLE NO. VIII-0013054, VALID UNTIL 14/APR/2028
PTR NO. 10438501, JANUARY 5, 2026, MARIKINA CITY
603 EDSA DIAMOND FINANCE, CUBAO, Q.C.



PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION

CERTIFICATION

TO WHOM IT MAY CONCERN:

This is to certify that **ATTY. LAMBERTO B. MERCADO, JR.** is hereby allowed/authorized to occupy membership in the Board of Directors of other corporations provided such memberships do not conflict with his official function as member of the PNCC Board of Directors.

Done this 12th day of May 2026 in Bicutan, Parañaque City

MIGUEL E. UMALI

President and CEO / Vice-Chairman

METRO ALLIANCE HOLDINGS & EQUITIES CORP.
MANAGEMENT REPORT
AS REQUIRED BY SRC RULE 20
INCLUDING FINANCIAL INFORMATION FOR 1ST QUARTER OF 2026

Item 1. Business

A. Description of Business

(1) Business Development

Metro Alliance Holdings & Equities Corp. (MAHEC or the Parent Company) is incorporated in the Philippines. The Parent Company and its subsidiaries (collectively referred to as “the Group”) are involved in contract logistics. Certain subsidiaries previously engaged in the importation and distribution of polypropylene resin and pharmacy management have cease operations.

The Parent Company was first incorporated in October 15, 1929 as a management and trading company called Marsman & Company, Inc. (Marsman). Marsman was listed on the Philippine Stock Exchange (the ‘Exchange’) in 1947. The Parent Company changed its name to Metro Alliance Holdings & Equities Corp. as approved by the stockholders on the annual meeting on April 6, 1999 and subsequently approved by Securities and Exchange Commission on October 11, 1999.

The registered office address of the Parent Company is at 35th Flr. One Corporate Centre, Doña Julia Vargas cor. Meralco Aves., Ortigas Center, Pasig City.

In March 14, 2016, the Securities and Exchange Commission approved the amendment made to Article III of the Articles of Incorporation in regard to the change of Company’s official business address from 22nd Floor Citibank Tower, 8741 Paseo de Roxas, Makati City to 35th Floor One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City.

On June 4, 2018, the Exchange has resolved to grant the Parent Company’s request to lift the trading suspension of its shares after a careful consideration of the facts and circumstances of the Parent Company’s case and a comprehensive review of the Parent Company’s disclosures and representation vis-à-vis the requirements under the Disclosure Rules. The Exchange considered, among others: (i) the Parent Company’s compliance with the disclosure requirements of the Exchange, thus addressing the grounds and reasons why the Exchange imposed the trading suspension on May 21, 2007; and (ii) the SEC’s decision setting aside the Order of Revocation on the Parent Company’s registration and permit to sell securities. The Exchange has likewise noted the Parent Company’s representations regarding its business plans, including its capital build-up program.

Status of Operation

The Group and Polymax Worldwide Limited (Polymax), its unconsolidated special purpose entity incorporated in British Virgin Island entered into a series of acquisition transactions (see details below) to acquire ownership of the petrochemical plant of NPC Alliance Corp. (NPCA), which, in 2016, resulted in a disputed sale of Polymax’s 60% interest in NPCA to NPC International Limited (NPCI) and Petrochemical Industries Investment Company (PIIC). Subsequently on August 27, 2013 the Company and Polymax entered into a settlement agreement with NPCI, PII and NPC to resolve the dispute. On the basis of the settlement agreement, the previously issued 2006 consolidated financial statements of the Company and its subsidiaries were restated to reflect the sale of Polymax’s 60% interest in the petrochemical plant.

As of December 31, 2025 and 2024, the Parent Company has significant advances to Polymax amounting to ₱352.1 million ₱347.7 million, respectively, relating to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in the next section below. On the other hand, Polymax (jointly and severally with the Parent Company) has past due liabilities, including accrued interest and penalties, amounting to ₱994.7 million for both years, which were obtained to partially finance the acquisition of the petrochemical plant, resulting from the transfer of past due loans as discussed in the next paragraph.

In 2007, the Parent Company unilaterally transferred to Polymax two significant past due liabilities totaling ₱866.7 million as of December 31, 2006 that were obtained (jointly and severally with Polymax) to partially finance the acquisition transaction of the petrochemical plant and applied these against the Parent Company’s advances to Polymax, in order to reflect the economic substance of the acquisition and related loan transactions.

The remaining 20% of Polymax's interest in the petrochemical plant is for sale. The realization of the Parent Company's advances to Polymax and the settlement of past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, depend on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPC Alliance Corporation (NPCAC).

Projected Plan for next 12 months

As of December 31, 2025, The Parent Company, has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands in connection to the acquisition of the petrochemical plant. On the other hand, Polymax still holds 20% interest in NPC Alliance Corporation (NPCAC) as of December 31, 2024. While this investment is still realizable at substantially higher value than the stated in the books, sufficient provision for possible loss have already been recorded in Polymax's financial statements. Over the past years, it has been determined that the present global petrochemical market conditions have had a dampening effect on the viability of the polyethylene business, especially when coupled with the difficulty in sourcing ethylene feedstock. This, coupled with the perceived inability of the Company's Iranian partners to manage the business properly, has resulted in the closure of the Company's Bataan polyethylene plant. In order to protect the Company's interest, the Company have filed legal suits against the partners in NPCAC in order to establish full accountability.

In recent breakthrough, the parties have agreed to work for a global settlement agreement and as such, all cases filed against each other have been amicably and voluntarily withdrawn last January 17, 2025. This development will allow the Group to focus more on business planning and development moving forward. Despite the shutdown of the polyethylene plant, adequate system maintenance measures are kept in place by NPCAC management in order to prevent the physical corrosion of machinery and equipment. Due to economic turbulence brought about by the war in Ukraine, Venezuelan conflict and the civil unrest in Iran, discussions to determine the fate of the plant assets, notably still intact and in good condition, are being pushed such that a proposed recovery plan for NPCAC can be implemented towards the latter part of 2026.

MAHEC's remaining operating subsidiary, Metro Combined Logistics Solutions, Inc. (MCLSI), is steadily growing with additional business from its existing principals. The pandemic had forced the company to reevaluate its operational costs in order to remain competitive in the logistics industry, with satisfactory results. Furthermore, MCLSI management has tightened its audit and control measures in order to streamline operational lapses. During the year, MCLSI embarked on a software upgrade program in order to attract a wide array of clients, and MCLSI expects to continue the pace of software modernization in the next following years to protect initial gains. A capital build-up program is also under study to support the acquisition of new warehouse locations that would be crucial in providing an accessible field network attractive to new clientele. As a means of diversification, MCLSI is also exploring business opportunities in the transport field, including computer app solutions, warehousing and cold storage; in medical distribution and pharmaceutical business logistics, operation of hospice care and management of medical clinics, importation of medical equipment; and also, in document storage, car parking, sea travel, river ferry and airport/seaport terminal management.

Actions of the Company

The Group has remained devoted to regain its status as a going concern. In line with this, the Group reiterate several actions that were mentioned in previous year. The Group hope that these measures will conserve the Group's resources and build confidence for its business direction:

- i. Commitment by the majority shareholders of the Parent Company to guaranty the recoverable value of the remaining advances in its books in order that the Parent Company's equity be preserved.
- ii. Pressing the majority shareholders of NPCA to write down the obligation of NPCAC to its principal shareholders to pave the way for restructured financial statements;
- iii. Increasing the number of Board of Directors from 7 to 9 in order to pave the way for a broader representation of stakeholders; *(currently filed and under review by the Securities and Exchange Commission)*
- iv. Removing the "A" and "B" classification of the Parent Company shares to integrate common shares into just one class; *(currently filed and under review by the Securities and Exchange Commission)*
- v. Working out a stock rights offer for take advantage of unissued shares from the authorized capital stock

After the conduct of stock right offering, the Parent Company will pursue its pending application with the SEC to increase its authorized capital stock to ₱5 billion, in order to meet its projected investment plan. In

sum, the Parent Company is expected to satisfy its cash requirements to finance its projected plans and investment in new ventures throughout the calendar year 2026.

Realization of Outstanding Receivables from Polymax Worldwide Limited in the Amount of ₱352,090,391 as of December 31, 2025

With the withdrawal of legal cases surrounding the polyethylene plant, the recovery of this receivable is resoundingly clearer. Moreover, if ever the negotiations with the Iranians will stall, there are other alternatives to address the issue. In order that these outstanding receivables, be fully paid and immediately recovered, a payment via dacion of the remaining 20% NPCA shares held by Polymax in NPC Alliance could be made to Metro Alliance, thus making the Parent Company the direct shareholders of NPCAC. As of December 31, 2025, Polymax continuously provided full financial support to Metro Alliance for its working capital requirements by offsetting from its existing advances from Metro Alliance.

Manpower Requirements

The Group does not expect significant changes in the number of employees as it is still in the stage of exploring new business opportunities. Manpower will be outsourced if needed.

Capital Asset Acquisition

The Group will make purchases of equipment and machines in the future if needed especially when investment in mining industry will materialize.

Despite the global effects of the Ukraine War and Palestinian Conflict and the uncertainty and disputes brought about by the American tariff increases, the Group is cautiously positive, hoping that sustained economic growth is forthcoming.

Therefore, the financial statements continue to be prepared on the going concern basis.

Acquisition Transactions

On December 4, 2003, the Parent Company entered into a Memorandum of Agreement (MOA) with Polymax, whereby the Parent Company confirmed the designation of Polymax as the acquiring company in the proposed acquisition of the senior secured debt papers of BPC from International Finance Corporation (IFC). Under the MOA, the Parent Company and Polymax agreed that (a) the acquisition of the secured debt paper would be for the account and benefit of the Parent Company; (b) the funding for the acquisition would be provided and arranged by the Parent Company; and (c) the exercise of creditor rights arising from the secured debts via foreclosure and takeover of the assets of BPC would be directed by and for the account and benefit of the Parent Company. In addition, the Parent Company would make certain advances to Polymax.

On December 19, 2003, Polymax and IFC entered into an Assignment and Transfer Agreement (the Agreement) for the purchase by the former of the senior secured debt papers of BPC. The Parent Company advanced to Polymax the initial deposit of US\$5 million, which was remitted to IFC for the assignment payment, pursuant to the terms of the Agreement. On February 11, 2004, IFC confirmed that it has received the full payment for the assignment of the senior secured debt papers of BPC.

To partially finance the Parent Company's advances relating to the Petrochemical Project, the Parent Company obtained short-term loans from local banks. With the delay in the completion of the activities and the conditions required for the Petrochemical Project, the Parent Company was unable to pay the bank loans on maturity dates. As of December 31, 2006, the amounts payable to the banks totaled ₱866.7million, consisting of the outstanding principal balance of ₱378.3million and finance charges of ₱488.4million. In 2007, these past due liabilities were unilaterally transferred to and applied against the advances made to Polymax.

Pursuant to the Parent Company's plan of acquiring full control of BPC, instead of exercising creditor rights, the Parent Company, on April 16, 2004, entered into a Share Purchase Agreement (SPA) with BPC, Tybalt Investment Limited (TIL), BP Holdings International B.V. (BPHI) and Petronas Philippines, Inc. (PPI), with TIL as the purchaser of the 83% interest of the foreign shareholders of BPC. As agreed by the parties, the SPA is to take effect as of March 31, 2004, subject to closing conditions, as defined in the SPA, which the parties have to comply with within a period of 60 days or later if the conditions are not met. On July 7, 2005, Polymax and BPC executed a Deed of Conveyance, transferring to Polymax under an asset for share swap, the petrochemical plant of BPC in exchange for 85million common shares of Polymax with par value of US\$1 per share, or a total par value of US\$85million.

On July 20, 2005, the Parent Company, Polymax and NPC International Limited (NPCI) entered into an SPA which provided that, subject to certain conditions, including the transfer of the petrochemical plant of BPC free from encumbrances, NPCI will acquire 60% of the issued share capital of NPCA from Polymax.

On August 9, 2005, Polymax and NPCA executed a Deed of Conveyance, transferring to NPCA, under an asset for share swap, the same petrochemical plant in exchange for 4.8 million shares of common stock of NPCA with a total par value of ₱4.8 billion, resulting in 100% ownership interest of Polymax in NPCA.

On November 15, 2005, BPC and Polymax executed a Deed of Assignment whereby BPC transferred and conveyed to Polymax all its rights and interest to Polymax's 85 million shares of common stock, with a total value of US\$85million, in exchange for the discharge of a portion of BPC's secured debt, which was acquired by Polymax from IFC, up to the extent of the value of the shares transferred. Polymax retired the said shares 10 days from the date the Deed of Assignment.

On December 16, 2005, Polymax, NPCI, Petrochemical Industries Investment Company (PIIC) and the Parent Company entered into an amended SPA whereby NPCI and PIIC will purchase 40% and 20% of NPCA's shares of common stock, respectively, from Polymax. In addition to the conditions set forth in the original SPA, the amended SPA also involves advances to be provided by NPCI amounting to US\$15 million representing an advance payment which may be used to fund the bona fide third-party costs of NPCA or BPC for the recommissioning, operation and maintenance of the petrochemical plant or such other third-party cost or expenses, taxes or duties as agreed between Polymax and NPCI. On the same date, the Parent Company, NPCI and PIIC entered into a Guarantee and Indemnity agreement whereby the Parent Company irrevocably and unconditionally guaranteed the prompt performance and observance by Polymax and the payment on demand by Polymax of all moneys, obligations and liabilities, which are now or at any time after the execution of the agreement become due from or owing or incurred by Polymax under or in connection with any of the SPA and the Shareholders' Agreement. The Parent Company also guaranteed that it shall be liable for Polymax's obligations, as if it were a principal debtor, if Polymax's obligations are no longer recoverable from Polymax.

On March 18, 2006, Polymax, NPCI, PIIC and the Parent Company entered into an Agreement of Variation (March 2006 Variation Agreement) to vary and amend the terms of the "Amended and Restated Share Purchase Agreement (ARSPA) and the Shareholders' Agreement" entered on December 16, 2005. Under the March 2006 Variation Agreement, completion of the conditions and conditions subsequent set forth in the ARSPA was extended to April 30, 2006. Moreover, additional conditions that Polymax needs to satisfy prior to completion were agreed upon. On the same date, Polymax and NPCI executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to NPCI all the rights, title and interest in 19,090,000 NPCA shares of common stock, equivalent to 40% ownership interest, for a consideration of ₱1.91billion.

On September 11, 2006, Polymax, NPCI, PIIC, the Parent Company and NPCA entered into another Agreement of Variation (September 2006 Variation Agreement) to further vary and amend the terms of the ARSPA and the Shareholders' Agreement (both initially amended and varied by the March 2006 Variation Agreement). Polymax, in accordance with its obligations under the ARSPA, had notified NPCI and PIIC that it is aware that certain conditions will not be fulfilled by April 30, 2006. As a result, the parties agreed to transfer to PIIC the 9,545,000 NPCA shares of common stock prior to completion, while certain conditions will become conditions subsequent to be completed on December 31, 2006.

On September 20, 2006, Polymax and PIIC executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to PIIC all the rights, title and interest in 9,545,000 NPCA shares of common stock, equivalent to 20% ownership interest, for a consideration of ₱954.5million.

On December 31, 2006, the ARSPA Variation Agreement expired with the conditions subsequent remaining unsettled. Nevertheless, NPCI and PCII took control of the petrochemical plant resulting in a dispute with the Parent Company and Polymax, who considered the sale of Polymax's 40% and 20% interest in the petrochemical plant to NPCI and PCII, respectively, as null and void.

On August 21, 2007, the petrochemical plant started commercial operations under NPCI and PIIC. Subsequently on August 27, 2013, the Company and Polymax ("Respondents") entered into a settlement agreement with NPCI, PIIC and NPC ("Claimants") to resolve the dispute arising from the uncompleted acquisition transactions described above. Under the agreement, NPCI shall, among others, pay Polymax the remaining balance of the purchase price of the 60% NPCA shares net of deductions agreed by the parties. Simultaneous with the execution agreement, Polymax shall also sell to NPCI an additional 20% of

Polymax's interest in NPCA from the remaining 40% equity holding in NPCA at US\$8 million or its equivalent in Philippine peso. In September 2013 and August 2014, the remaining balance due to Polymax was paid by NPCI and the 20% interest of Polymax in NPCA was sold to NPCI, respectively, in accordance with the agreement.

As a result of the foregoing settlement, the arbitration tribunal issued on October 2, 2014 an order for withdrawal of the arbitration cases (under the United Nations Commission on International Trade Law Rules of Arbitration), which were earlier filed by the parties due to the dispute arising from their various agreements.

On January 17, 2025, the parties have agreed to work for a global settlement agreement and as such, all cases filed against each other have been amicably and voluntarily withdrawn.

Business Development of the Subsidiaries:

Metro Combined Logistics Solutions, Inc. (MCLSI) (Formerly GAC Logistics, Inc. (GACL)

MCLSI is 51% owned by MAHEC, by virtue of a joint venture agreement with Gulf Agency Company (GAC) which owns the other 49%. MCLSI was registered with the Securities and Exchange Commission on September 30, 1998. MCLSI is primarily engaged in carrying on all or part of the business of contract logistics and supply chain management services, including third party warehousing and distribution, consultancy and project management and value added services to customers throughout the Philippines. MCLSI's business is steadily growing with the entry of new principals and additional businesses from its existing principals.

Non-operating Subsidiaries:

Consumer Products Distribution Services, Inc. (CPDSI) is a wholly owned subsidiary of Metro Alliance. It was first incorporated on November 11, 1993 as Metro Drug Distribution, Inc. (MDDI). In November 7, 1997, the Securities and Exchange Commission approved the renaming of MDDI to CPDSI. Prior to 2002, CPDSI was involved in providing logistics and administrative services in connection with the sale and distribution of principals' products. The last service agreement expired in 2002. In January 2002, CPDSI shifted into the business of importation and toll manufacturing of propylene and distribution of polypropylene in the local market. In April 2003, CPDSI ceased its polypropylene business operations due to the substantial increase in prices of imported raw materials.

FEZ-EAC Holdings, Inc. became a wholly owned subsidiary of the Corporation in November 11, 2002. It was incorporated in February 3, 1994. It ceased operations at the end of 2001 following the expiration of the third party logistics contract of its subsidiary with Phillip Morris Philippines, Inc.

Zuellig Distributors, Inc. is a wholly owned subsidiary of the Corporation. It ceased operations in June 30, 1999 following the expiration of its exclusive distribution agreement with its single principal. It was incorporated in October 18, 1985.

Asia Healthcare, Inc. is 60% owned by the Corporation. AHI was first incorporated in July 2, 1918. In August 2000, the Corporation invested in AHI. However, in 2002, it ceased operations due to heavy losses. The low volume and minimal margin on the sales of pharmaceutical products have not been sufficient to cover the costs of the services and products provided by AHI. Consequently, AHI was constrained to terminate contracts with its clients and cease its business operations. On December 17, 2002, AHI filed a voluntary petition for insolvency with the Pasig City Regional Trial Court (RTC). On February 27, 2003, the Pasig City RTC declared AHI as insolvent.

Bankruptcy, receivership and similar proceedings

Except for AHI which filed for insolvency in December 2002, Metro Alliance and its subsidiaries are not involved in any bankruptcy, receivership or similar proceeding.

Material reclassification, merger consolidation or purchase

There is no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

(2) Business of Metro Alliance

Description of Registrant

(i) Principal products and services

Metro Alliance is a publicly listed holding company with investments in shares of stock of other listed companies and investment in subsidiary involved in contract logistics and supply chain management services, including third party warehousing and distribution, consultancy and project management and value added services to customers throughout the Philippines.

Principal products or services of its subsidiaries:

MCLSI provides contract Logistics and Supply Chain Management Services to meet the business needs of major companies in the Philippines. Contract logistics and supply chain management services include third party warehousing and distribution, consultancy and project management services to multinational and local companies. Revenue contribution of each principal for the year 2025 is as follows:

PRINCIPAL	SERVICE INCOME	% to TOTAL
Zuellig Pharma Corp.	33,257,110	19.83%
Zuellig Pharma Corp. - Canlubang	25,649,603	15.29%
Actimed Inc.	17,345,360	10.34%
Interphil Laboratories Inc.	16,973,272	10.12%
Sysu International	11,880,401	7.08%
3M Philippines Inc.	10,917,473	6.51%
SC Johnson and Son Inc.	6,695,266	3.99%
EL Laboratories Inc.	5,864,040	3.50%
Davao Doctors Hospital	5,826,344	3.47%
Travel Blue Accessories Philippines, Inc.	3,712,811	2.21%
Miles and Levels Philippines Inc.	3,600,757	2.15%
Alaska Milk Corporation	3,580,451	2.13%
JNTL Consumer Health (Philippines) Inc.	3,430,682	2.05%
Ajanta Pharma Philippines, Inc.	1,995,987	1.19%
ADP Pharma Corporation	1,670,308	1.00%
Draeger Philippines Corporation	1,666,658	0.99%
Kenneth and Mock Designs Inc	1,607,770	0.96%
Personal Collection Direct Selling, Inc.	1,325,528	0.79%
Sojitz FUSO Philippines Corporation	1,304,746	0.78%
Others	9,398,856	5.62%
TOTAL	167,703,423	100.00%

(ii) Export sales

Metro Alliance and its subsidiaries are not engaged in export sales.

(iii) Distribution Methods of the Products

The core of MCLSI contract logistics services is warehouse and transport management. It leases dedicated warehouses or operates warehouses leased/owned by its principals and contracts dedicated personnel to manage its warehouses. Its principal's products are shipped mostly in four and six-wheeler closed van through a shipping and cargo services company.

(iv) Publicly announced new product or service.

Metro Alliance and its subsidiaries have no publicly-announced product or service.

(v) Competition

MCLSI's main competitors include IDS Logistics, DHL-Exel, Shenker, Fast Services, Agility (formerly Geologistics), LBC and Air 21. The quality of MCLSI's services is on par with their peer competitors. MCLSI has been able to secure contracts with new principals as well as signing additional contracts with existing principals is indicative that service levels are satisfactory.

(vi) Sources and availability of raw materials and principal supplier

Since the Company ceased to have control or have sold its interest in Mabuhay Vinyl Corporation (MVC), which involves in the manufacturing of chemicals which are widely used in household applications, there are no sources and availability of raw materials and principal supplier to be disclosed.

(vii) Dependence on one or few major customers

Metro Alliance and its subsidiaries are not dependent on any one industry, company or customer. However, the Zuellig Pharma Group's accounts is 35% or more of the total sales of MCLSI.

(viii) Transactions with and/or dependence on related parties

Metro Alliance has significant transactions with related parties which include the granting and availment of interest and non-interest bearing cash advances. Transactions with and/or dependence on related parties is discussed in detail in Item 5, page 15-16, Certain Relationships and Related Transactions, of this report.

(ix) Patent, trademark, copyright, franchise, concession or royalty agreement

Metro Alliance and its subsidiaries are not covered with any patent, trademark, copyright, franchise, concession or royalty agreement.

(x) Government approval of principal products or services

There is no need for any further government approval on principal products of Metro Alliance and its subsidiaries. All existing permits and licenses are valid and are renewed upon expiration thereof.

(xi) Effect of existing or probable governmental regulations on the business

There are no existing or probable governmental regulations that will affect the business of Metro Alliance and its remaining operating subsidiary, MCLSI.

(xii) Estimate of the amount spent during each of the last three calendar years on research and development activities

There are no such activities in Metro Alliance and its other subsidiaries.

(xiii) Costs and effects of compliance with environmental laws

Metro Alliance has secured the required permits and clearances from the Health Sanitary Department of the City Government of Pasig to comply with the applicable environmental regulations. A strict compliance with other environmental agencies such as DENR is no longer required since Metro Alliance ceased to have control or have sold its interest in Mabuhay Vinyl Corp. (MVC), which has manufacturing facilities for producing chemicals.

(xiv) Total Number of Full Time-Employees (as of December 31, 2025):

Metro Alliance

Metro Alliance has one new full-time employee, for accounting and administrative matters of the company.

MCLSI

	<i>Rank and File</i>	<i>Supervisors</i>	<i>Managers and up</i>	<i>Total</i>
Operations	183	9	7	199
Administrative	8	3	6	17
Total	191	12	13	216

There is no Collective Bargaining Agreement (CBA). There has been no strike or similar threat within the last three (3) years. There are no supplemental and incentive arrangements with its employees. The number of employees will be increased only upon entry of new principals.

(xv) Major Risks

Metro Alliance

Capital availability, access to credit and high borrowing rates. Negotiations with local and foreign investors, both banking and non-banking institutions are currently being pursued.

Metro Alliance's financial instruments consist of cash, advances to or from affiliates, loans and long-term debt. The carrying amounts of these financial instruments, which are currently due and demandable,

approximate their respective fair values as of balance sheet date. The main risk arising from Metro Alliance's financial instruments are interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and approves policies for managing each of the risks.

Interest rate risk

Metro Alliance exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt. As of December 31, 2025 and 2024, the Group has no significant interest rate risk exposures since the interest rates are fixed up to the date of maturity.

Credit risk

It is Metro Alliance's policy to require all concerned affiliates and /or third party to comply and undergo a credit verification process with emphasis on their capacity, character and willingness to pay. In addition, receivables are closely monitored so that exposure to bad debts is minimized. Metro Alliance deals only with legitimate parties. As to other financial assets of Metro Alliance like cash, the credit risk arises only in case of default of the counterparty and the maximum exposure is limited to the carrying amount of the instruments.

Liquidity risk

Metro Alliance objective is to maintain a balance between flexibility and continuity of funding. However, because of the default on the payment of interest and principal amortizations on existing debts, Metro Alliance access to funds has been limited to those of its related parties in the form of advances. Current working capital requirements will continue to be sourced from short-term loans and advances from related parties.

MCLSI

MCLSI's principal financial instruments consists of cash. The main purpose of MCLSI's financial instruments is to finance the company's operation. MCLSI has various other financial asset and financial liabilities, such as trade and other receivables, refundable deposits under other current asset, and trade and other payables and accrued expenses, which arise directly from operations.

The main risks arising from the use of financial instruments are credit risk, foreign currency risk and liquidity risk. The Board of Directors is responsible for the overall risk management approach and for approving by the Board of Directors as follows:

Credit Risk

Credit risk is the risk that MCLSI will incur a loss because its counterparties failed to discharge their contraction obligations. MCLSI manages credit risk by transacting only with entities with established good credit standing. In addition, receivable balances are monitored on a regular basis with the result that MCLSI's exposure to bad debt is not significant.

Foreign Currency Risk

Foreign Currency Risk is the risk that the values of the financial assets and financial liabilities will fluctuate due to changes in foreign exchange rate. MCLSI's exposure to foreign exchange risk results from its business transactions and assets and liabilities denominated in foreign currencies. MCLSI regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currencies denominated assets and liabilities.

Item 2. Properties

A. Description of Property

Metro Alliance

The Parent Company entered into a lease agreement with The Wellex Group, Inc. for a business space in the 35th floor of One Corporate Centre, Dona Julia Vargas cor. Meralco Ave., Ortigas Center Pasig City. The term of the lease is from May 1, 2020 until April 30, 2024 and was renewed for another period of two (2) years from May 1, 2024 to April 30, 2026 and renewed again for another two (2) years or until April 30, 2028. The lease period shall be renewable for another period of two (2) years with adjustments in the rental rates as agreed by the parties. Monthly rental for the leased premises amounts to ₱15,000, exclusive of VAT.

Following the adoption of PRFS 16, Metro Alliance recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred minus any lease incentives received.

MCLSI

MCLSI entered into several lease agreements covering its office premises and warehouses. The terms of the lease agreements range from 1 to 5 years under renewable options. Other leases entered into include clauses to enable upward revision of the rental charged on an annual basis – based on prevailing market rates. MCLSI entered into various lease agreements all under renewable options. Details of leases of office premises and warehouses as of May 31, 2026 are as follows:

Lessor	Type & area	Location	Monthly Lease exclusive of 12% VAT (Php)	Lease Term
CF Kingsland Ventures Corporation	Office space (134.50sqm) & 2 parking spaces (12sqm each)	Salcedo Village, Makati City	98,790.00	Feb. 01, 2024 – Jan. 31, 2026
Filipinas Benson Industrial & Development Corp.	Warehouse 9 (1,440sqm) & loading are (334.50sqm)	Tunasan, Muntinlupa City	326,325.00	Apr. 01, 2024 - Mar. 31, 2026
	Warehouse 10 (1,480sqm) & loading are (328.50sqm)	Tunasan, Muntinlupa City	334,625.00	Apr. 01, 2024 - Mar. 31, 2026
VY Industrial Builders, Inc.	Warehouse & office building (1,045sqm – open area; 2,522sqm – covered area)	Carmona, Cavite	545,336.00	Jun. 01, 2025 - May 31, 2027
			495,760.00	Jun. 01, 2024 - May 31, 2025
Elizabeth Calantoc Uy	Warehouse (1,600sqm)	Meycauayan, Bulacan	252,000.00	Jan. 01, 2025 - Dec. 31, 2026
Chatellane Holdings Co., Inc.	Warehouse (1,877sqm)	Carmona, Cavite	448,237.93	Sept. 7, 2025 – Sept. 6, 2026

MCLSI owns and operates trucks as follows:

Model	Series	Body Type	Year Model
Isuzu	Elf	Aluminum Van Truck	2003
Isuzu	Elf	Reefer Van Truck	2001
Mitsubishi	L300 Delux c/c	FB Body	2017
Mitsubishi	L300 Delux c/c	FB Body	2017
Mitsubishi	Canter TF	Cab Chassis/Wing Van	2022
Suzuki	APG GA MT	Van	2022
Mitsubishi	Canter FE71 c/c	Aluminum Van 2023	2023

MCLSI also leases warehouse equipment. Lease term is renewable at the option of both parties. Details of the lease as of May 31, 2025 are as follows:

There are no planned acquisitions or lease of properties within the next 12 months.

Vendor	Warehouse Equipment	Location	Monthly Lease Exclusive of 12% VAT (Php)	Lease Term
Piston & Rings	Nichiyu Reachtruck FBRAW13-75 2.0 tons	Carmona 6th Street	36,281.43 36,281.43	Aug. 16, 2023 – Aug. 15, 2025 Aug. 16, 2025 – Aug. 15, 2027
	TCM Reachtruck FRB14 serial 78L00665	Carmona 6th Street	39,821.43 39,821.43	Aug. 16, 2023 – Aug. 15, 2025 Aug. 16, 2025 – Aug. 15, 2027
	Toyota Reachtruck 2.0 tons (Serial SFBR20-10388)	Zuellig, Tunasan	40,000.00 40,000.00	Aug. 16, 2023 – Aug. 15, 2025 Aug. 16, 2025 – Aug. 15, 2027
	Nichiyu Reachtruck 1.5 tons (Serial 152AE0430)	Zuellig, Tunasan	40,000.00 40,000.00	Aug. 16, 2023 – Aug. 15, 2025 Aug. 16, 2025 – Aug. 15, 2027
	Nichiyu Reachtruck 1.5 tons FBRAW15-60B-500M	Warehouse 6	40,178.57	Dec. 19, 2024 – Dec. 18, 2026
	Crown Reachtruck 1.6 tons 7M RR57252010	Warehouse 6	44,642.86	Nov. 08, 2025 – Nov. 07, 2026
	Nichiyu Reachtruck FBRMAW9-H75B-450MCS	Camalig Meycauayan, Bulacan	13,392.86	Aug. 16, 2025 – Aug. 15, 2027
	Nichiyu Reachtruck FBRW15-60-530M	Camalig, Meycauayan, Bulacan	36,607.14 36,607.14	Aug. 16, 2023 – Aug. 15, 2025 Aug. 16, 2025 – Aug. 15, 2027
SKOBE Lift Industrial Phils Inc.	Nichiyu Electric Reachtruck 8.5 Lifting height 1.5 tons	Golden Mile Carmona 01-04	54,000.00	Aug. 16, 2023 – Aug. 15, 2025
			54,000.00	Aug. 16, 2025 – Aug. 15, 2027

Plan of Operation

In the previous management letter, the Company cited several factors that brought about positive developments for the Company. The management summarized the projected plans.

Projected Plan for the next 12 months:

As of December 31, 2025, The Parent Company, has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands in connection to the acquisition of the petrochemical plant. On the other hand, Polymax still holds 20% interest in NPC Alliance Corporation (NPCAC) as of December 31, 2025. While this investment is still realizable at substantially higher value than the stated in the books, sufficient provision for possible loss have already been recorded in Polymax's financial statements. Over the past years, it has been determined that the present global petrochemical market conditions have had a dampening effect on the viability of the polyethylene business, especially when coupled with the difficulty in sourcing ethylene feedstock. This, coupled with the perceived inability of the Company's Iranian partners to manage the business properly, has resulted in the closure of the Company's Bataan polyethylene plant. In order to protect the Company's interest, the Company have filed legal suits against the partners in NPCAC in order to establish full accountability.

In recent breakthrough, the parties have agreed to work for a global settlement agreement and as such, all cases filed against each other have been amicably and voluntarily withdrawn last January 17, 2025. This development will allow the Group to focus more on business planning and development moving forward. Despite the shutdown of the polyethylene plant, adequate system maintenance measure are kept in place by NPCAC management in order to prevent the physical corrosion of machinery and equipment. Due to economic turbulence brought about by the war in Ukraine, Venezuelan conflict and the civil unrest in Iran, discussions to determine the fate of the plant assets, notably still intact and in good condition, are being pushed such that a proposed recovery plan for NPCAC can be implemented towards the latter part of 2026.

MAHEC's remaining operating subsidiary, Metro Combined Logistics Solutions, Inc. (MCLSI), is steadily growing with additional business from its existing principals. The pandemic had forced the company to reevaluate its operational costs in order to remain competitive in the logistics industry, with satisfactory results. Furthermore, MCLSI management has tightened its audit and control measures in order to streamline operational lapses. During the year, MCLSI embarked on a software upgrade program in order to attract a wide array of clients, and MCLSI expects to continue the pace of software modernization in the next following years to protect initial gains. A capital build-up program is also under study to support the acquisition of new warehouse locations that would be crucial in providing an accessible field network attractive to new clientele. As a means of diversification, MCLSI is also exploring business opportunities in the transport field, including computer app solutions, warehousing and cold storage; in medical distribution and pharmaceutical business logistics, operation of hospice care and management of medical clinics, importation of medical equipment; and also, in document storage, car parking, sea travel, river ferry and airport/seaport terminal management.

Actions of the Company

The Group has remained devoted to regain its status as a going concern. In line with this, the Group reiterate several actions that were mentioned in previous year. The Group hope that these measures will conserve the Group's resources and build confidence for its business direction:

- a) Commitment by the majority shareholders of the Parent Company to guaranty the recoverable value of the remaining advances in its books in order that the Parent Company's equity be preserved.
- b) Pressing the majority shareholders of NPCA to write down the obligation of NPCAC to its principal shareholders to pave the way for restructured financial statements;
- c) Increasing the number of Board of Directors from 7 to 9 in order to pave the way for a broader representation of stakeholders; *(filed and currently under review by the Securities and Exchange Commission)*
- d) Removing the "A" and "B" classification of the Parent Company shares to integrate common shares into just one class; *(filed and currently under review by the Securities and Exchange Commission)*
- e) Working out a stock rights offer for take advantage of unissued shares from the authorized capital stock

After the conduct of stock right offering, the Parent Company will pursue its pending application with the SEC to increase its authorized capital stock to ₱5 billion, in order to meet its projected investment plan. In sum, the Parent Company is expected to satisfy its cash requirements to finance its projected plans and investment in new ventures throughout the calendar year 2026.

Realization of Outstanding Receivables from Polymax Worldwide Limited in the Amount of ₱352,090,391 as of December 31, 2025

With the withdrawal of legal cases surrounding the polyethylene plant, the recovery of this receivable is resoundingly clearer. Moreover, if ever the negotiations with the Iranians will stall, there are other alternatives to address the issue. In order that these outstanding receivables, be fully paid and immediately recovered, a payment via dacion of the remaining 20% NPCA shares held by Polymax in NPC Alliance could be made to Metro Alliance, thus making the Parent Company the direct shareholders of NPCAC. As of December 31, 2025, Polymax continuously provided full financial support to Metro Alliance for its working capital requirements by offsetting from its existing advances from Metro Alliance.

Manpower Requirements

The Group does not expect significant changes in the number of employees as it is still in the stage of exploring new business opportunities. Manpower will be outsourced if needed.

Capital Asset Acquisition

The Group will make purchases of equipment and machines in the future if needed especially when investment in mining industry will materialize.

Despite the global effects of the Ukraine War and Palestinian Conflict and the uncertainty and disputes brought about by the American tariff increases, the Group is cautiously positive, hoping that sustained economic growth is forthcoming.

Therefore, the financial statements continue to be prepared on the going concern basis.

Management's Discussion and Analysis

A copy of the Audited Financial Statements as of December 31, 2025 and Unaudited First Quarter of 2026 Financial Statements are herein attached.

Calendar Year Ended December 31, 2025 vs. Calendar Year Ended December 31, 2024

Financial Highlights

The following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI.

The table below shows the consolidated financial highlights of Metro Alliance and subsidiaries for the years ended December 31, 2025, 2024 and 2023:

Balance Sheet	As of December 31 (In Php'000)		
	2025	2024	2023
Current assets	₱239,141	₱247,138	₱241,409
Noncurrent assets	471,727	468,721	463,746
Total Assets	710,868	715,859	705,155
Current liabilities	262,599	277,157	283,676
Noncurrent liabilities	438,139	428,709	425,362
Total Liabilities	700,738	705,866	709,038
Stockholder's Equity	10,130	9,993	(3,883)
Total Liabilities and Stockholder's Equity	₱710,868	₱715,859	₱705,155
Income Statement	As of December 31 (In Php'000)		
	2025	2024	2023
Sales and services	₱167,703	₱198,793	₱243,165
Cost of sales and services	(124,088)	(156,481)	(202,467)
Gross profit	43,615	42,312	40,698
Finance income	1,122	113	112
Finance costs	(1,007)	(1,076)	(1,483)
Other income	62	9,126	159
General and administrative expenses	(46,773)	(38,179)	(41,923)
Net income (loss) before tax	(2,981)	12,296	(2,437)
Income tax – Current	(1,907)	(3,360)	(6,737)
Deferred	2,278	(398)	(109)
Net income (loss) after tax	(2,610)	8,538	(3,942)
Net income (loss) attributable to:			

Equity Holders of the Parent Company	(4,349)	2,596	(4,780)
Non-controlling interest	1,739	5,942	838
	(2,610)	8,538	(3,942)
Earnings (Loss) Per Share Attributable to holders of Parent Company	(₱0.014)	₱0.008	(₱0.016)

The Group is exploring business opportunities. As of report date, biggest contributor to the Group's revenue is its logistic arm, MCLSI when it steadily growing for the past several years after. The Group will reorganize its operations; evaluate its remaining assets; review all pending legal cases; and settle and resolve its outstanding issues with other regulatory government bodies. The Group will focus on traditionally stable industries or sunrise sectors in order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings.

Key Performance Indicators

Metro Alliance and its majority-owned subsidiaries key performance indicators follow:

Metro Alliance

1. Net income
2. Earnings per share – net income attributable to each share of common stock. (net income / weighted number of shares outstanding)
3. Return on average equity – ability to generate returns on investment of stockholders. (net income / average equity)
4. Debt to total asset ratio – the proportion to total assets financed by creditors. (total debt / total assets)
5. Debt to Equity ratio – an indicator of which group has the greater representation in the assets of the company (total debt / equity)

Metro Alliance (Parent Company) registered a net loss of ₱6.1 million, ₱4.7 million and ₱5.6 million in 2025, 2024 and 2023, respectively. Decrease in net loss in 2025 as compared in 2024 is mainly attributed by the recognition of provision for estimated credit losses and provision for impairment on advances to affiliates, as required under PFRS 9, in 2021.

Increase in net loss in 2025 as compared in 2024 by ₱1.4 million is mainly attributable to increase in provision for expected credit losses on advances to affiliate by ₱1.1 million, increase in provision for impairment on advances to subsidiaries by ₱1.7 million, decrease in professional fee by ₱0.4 million, decrease in outside services by ₱0.2 million, decrease in provision for impairment on Input VAT by ₱0.2 million and increase in income tax benefit by ₱0.6 million.

Comparative analysis of Metro Alliance's key performance indicators follows:

Performance indicator	December 31		
	2025	2024	2023
Earnings (loss) per share (in Php)	(0.02)	(0.02)	(0.02)
Return (loss) on average equity	(0.26)	(0.17)	(0.16)
Debt to total assets ratio	0.96	0.94	0.93
Debt to equity ratio	22.70	16.03	13.33

MCLSI

1. Profitability
 - a. Gross profit margin – measures the profitability of revenues (services) in relation to the cost of services. (gross profit / revenues)
 - b. Net profit margin – ability to generate surplus for stockholders. (net income / sales)
 - c. Return on assets – ability to generate returns from assets. (net income / assets)
 - d. Return on equity – ability to generate returns on investment of stockholders. (net income / stockholders equity)
2. Liquidity ratios
 - a. Current ratio – capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)
 - b. Receivables turnover and days' sales in receivables – measures the ability to collect receivables. (net credit sales / average trade receivables) (365 days / receivables turnover)

MCLSI's profitability is more favorable in 2025 as compared to 2024 and 2023. This is mainly due to the increase in the Company's revenue. The favorable profitability is attributable to rental fees and adhoc and reimbursable charges for the year.

Comparative analysis of MCLSI's key performance indicators follows:

Performance indicator	December 31		
	2025	2024	2023
<u>Profitability</u>			
a. Gross profit margin	0.260	0.213	0.167
b. Net profit margin	0.021	0.035	0.007
c. Return on assets	0.015	0.028	0.007
d. Return in equity	0.024	0.049	0.013
<u>Liquidity</u>			
a. Current ratio	0.804	2.179	1.030
b. Receivables turnover	1.845	1.734	1.879
c. Days' sales in receivables	198	210	194

CPDSI, FEZ-EAC, ZDI and AHI

Currently, CPDSI, FEZ-EAC, ZDI and AHI have no performance indicators because these are non-operating companies as mentioned above. Management is considering a rationalization plan to address the future of these non-operating companies.

CHANGES IN OPERATING RESULTS

Net Income and Earnings (Loss) Per Share

The Group registered a consolidated net loss of ₱2.6 million in 2025 as against net income of ₱8.5 million in 2024 and net loss of (₱3.9) million in 2023. The decrease in net income for 2025 as compared to 2024 was due to the significant decrease in sales as some of MCLSI's old clients had terminated their lease contracts during the current year. Earnings (loss) per share for 2025, 2024 and 2023 for equity holders of the Parent Company are (₱0.014), ₱0.008 and (₱0.016), respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

Sales and Services

The Group registered gross service revenue of ₱167.7 million, ₱198.8 million and ₱243.2 million for the years ended December 31, 2025, 2024 and 2023, respectively, with a decrease in revenue by ₱31.1 million or 15.64% due to some clients who did not renewed their lease contracts with MCLSI like Skechers USA Philippines, Inc., Johnson & Johnson (Phils.), Inc., Beko Pilipinas Corp. and Brentagg Ingredients, Inc.

Cost of Sales and Services

Total cost of sales and services for the years 2025, 2024 and 2023 amounted to ₱124.1 million, ₱156.5 million and ₱202.5 million, respectively. A decreased by ₱32.4 million or 20.7% for the year 2025 as compared to year 2024 was mainly attributable to net effect of the following: decrease of personnel cost by ₱0.3 million, decrease in rent and utilities expense by ₱13.1 million, decrease in transportation by ₱21.2 million, increase in depreciation by ₱1.9 million, decrease in security services by ₱0.2 million, increase in outside services by ₱0.2 million, increase in repairs and maintenance by ₱0.5 million, decrease in taxes and licenses by ₱0.1 million and decrease in other expenses by ₱0.1 million (Note 23).

Finance and Other Income, Net

Net of finance income/(loss) and other income/(loss) for the years 2025, 2024 and 2023 amounted to ₱0.2 million, ₱8.2 million and (₱1.2 million), respectively. Decrease of finance income (loss) in 2025 by ₱8 million or 97.56% as compared to year 2024 was due to the following; increase in finance income by ₱1 million, decrease in finance cost by ₱0.1 million and decrease in other income by ₱9 million (Note 26). On June 28, 2024, AHI Board of Directors approved a resolution condoning long outstanding liabilities in the books amounting to ₱7,991,840 and recognized other income amounting to ₱7,135,571 and VAT output of ₱856,269.

General Administrative Expense

General Administrative expenses for the years 2025, 2024 and 2023 amounted to ₱46.8 million, ₱38.2 million and ₱41.9 million, respectively. Increase by ₱8.6 million or 22.51% for year 2025 as compared to year 2024 was mainly attributable to the following net effect: increase in provision for credit losses by ₱3.3 million, decrease in personnel cost by ₱0.7 million, increase in communication and office supplies by

₱0.3 million, decrease in taxes and licenses by ₱0.2 million, increase in professional fee by ₱2.5 million, decrease in depreciation expense by ₱0.2 million, increase in rent and utilities by ₱0.1 million, increase in provision for impairment by ₱1.5 million, decrease in entertainment by ₱0.5 million, decrease in insurance by ₱0.1 million, increase in transportation by ₱0.3 million and increase in other expenses by ₱2.3 million (Note 25).

CHANGES IN FINANCIAL CONDITION

As discussed in Note 3 to the Consolidated Financial Statements, the following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI. A subsidiary is an entity in which the Company has control. Subsidiaries are consolidated from the date on which control is transferred out of the Company.

Polymax is the Company's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPCA which resulted in a 2006 disputed sale of Polymax's 60% interest in NPCA to NPC International Limited (NPCI) and Petrochemical Industries Investment Company (PIIC). Subsequently on August 27, 2013 the Company and Polymax entered into a settlement agreement with NPCI, PII and NPC to resolve the dispute. On the basis of the settlement agreement, the previously issued 2006 consolidated financial statements of the Company and its subsidiaries were restated to reflect the sale of Polymax's 60% interest in the petrochemical plant.

The remaining 20% of Polymax's interest which is valued at ₱347.7 million, which is estimated recoverable amount from the sale of investment. The realization of the Company's advances to Polymax (a special purpose entity in 2007) and the settlement Polymax's past due liabilities for which the Company is jointly and severally liable, depends on whether sufficient cash flows can be generated from Polymax's 20% interest in NPCA, which is for sale, and from a letter of comfort issued by the Wellex Group of Companies in favor of the Parent Company. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. As explained in the notes to financial statements, management's plan is to infuse additional capital to address the going concern uncertainty.

Assets

Cash and cash equivalents for the years 2025 and 2024 amounted to ₱83.2 million and ₱69.3 million, respectively. Increase by ₱13.9 million or 20.06% in 2025 is net effect of net cash flows from operating activities amounting ₱40.9 million, net cash flows from investing activities of (₱9.1 million) and net cash flows for financing activities of (₱17.9 million) (Note 9).

Receivables amounted to ₱118 million in 2025 and ₱150.3 million in 2024 (net of allowance for doubtful accounts of ₱150.2 million and ₱149.6 million as of December 31, 2025 and 2024, respectively). Net trade and other receivables decrease by ₱32.3 million or 21.49% (Note 10). This is due to decrease also in credit sales and ability to collect old trade receivables.

Other current assets amounted to ₱38 million in 2025 and ₱27.4 million in 2024 (net of allowance for probable losses of ₱15.2 million and ₱15.1 million for 2025 and 2024, respectively). Increase by ₱10.6 million or 38.69% was mostly due to the increase in prepayments by ₱11 million, decrease in input taxes by ₱0.3 million and additional provision for allowance for impairment by ₱0.1 million (Note 11).

Advances to Related Party. In 2021, the account was reclassified from Asset held for sale to Advances to Related Parties - Polymax due to its nature of account. Total amount are ₱352.1 million and ₱347.7 million (net of allowance of credit losses of ₱232.1 million and ₱229.2 million in 2025 and 2024, respectively), which constitute 49.53% and 48.57% of the Group's total assets as of December 31, 2025 and 2024, respectively. In 2021, provision for estimated credit losses on Advances to Polymax was recognized in compliance with the requirements of PFRS 9. This represents advances to Polymax, the Group's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA). During 2025, 2024 and 2023, the Company made additional collections of the advances from Polymax amounting to nil, nil and ₱690,908, respectively. During 2025, the Parent Company made additional advances to Polymax for its legal expenses amounting to ₱7,283,979 (Note 12).

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱18.5 million in 2025, ₱18 million in 2024 and ₱18 million in 2023. This account includes shares of stocks owned in publicly-listed company and non-listed entity. The fair value of these shares has been determined directly by reference to published prices in the active market (Note 13).

Property, plant and equipment-net amounted to ₱28.8 million and ₱28.7 million in 2025 and 2024, respectively with an increase in property, plant and equipment by ₱0.1 million primarily due to net effect of: (1) additional cost incurred for leasehold improvement by ₱0.2 million; (2) acquisition of office furniture, fixture and computer equipment amounting to ₱0.8 million; (3) adjustment cost of right-of-use asset by ₱25.7 million and (4) depreciation recorded for the year by ₱26.6 million. The Group has no outstanding contractual commitments to acquire certain property and equipment as of December 31, 2025 and 2024. In 2025 and 2024, the Group carried out a review of the recoverable amounts of its property and equipment. The Group has determined that there is no indication that an impairment loss has occurred on its property and equipment.

Other non-current assets for the years 2025 and 2024 amounted to ₱8.7 million and ₱12.6 million, respectively. Decrease by ₱3.9 million or 30.95% is due disposal of intangible asset (software) due to obsolescence. This account consists of intangible asset pertaining to non-exclusive software license cost for use in MCSLI's warehouse management system and non-current portion of refundable deposits (Note 15).

Liabilities

Current Liabilities

Accounts payable and accrued expenses for the years 2025 and 2024 amounted to ₱246.3 million and ₱262 million, respectively. Trade payables are noninterest bearing and have credit terms of 30 to 60 days. Accrued expenses include provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered. Provisions relate to pending claims jointly and severally against the Parent Company and Polymax and pending claims and tax assessment solely against the Parent Company. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the related claims and tax assessments. The net decrease for year 2025 by ₱15.7 million or 5.99% is attributable to decrease in trade payables by ₱10.7 million, decrease in accrued expenses by ₱2.2 million and decrease in other current liabilities by ₱2.8 million. Other liabilities mainly pertain to payable to government agencies. These liabilities are unsecured and noninterest-bearing (Note 16).

Noncurrent Liabilities

Accrued expenses – noncurrent portion amounted to ₱123,438,803 which composed of management fee and reserve for contingency BIR (Note 19).

Lease Liability is the liability recognized in relation to the adoption of PFRS 16. As of December 31, 2025, the Company's determined incremental rate used is between 3% and 5%. Current lease liability amounted to ₱15.9 million and ₱14.8 million in years 2025 and 2024, respectively. Noncurrent portion of Lease liability amounted to ₱2.7 million and ₱2 in years 2025 and 2024, respectively. Interest expense pertaining to lease liability amounted to ₱1,007,154 and ₱1,076,155 for the years ended December 31, 2025 and 2024, respectively (Note 17).

Due to related parties - current for the years 2025 and 2024 amounted to ₱0.4 million and ₱0.4 million, respectively. *Due to related parties - noncurrent* for the years 2025 and 2024 amounted to ₱298.3 million and ₱292.5 million, respectively. In 2020, The Group issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 and a 2% interest per annum until the maturity date of March 15, 2026. The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2025 and 2024, interest incurred amounted to ₱5,260,007. The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms (Note 18)

Accrued retirement benefit cost amounted to ₱13.7 million and ₱10.8 million as of December 31, 2025 and 2024. MAHEC and MCLSI has unfunded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date. During the year 2024, some of MCLSI employees have retired, thus the decrease in the accrued retirement benefit cost. There is no provision for retirement benefit for

2022 as the management determined that current accrual is sufficient enough to cover retirement benefits of remaining employees. The Group expects no contributions are to be made yet in the future years out of the defined benefit plan obligation. In 2020, the Board of Directors approved to write-off the remaining retirement benefit payable of the Parent Company since it has no longer have employees. (Note 26).

Cumulative Deficit is an account that consists of cumulative balance of periodic earnings and prior period adjustments, if any. In 2025 and 2024, the Group's accumulated deficit amounted to ₱382.7 million and ₱378.3 million, respectively.

Calendar Year Ended December 31, 2024 vs. Calendar Year Ended December 31, 2023

Financial Highlights

The following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI.

The table below shows the consolidated financial highlights of Metro Alliance and subsidiaries for the years ended December 31, 2024, 2023 and 2022:

Balance Sheet	As of December 31 (In Php'000)		
	2024	2023	2022
Current assets	₱247,138	₱241,409	₱252,368
Noncurrent assets	468,721	463,746	496,497
Total Assets	715,859	705,155	748,865
Current liabilities	277,157	283,676	306,088,
Noncurrent liabilities	428,709	425,362	441,517
Total Liabilities	705,866	709,038	747,605
Stockholder's Equity	9,993	(3,883)	1,260
Total Liabilities and Stockholder's Equity	₱715,859	₱705,155	₱748,865

Income Statement	As of December 31 (In Php'000)		
	2024	2023	2022
Sales and services	₱198,793	₱243,165	₱334,134
Cost of sales and services	(156,481)	(202,467)	(272,785)
Gross profit	42,312	40,698	61,349
Finance income	113	112	70
Finance costs	(1,076)	(1,483)	(2,759)
Other income	9,126	159	180
General and administrative expenses	(38,179)	(41,923)	(40,820)
Net income (loss) before tax	12,296	(2,437)	18,020
Income tax – Current	(3,360)	(6,737)	(6,737)
Deferred	(398)	(109)	683
Net income (loss) after tax	8,538	(3,942)	11,967
Net income (loss) attributable to:			
Equity Holders of the Parent Company	2,596	(4,780)	3,323
Non-controlling interest	5,942	838	8,644
	8,538	(3,942)	11,967
Earnings (Loss) Per Share Attributable to holders of Parent Company	₱0.008	(₱0.016)	₱0.011

The Group is exploring business opportunities. As of report date, biggest contributor to the Group's revenue is its logistic arm, MCLSI when it steadily growing for the past several years after. The Group will reorganize its operations; evaluate its remaining assets; review all pending legal cases; and settle and resolve its outstanding issues with other regulatory government bodies. The Group will focus on traditionally stable industries or sunrise sectors in order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings.

Key Performance Indicators

Metro Alliance and its majority-owned subsidiaries key performance indicators follow:

Metro Alliance

6. Net income
7. Earnings per share – net income attributable to each share of common stock. (net income / weighted number of shares outstanding)
8. Return on average equity – ability to generate returns on investment of stockholders. (net income / average equity)
9. Debt to total asset ratio – the proportion to total assets financed by creditors. (total debt / total assets)
10. Debt to Equity ratio – an indicator of which group has the greater representation in the assets of the company (total debt / equity)

Metro Alliance (Parent Company) registered a net loss of ₱4.7 million, ₱5.6 million and ₱5.6 million in 2024, 2023 and 2022, respectively. Decrease in net loss in 2024 as compared in 2023 is mainly attributed by the recognition of provision for estimated credit losses, as required under PFRS 9, in 2021.

Decrease in net loss in 2024 as compared in 2023 by ₱0.9 million is mainly attributable to decrease in professional fee by ₱0.6 million, decrease in entertainment by ₱1.2 million, increase in provision for credit losses by ₱1 million, increase in provision for impairment by ₱0.2 million, increase in other administrative expenses by ₱0.6 million decrease in income tax benefit by ₱0.3 million.

Comparative analysis of Metro Alliance's key performance indicators follows:

Performance indicator	December 31		
	2024	2023	2022
Earnings (loss) per share (in Php)	(0.02)	(0.02)	(0.02)
Return (loss) on average equity	(0.17)	(0.16)	(0.14)
Debt to total assets ratio	0.94	0.93	0.92
Debt to equity ratio	16.03	13.33	10.80

MCLSI

3. Profitability
 - a. Gross profit margin – measures the profitability of revenues (services) in relation to the cost of services. (gross profit / revenues)
 - b. Net profit margin – ability to generate surplus for stockholders. (net income / sales)
 - c. Return on assets – ability to generate returns from assets. (net income / assets)
 - d. Return on equity – ability to generate returns on investment of stockholders. (net income / stockholders equity)
4. Liquidity ratios
 - a. Current ratio – capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)
 - b. Receivables turnover and days' sales in receivables – measures the ability to collect receivables. (net credit sales / average trade receivables) (365 days / receivables turnover)

MCLSI's profitability is more favorable in 2024 as compared to 2023 and 2022. This is mainly due to the increase in the Company's revenue. The favorable profitability is attributable to rental fees and adhoc and reimbursable charges for the year.

Comparative analysis of MCLSI's key performance indicators follows:

Performance indicator	December 31		
	2024	2023	2022
<u>Profitability</u>			
a. Gross profit margin	0.213	0.167	0.184
b. Net profit margin	0.035	0.007	0.053
c. Return on assets	0.028	0.007	0.062
d. Return in equity	0.049	0.013	0.131
<u>Liquidity</u>			
a. Current ratio	2.179	1.030	2.369
b. Receivables turnover	1.734	1.879	2.48
c. Days' sales in receivables	210	194	147

CPDSI, FEZ-EAC, ZDI and AHI

Currently, CPDSI, FEZ-EAC, ZDI and AHI have no performance indicators because these are non-operating companies as mentioned above. Management is considering a rationalization plan to address the future of these non-operating companies.

CHANGES IN OPERATING RESULTS

Net Income and Earnings (Loss) Per Share

The Group registered a consolidated net income of ₱8.54 million in 2024 as against net loss of ₱3.94 million in 2023 and net income of ₱11.97 million in 2022. The decrease in net income for 2024 as compared to 2023 was due to the significant decrease in sales. Same in the year 2023, the increase in net loss as compared to year 2022 was also mainly due to decrease in sales in 2023. Earnings (loss) per share for 2024, 2023 and 2022 for equity holders of the Parent Company are ₱0.008, (₱0.016) and ₱0.011, respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

Sales and Services

The Group registered gross service revenue of ₱198.8 million, ₱243.2 million and ₱334.1 million for the years ended December 31, 2024, 2023 and 2022, respectively, with a decrease in revenue by ₱44.4 million or 18.25% due to some clients who did not renewed their lease contracts with MCLSI like Johnson & Johnson (Phils.), Inc., Beko Pilipinas Corp. and Brentagg Ingredients, Inc. which contributed ₱57.6M in revenue in 2023 (Note 25).

Cost of Sales and Services

Total cost of sales and services for the years 2024, 2023 and 2022 amounted to ₱156.5 million, ₱202.5 million and ₱272.8 million, respectively. A decreased by ₱46 million or 22.72% was mainly attributable to net effect of the following: decrease of personnel cost by ₱14.1 million, decrease in rent and utilities expense by ₱13.1 million, decrease in transportation by ₱1.9 million, decrease in depreciation by ₱13.4 million, decrease in security services by ₱1.1 million, decrease in outside services by ₱1.2 million, decrease in repairs and maintenance by ₱0.9 million, decrease in taxes and licenses by ₱0.5 million, decrease in communication and office supplies by ₱0.1 million and increase in other expenses by ₱0.2 million (Note 26).

Finance and Other Income, Net

Net of finance income/(loss) and other income/(loss) for the years 2024, 2023 and 2022 amounted to ₱8.2 million, (₱1.2 million) and (₱2.5 million), respectively. Decrease of finance income (loss) in 2024 by ₱9.4 million or 783.33% was due to the following; increase in finance income by ₱2,020, decrease in finance cost by ₱0.4 million and increase in other income by ₱9.1 million (Note 27). On June 28, 2024, AHI Board of Directors approved a resolution condoning long outstanding liabilities in the books amounting to ₱7,991,840 and recognized other income amounting to ₱7,135,571 and VAT output of ₱856,269.

General Administrative Expense

General Administrative expenses for the years 2024, 2023 and 2022 amounted to ₱38.2 million, ₱41.9 million and ₱40.8 million, respectively. Decrease by ₱3.7 million was mainly attributable to the following net effect: increase in provision for credit losses by ₱1.6 million, decrease in personnel cost by ₱0.7 million, increase in communication and office supplies by ₱0.3 million, decrease in taxes and licenses by ₱0.04 million, decrease in professional fee by ₱0.2 million, decrease in depreciation expense by ₱0.9 million, decrease in rent and utilities by ₱0.05 million, increase in amortization of intangible assets by ₱0.03 million, decrease in entertainment by ₱2.6 million, increase in insurance by ₱0.1 million, increase in provision for impairment by ₱0.2 million, increase in transportation by ₱0.1 million and decrease in other expenses by ₱1.54 million (Note 28).

CHANGES IN FINANCIAL CONDITION

As discussed in Note 3 to the Consolidated Financial Statements, the following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI. A subsidiary is an entity in which the Company has control. Subsidiaries are consolidated from the date on which control is transferred out of the Company.

Polymax is the Company's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPCA which resulted in a 2006 disputed sale of Polymax's 60% interest in NPCA to NPC International Limited (NPCI) and Petrochemical Industries Investment Company (PIIC). Subsequently on August 27, 2013 the Company and Polymax entered into a

settlement agreement with NPCI, PII and NPC to resolve the dispute. On the basis of the settlement agreement, the previously issued 2006 consolidated financial statements of the Company and its subsidiaries were restated to reflect the sale of Polymax's 60% interest in the petrochemical plant.

The remaining 20% of Polymax's interest which is valued at ₱366.2 million, which is estimated recoverable amount from the sale of investment. The realization of the Company's advances to Polymax (a special purpose entity in 2007) and the settlement Polymax's past due liabilities for which the Company is jointly and severally liable, depends on whether sufficient cash flows can be generated from Polymax's 20% interest in NPCA, which is for sale, and from a letter of comfort issued by the Wellex Group of Companies in favor of the Parent Company. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. As explained in the notes to financial statements, management's plan is to infuse additional capital to address the going concern uncertainty.

Assets

Cash and cash equivalents for the years 2024 and 2023 amounted to ₱69.3 million and ₱50 million, respectively. Increase by ₱19.3 million or 38.6% in 2024 is net effect of net cash flows from operating activities amounting ₱43.5 million, net cash flows from investing activities of (₱5.6 million) and net cash flows for financing activities of (₱18.6 million) (Note 12).

Receivables amounted to ₱150.3 million in 2024 and ₱165.3 million in 2023 (net of allowance for doubtful accounts of ₱149.6 million and ₱149.4 million as of December 31, 2024 and 2023, respectively). Net trade and other receivables decrease by ₱15.5 million or 12.58% (Note 13).

Other current assets amounted to ₱27.4 million in 2024 and ₱26.1 million in 2023 (net of allowance for probable losses of ₱15.1 million and ₱14.7 million for 2024 and 2023, respectively). Increase by ₱1.3 million or 4.98% was mostly due to the increase in prepayments by ₱1.7 million and additional provision for allowance for impairment by ₱0.4 million (Note 14).

Advances to Related Party. In 2021, the account was reclassified from Asset held for sale to Advances to Related Parties - Polymax due to its nature of account. Total amount is ₱347.7 million (net of allowance of credit losses of ₱229.2 million, ₱227.4 million in 2024 and 2023, respectively), which constitute 48.57% and 49% of the Group's total assets as of December 31, 2024 and 2023, respectively. In 2021, provision for estimated credit losses on Advances to Polymax was recognized in compliance with the requirements of PFRS 9. This represents advances to Polymax, the Group's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA). During 2024, 2023 and 2022, the Company made additional collections of the advances from Polymax amounting to nil, ₱690,908, and ₱3,786,176, respectively. During 2024, the Parent Company made additional advances to Polymax for its legal expenses amounting to ₱1,806,380 (Note 15).

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱18 million in 2024, ₱18 million in 2023 and ₱19.2 million in 2022. This account includes shares of stocks owned in publicly-listed company and non-listed entity. The fair value of these shares has been determined directly by reference to published prices in the active market (Note 16).

Property, plant and equipment-net amounted to ₱28.7 million and ₱24.2 million in 2024 and 2023, respectively with an increase in property, plant and equipment by ₱4.5 million primarily due to additional acquisition of machinery and equipment and cost of leasehold improvement and depreciation of right-of-use asset. The Group has no outstanding contractual commitments to acquire certain property and equipment as of December 31, 2024 and 2023. In 2024 and 2023, the Group carried out a review of the recoverable amounts of its property and equipment. The Group has determined that there is no indication that an impairment loss has occurred on its property and equipment. In 2022, a Group subsidiary's adjusted its Right-of-use account to effect the overstatement of the account, its accumulated depreciation of right-of-use asset and lease liability amounting to ₱29,918,908 and ₱40,948,619, respectively due to early termination of the lease contract during 2022. None of the properties were pledged or mortgaged as collateral to secure any of the Company's loans. (Note 17).

Other non-current assets for the years 2024 and 2023 amounted to ₱12.6 million and ₱11.7 million, respectively. Increase by ₱0.9 million or 7.69% is due to the increase of refundable deposits and intangible assets. This account consists of intangible asset pertaining to non-exclusive software license cost for use in MCSLI's warehouse management system and non-current portion of refundable deposits (Note 18).

Liabilities

Current Liabilities

Accounts payable and accrued expenses for the years 2024 and 2023 amounted to ₱262 million and ₱269.8 million, respectively. Trade payables are noninterest bearing and have credit terms of 30 to 60 days. Accrued expenses include provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered. Provisions relate to pending claims jointly and severally against the Parent Company and Polymax and pending claims and tax assessment solely against the Parent Company. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the related claims and tax assessments. The net decrease for year 2024 by ₱7.9 million or 2.97% is attributable to decrease in trade payables by ₱0.3 million, decrease in accrued expenses by ₱4.9 million and decrease in other current liabilities by ₱2.7 million. Other liabilities mainly pertain to payable to government agencies. These liabilities are unsecured and noninterest-bearing (Note 19).

Noncurrent Liabilities

Accrued expenses – noncurrent portion amounted to ₱123,438,803 which composed of management fee and reserve for contingency BIR (Note 19).

Lease Liability is the liability recognized in relation to the adoption of PFRS 16. As of December 31, 2024, the Company's determined incremental rate used is between 3% and 5%. Current lease liability amounted to ₱14.8 million and ₱13.1 million in years 2024 and 2023, respectively. Noncurrent portion of Lease liability amounted to ₱2 million and nil in years 2024 and 2023, respectively. Interest expense pertaining to lease liability amounted to ₱1,076,155 and ₱1,483,268 for the years ended December 31, 2024 and 2023, respectively (Note 20).

Due to related parties - current for the years 2024 and 2023 amounted to ₱0.7 million and ₱0.7 million, respectively. *Due to related parties - noncurrent* for the years 2024 and 2023 amounted to ₱292.5 million and ₱286.6 million, respectively. In 2020, The Group issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 and a 2% interest per annum until the maturity date of March 15, 2026. The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2024 and 2023, interest incurred amounted to ₱5,260,007. The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms (Note 30)

Accrued retirement benefit cost amounted to ₱10.8 million and ₱15.4 million as of December 31, 2024 and 2023. MAHEC and MCLSI has unfunded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date. During the year 2024, some of MCLSI employees have retired, thus the decrease in the accrued retirement benefit cost. There is no provision for retirement benefit for 2022 as the management determined that current accrual is sufficient enough to cover retirement benefits of remaining employees. The Group expects no contributions are to be made yet in the future years out of the defined benefit plan obligation. In 2020, the Board of Directors approved to write-off the remaining retirement benefit payable of the Parent Company since it has no longer have employees. (Note 29).

Cumulative Deficit is an account that consists of cumulative balance of periodic earnings and prior period adjustments, if any. In 2024 and 2023, the Group recognized provision for estimated credit losses of ₱229.4 million ₱227.4 million, respectively, on advances to a related party which contributes to the material losses for the year. The provision is in compliance with the requirements of PFRS 9 (Note 24).

Calendar Year Ended December 31, 2023 vs. Calendar Year Ended December 31, 2022

Financial Highlights

The following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI.

The table below shows the consolidated financial highlights of Metro Alliance and subsidiaries for the years ended December 31, 2023, 2022 and 2021:

<i>Balance Sheet</i>	As of December 31 (In Php'000)		
	2023	2022	2021
Current assets	₱241,409	₱252,368	₱236,016
Noncurrent assets	463,746	496,497	506,942
Total Assets	705,155	748,865	742,958
Current liabilities	283,676	306,088,	320,565
Noncurrent liabilities	425,362	441,517	433,381
Total Liabilities	709,038	747,605	753,946
Stockholder's Equity	(3,883)	1,260	(10,988)
Total Liabilities and Stockholder's Equity	₱705,155	₱748,865	₱742,958

<i>Income Statement</i>	As of December 31 (In Php'000)		
	2023	2022	2021
Sales and services	₱243,165	₱334,134	₱293,463
Cost of sales and services	(202,467)	(272,785)	(241,599)
Gross profit	40,698	61,349	51,864
Finance income	112	70	71
Finance costs	(1,483)	(2,759)	(2,630)
Other income	159	180	2,152
General and administrative expenses	(41,923)	(40,820)	(259,364)
Net income (loss) before tax	(2,437)	18,020	(207,907)
Income tax – Current	(6,737)	(6,737)	(4,947)
Deferred	(109)	683	55,956
Net income (loss) after tax	(3,942)	11,967	(156,898)
Net income (loss) attributable to:			
Equity Holders of the Parent Company	(4,780)	3,323	(165,082)
Non-controlling interest	838	8,644	8,184
	(3,942)	11,967	(156,898)
Earnings (Loss) Per Share Attributable to holders of Parent Company	(₱0.016)	₱0.011	(₱0.539)

The Group is exploring business opportunities. As of report date, biggest contributor to the Group's revenue is its logistic arm, MCLSI when it steadily growing for the past several years after. The Group will reorganize its operations; evaluate its remaining assets; review all pending legal cases; and settle and resolve its outstanding issues with other regulatory government bodies. The Group will focus on traditionally stable industries or sunrise sectors in order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings.

Key Performance Indicators

Metro Alliance and its majority-owned subsidiaries key performance indicators follow:

Metro Alliance

1. Net income
2. Earnings per share – net income attributable to each share of common stock. (net income / weighted number of shares outstanding)
3. Return on average equity – ability to generate returns on investment of stockholders. (net income / average equity)
4. Debt to total asset ratio – the proportion to total assets financed by creditors. (total debt / total assets)

5. Debt to Equity ratio – an indicator of which group has the greater representation in the assets of the company (total debt / equity)

Metro Alliance (Parent Company) registered a net loss of ₱5.6 million, ₱5.6 million and ₱175.3 million in 2023, 2022 and 2021, respectively. Decrease in net loss in 2023 as compared in 2022 is mainly attributed by the recognition of provision for estimated credit losses, as required under PFRS 9, in 2021.

Decrease in net loss in 2023 as compared in 2022 by ₱29,780 is mainly attributable to decrease in professional fee by ₱611,369, increase in entertainment by ₱1,118,297, decrease in provision for credit losses by ₱1,290,259, decrease in provision for impairment by ₱73,285, decrease in office supplies by ₱20,293, increase in personnel cost by ₱233,623, increase in other expenses by ₱271,614 and decrease in income tax benefit by ₱341,892.

Comparative analysis of Metro Alliance's key performance indicators follows:

Performance indicator	December 31		
	2023	2022	2021
Earnings (loss) per share (in Php)	(0.02)	(0.02)	(0.57)
Return (loss) on average equity	(0.16)	(0.14)	(1.33)
Debt to total assets ratio	0.93	0.92	0.90
Debt to equity ratio	13.33	10.80	9.25

MCLSI

1. Profitability

- Gross profit margin – measures the profitability of revenues (services) in relation to the cost of services. (gross profit / revenues)
- Net profit margin – ability to generate surplus for stockholders. (net income / sales)
- Return on assets – ability to generate returns from assets. (net income / assets)
- Return on equity – ability to generate returns on investment of stockholders. (net income / stockholders equity)

2. Liquidity ratios

- Current ratio – capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)
- Receivables turnover and days' sales in receivables – measures the ability to collect receivables. (net credit sales / average trade receivables) (365 days / receivables turnover)

MCLSI's profitability is more favorable in 2023 as compared to 2022 and 2021. This is mainly due to the increase in the Company's revenue. The favorable profitability is attributable to rental fees and adhoc and reimbursable charges for the year.

Comparative analysis of MCLSI's key performance indicators follows:

Performance indicator	December 31		
	2023	2022	2021
<u>Profitability</u>			
a. Gross profit margin	0.167	0.184	0.177
b. Net profit margin	0.007	0.053	0.058
c. Return on assets	0.007	0.062	0.060
d. Return in equity	0.013	0.131	0.144
<u>Liquidity</u>			
a. Current ratio	1.030	2.369	1.868
b. Receivables turnover	1.879	2.48	2.17
c. Days' sales in receivables	194	147	168

CPDSI, FEZ-EAC, ZDI and AHI

Currently, CPDSI, FEZ-EAC, ZDI and AHI have no performance indicators because these are non-operating companies as mentioned above. Management is considering a rationalization plan to address the future of these non-operating companies.

CHANGES IN OPERATING RESULTS

Net Income and Earnings (Loss) Per Share

The Group registered a consolidated net loss of ₱3.94 million in 2023 as against net income of ₱11.97 million in 2022 and net loss of ₱156.9 million in 2021. The decrease in net income for 2023 as compared to 2022 was due to the significant decrease in sales. Net loss was recognized in 2021 as compared to 2022's net income due to recognition of provision for estimated credit losses, which is required by PFRS 9. Earnings (loss) per share for 2023, 2022 and 2021 for equity holders of the Parent Company are (₱0.016), ₱0.011 and (₱0.539), respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

Sales and Services

The Group registered gross service revenue of ₱243.2 million, ₱334.1 million and ₱293.5 million for the years ended December 31, 2023, 2022 and 2021, respectively, with a decrease in revenue by ₱90.9 million or 27.21% due to some clients who did not renewed their lease contracts with MCLSI like Nutri Asia, Inc., Beko, Brentagg Ingredients, Inc. and Bonflex Packaging Corp. which contributed ₱116.36M in revenue in 2022 (Note 25).

Cost of Sales and Services

Total cost of sales and services for the years 2023, 2022 and 2021 amounted to ₱202.5 million, ₱272.8 million and ₱241.6 million, respectively. A decreased by ₱70.30 million or 25.77% was mainly attributable to net effect of the following: decrease of personnel cost by ₱20.3 million, decrease in rent and utilities expense by ₱17.8 million, decrease in transportation by ₱19.5 million, decrease in depreciation by ₱3.4 million, decrease in security services by ₱4.5 million, decrease in outside services by ₱2.2 million, decrease in repairs and maintenance by ₱1.5 million, decrease in taxes and licenses by ₱0.1 million, decrease in communication and office supplies by ₱0.05 million and decrease in other expenses by ₱0.95 million (Note 26).

Finance and Other Income, Net

Net of finance income/(loss) and other income/(loss) for the years 2023, 2022 and 2021 amounted to (₱1.2 million), (₱2.5 million) and (₱0.4 million), respectively. Decrease of finance loss in 2023 by ₱1.3 million or 52% was due to the following; increase in finance income by ₱0.05 million, decrease in finance cost by ₱1.3 million and decrease in other income by ₱0.05 million (Note 27).

General Administrative Expense

General Administrative expenses for the years 2023, 2022 and 2021 amounted to ₱41.9 million, ₱40.8 million and ₱259.4 million, respectively. Increase by ₱1.1 million was mainly attributable to the following net effect: decrease in provision for credit losses by ₱1.3 million, increase in personnel cost by ₱0.3 million, increase in communication and office supplies by ₱0.05 million, increase in taxes and licenses by ₱0.1 million, increase in professional fee by ₱0.7 million, increase in depreciation expense by ₱0.3 million, decrease in rent and utilities by ₱0.2 million, decrease in amortization of intangible assets by ₱0.05 million, increase in entertainment by ₱3.4 million, decrease in insurance by ₱0.2 million, decrease in provision for impairment by ₱0.1 million, decrease in transportation by ₱0.2 million and increase in other expenses by ₱1.8 million (Note 28).

CHANGES IN FINANCIAL CONDITION

As discussed in Note 3 to the Consolidated Financial Statements, the following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI. A subsidiary is an entity in which the Company has control. Subsidiaries are consolidated from the date on which control is transferred out of the Company.

Polymax is the Company's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPCA which resulted in a 2006 disputed sale of Polymax's 60% interest in NPCA to NPC International Limited (NPCI) and Petrochemical Industries Investment Company (PIIC). Subsequently on August 27, 2013 the Company and Polymax entered into a settlement agreement with NPCI, PII and NPC to resolve the dispute. On the basis of the settlement agreement, the previously issued 2006 consolidated financial statements of the Company and its subsidiaries were restated to reflect the sale of Polymax's 60% interest in the petrochemical plant.

The remaining 20% of Polymax's interest which is valued at ₱366.2 million, which is estimated recoverable amount from the sale of investment. The realization of the Company's advances to Polymax (a special purpose entity in 2007) and the settlement Polymax's past due liabilities for which the Company

is jointly and severally liable, depends on whether sufficient cash flows can be generated from Polymax's 20% interest in NPCA, which is for sale, and from a letter of comfort issued by the Wellex Group of Companies in favor of the Parent Company. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. As explained in the notes to financial statements, management's plan is to infuse additional capital to address the going concern uncertainty.

Assets

Cash and cash equivalents for the years 2023 and 2022 amounted to ₱50 million and ₱53.5 million, respectively. Decrease by ₱3.5 million or 6.54% in 2023 is net effect of net cash flows from operating activities amounting ₱27.1 million, net cash flows from investing activities of (₱7.2 million) and net cash flows for financing activities of (₱23.4) million (Note 12).

Receivables amounted to ₱165.3 million in 2023 and ₱178.5 million in 2022 (net of allowance for doubtful accounts of ₱149.4 million and ₱149.3 million as of December 31, 2023 and 2022, respectively). Net trade and other receivables increase by ₱13.2 million or 7.39% (Note 13).

Other current assets amounted to ₱26.1 million in 2023 and ₱20.4 million in 2022 (net of allowance for probable losses of ₱14.7 million and ₱14.6 million for 2023 and 2022, respectively). Increase by ₱5.7 million or 27.94% was mostly due to the increase in creditable withholding taxes by ₱0.1 million, decrease in input taxes by ₱0.1 million and increase in prepayments ₱5.7 million (Note 14).

Advances to Related Party. In 2021, the account was reclassified from Asset held for sale to Advances to Related Parties - Polymax due to its nature of account. Total amount is ₱347.7 million (net of allowance of credit losses of ₱227.4 million, ₱227 million in 2023 and 2022, respectively), which constitute 49% and 46% of the Group's total assets as of December 31, 2023 and 2022, respectively. In 2021, provision for estimated credit losses on Advances to Polymax was recognized in compliance with the requirements of PFRS 9. This represents advances to Polymax, the Group's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA). During 2023, 2022 and 2021, the Company made additional collections of the advances from Polymax amounting to ₱690,908, ₱3,786,176, and ₱11,369,681, respectively (Note 15).

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱18 million in 2023, ₱19.2 million in 2022 and ₱19.2 million in 2021. This account includes shares of stocks owned in publicly-listed company and non-listed entity. The fair value of these shares has been determined directly by reference to published prices in the active market (Note 16).

Property, plant and equipment-net amounted to ₱24.2 million and ₱56.1 million in 2023 and 2022, respectively with a decrease in property, plant and equipment by ₱31.9 million primarily due to depreciation of right-of-use asset. The Group has no outstanding contractual commitments to acquire certain property and equipment as of December 31, 2023 and 2022. In 2023 and 2022, the Group carried out a review of the recoverable amounts of its property and equipment. The Group has determined that there is no indication that an impairment loss has occurred on its property and equipment. In 2022, a Group subsidiary's adjusted its Right-of-use account to effect the overstatement of the account, its accumulated depreciation of right-of-use asset and lease liability amounting to ₱29,918,908 and ₱40,948,619, respectively due to early termination of the lease contract during 2022. None of the properties were pledged or mortgaged as collateral to secure any of the Company's loans. (Note 17).

Other non-current assets for the years 2023 and 2022 amounted to ₱11.7 million and ₱11.3 million, respectively. Increase by ₱0.4 million or 3.54% is due to the increase of refundable deposits and intangible assets. This account consists of intangible asset pertaining to non-exclusive software license cost for use in MCSLI's warehouse management system and non-current portion of refundable deposits (Note 18).

Liabilities

Current Liabilities

Accounts payable and accrued expenses for the years 2023 and 2022 amounted to ₱269.8 million and ₱288.9 million, respectively. Trade payables are noninterest bearing and have credit terms of 30 to 60 days. Accrued expenses include provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be

rendered. Provisions relate to pending claims jointly and severally against the Parent Company and Polymax and pending claims and tax assessment solely against the Parent Company. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the related claims and tax assessments. The net decrease for year 2023 by ₱19.1 million or 6.61% is attributable to decrease in trade payables by ₱19.4 million, increase in accrued expenses by ₱2.2 million and decrease in other current liabilities by ₱1.9 million. Other liabilities mainly pertain to payable to government agencies. These liabilities are unsecured and noninterest-bearing (Note 19).

Noncurrent Liabilities

Accrued expenses – noncurrent portion amounted to ₱123,438,803 which composed of management fee and reserve for contingency BIR (Note 19).

Lease Liability is the liability recognized in relation to the adoption of PFRS 16. As of December 31, 2023, the Company's determined incremental rate used is between 3% and 5%. Current lease liability amounted to ₱13.1 million and ₱16.5 million in years 2023 and 2022, respectively. Noncurrent portion of Lease liability amounted to nil and ₱24.5 million in years 2023 and 2022. Interest expense pertaining to lease liability amounted to ₱1,483,268 and ₱2,758,781 for the years ended December 31, 2023 and 2022, respectively (Note 20).

Due to related parties - current for the years 2023 and 2022 amounted to ₱0.7 million and ₱0.7 million, respectively. *Due to related parties - noncurrent* for the years 2023 and 2022 amounted to ₱286.6 million and ₱280.7 million, respectively. In 2020, The Group issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 and a 2% interest per annum until the maturity date of March 15, 2026. The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2023 and 2022, interest incurred amounted to ₱5,260,007. The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms (Note 30)

Accrued retirement benefit cost amounted to ₱15.4 million and ₱12.9 million as of December 31, 2023 and 2022. MAHEC and MCLSI has unfunded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date. There is no provision for retirement benefit for 2022 as the management determined that current accrual is sufficient enough to cover retirement benefits of remaining employees. The Group expects no contributions are to be made yet in the future years out of the defined benefit plan obligation. In 2020, the Board of Directors approved to write-off the remaining retirement benefit payable of the Parent Company since it has no longer have employees. (Note 29).

Cumulative Deficit is an account that consists of cumulative balance of periodic earnings and prior period adjustments, if any. In 2023 and 2022, the Group recognized provision for estimated credit losses of ₱227.4 million ₱227 million, respectively, on advances to a related party which contributes to the material losses for the year. The provision is in compliance with the requirements of PFRS 9 (Note 24).

(i) Summary of Material Trends, Events and Uncertainties

The accompanying consolidated financial statements have been prepared assuming that Group Company will continue as a going concern.

As of December 31, 2025 and 2024, the Group has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands, amounting to ₱347.7 million, relating to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in the next section below. On the other hand, Polymax (jointly and severally with the Parent Company) has past due liabilities, including interest and penalties, amounting to ₱994.7 million as of December 31, 2024 and 2023, respectively, which were obtained to partially finance the acquisition of the petrochemical plant, resulting from the transfer of past due loans as discussed in the next paragraph.

In 2007, the Parent Company unilaterally transferred to Polymax two significant past due liabilities totaling ₱866.7 million as of December 31, 2006 that were obtained (jointly and severally with Polymax) to partially finance the acquisition of the petrochemical plant, and applied these against the Parent

Company's advances to Polymax, in order to reflect the economic substance of the acquisition and related loan transactions. The remaining 20% of Polymax's interest in the petrochemical plant is for sale. The realization of the Parent Company's advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, depend on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPC Alliance Corporation (NPCA).

Asset held for sale was reclassified to its correct account which is Advances to related parties amounting to ₱352.1 million and ₱347.7 million (net of allowance of credit losses of ₱232.1 million and ₱229.2 million) for years ended December 31, 2025 and 2024, respectively, which constitute 49.53% and 48.57% of the Group's total assets as of December 31, 2025 and 2024, respectively. This advances represent advances to Polymax, the Group's special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA).

The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. Management's plan is to infuse additional capital to address the going concern uncertainty.

(ii) Events that will Trigger Direct Contingent or Financial Obligation

Having resolved its disputes with foreign parties involved in Bataan petrochemical project, there are no additional known events that will trigger direct or contingent financial obligation that is material to Metro Alliance, including the default of acceleration of an obligation.

(iii) Material Off-balance Sheet Transactions, Arrangements, Obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of Metro Alliance with unconsolidated entities or other persons created during the reporting period. Completed transactions in connection with our investment in the petrochemical project were fully disclosed in the audited consolidated financial statements.

(iv) Commitment for Capital Expenditures

Since CPDSI has ceased operations and MVC ceased to be a subsidiary of MAHEC, the Group has no commitment for capital expenditures.

(v) Any Known Trends, Events of Uncertainties (Impact On Net Sales / Net Income)

Since CPDSI, AHI, FEZ-EAC and ZDI have ceased commercial operations and MCLSI is the only operating subsidiary among the Group, sales will rely solely on MCLSI's results of operations.

The Group registered a consolidated net loss of ₱2.6 million in 2025 as against net income of ₱8.5 million in 2024 and net loss of ₱3.9 million in 2023. The decrease in net income in 2025 as compared to 2024 was due to net effect of significant decrease in sales of services due to major clients that didn't renewed their lease contracts with MCLSI, a recognized other income from AHI in 2024 due to condonation of long outstanding liabilities, and decrease in cost and expenses. Same in the year 2024, the increase in net loss as compared to year 2023 was also mainly due to decrease in sales in 2024. Earnings (loss) per share for 2025, 2024 and 2023 for equity holders of the Parent Company are (₱0.0142), ₱0.0085 and (₱0.0156), respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

The Group registered gross service revenue of ₱167.7 million, ₱198.8 million and ₱243.2 million for the years ended December 31, 2025, 2024 and 2023, respectively, with a decrease in revenue by ₱31.1 million or 15.64% due to some clients who did not renewed their lease contracts with MCLSI like Skechers USA Philippines, Inc., Johnson & Johnson (Phils.), Inc., Beko Pilipinas Corp. and Brentagg Ingredients, Inc.

(vi) Significant Element of Income or Loss That Did Not Arise From Continuing Operations.

There is no significant element of income or loss that did not arise from continuing operations.

(vii) Material Changes on Line Items in the Financial Statements

Material changes on line items in the financial statements are presented under the captions "Changes in Financial Condition" and "Changes in Operating Results" above.

The Group adopted PFRS 16 on the year 2019 which reported a Right-of-Use Asset and Lease Liability (Note 17 and 20) and PFRS 9 on the year 2021 for the recognition of Probable of Estimated Credit Losses.

(viii) Effect of Seasonal Changes in the Financial Condition or Results of Operations of the Corporation

The financial condition or results of operations is not affected by any seasonal change.

Undertaking

Metro Alliance Holdings & Equities Corp., as registrant, will provide a copy of the Annual Report for the year ended December 31, 2024 or SEC Form 17-A free of charge. Any written request for a copy of Annual Report shall be addressed to the office of the Corporate Secretary c/o Metro Alliance Holdings & Equities Corp., 35th Flr. One Corporate Center, Doña Julia Vargas cor. Meralco Ave., Ortigas Center, Pasig City. A copy of the report will also be made available in the Company Website.

Interim Period as of Quarter Ended March 31, 2026 as compared to March 31, 2025

Financial Highlights

The following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI.

The following table shows the consolidated financial highlights of the Group for the quarters ended March 31, 2026, 2025 and 2024:

Unaudited Income Statement

<i>Income Statement</i>	Amounts in Php		
	Jan.-Mar. 2026	Jan.-Mar. 2025	Jan.-Mar. 2024
Sales and services	₱83,585,955	₱43,628,465	₱46,811,798
Cost of sales and services	(38,100,114)	(34,119,723)	(40,154,976)
Gross profit	45,485,841	9,508,472	6,656,822
Expenses	(13,706,865)	(8,739,835)	(9,089,201)
Other income	6,228,946	7,009	3,486
Net Income Before Tax	38,007,922	775,916	(2,428,893)
Income tax expense	4,885,789	–	–
Net income	33,122,133	775,916	(2,428,893)
Attributable to:			
Equity Holders of the Parent Company	35,808,001	13,898	(1,671,512)
Non-controlling interest	(2,685,868)	762,018	(757,381)
	33,122,133	775,916	(2,428,893)
Earnings Per Share – Equity Holders Of the Parent Company	₱0.11697	₱0.00005	(₱0.0055)

Unaudited Balance Sheet

<i>Balance Sheet</i>	Amounts in Php		
	Mar. 31, 2026	Mar. 31, 2025	Dec. 31, 2025
Current assets	₱281,824,938	₱248,819,199	₱239,140,781
Noncurrent assets	471,350,620	464,844,400	471,726,774
Total Assets	753,175,558	713,663,599	710,867,555
Current liabilities	271,568,890	273,683,501	262,598,570
Noncurrent liabilities	438,139,282	428,708,896	438,139,282
Total Liabilities	709,708,172	702,392,397	700,737,852
Stockholder's Equity	43,467,386	11,271,202	10,129,703
Total Liabilities and Stockholder's Equity	₱753,175,558	₱713,663,599	₱710,867,555

The Group is exploring business opportunities and assessing collection program on its significant receivables from Polymax Worldwide Ltd. to finance its prospective projects. Collection will highly depend on whether a fruitful negotiation with Iranian partners will progress and it started with the simultaneous withdrawal of legal cases filed by NPCI, MAHEC/Polymax and NPCA against each other. As of report date, biggest contributor to the Group's revenue is its logistic arm, MCLSI, which has shown steady growth. The Group will reorganize its operations; evaluate its remaining assets; review all pending legal cases; and settle and resolve its outstanding issues with other regulatory government bodies. The Group will focus on traditionally stable industries or sunrise sectors in order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings.

During the first quarter of 2026, the Parent Company has entered into consultancy agreement with a real estate company to provide technical and consultancy services with regards to the salability of the latter's raw land and lots. This provided the Parent Company a significant revenue amounting to ₱47.5 million exclusive of taxes.

a) Key Performance Indicators

The Metro Alliance (MAH) and its majority-owned subsidiaries key performance indicators as follow:

Metro Alliance

11. Net income
12. Earnings per share – net income attributable to each share of common stock (net income / weighted number of shares outstanding)
13. Return on average equity – ability to generate returns on investment of stockholders (net income / average equity)
14. Debt to total asset ratio – the proportion to total assets financed by creditors (total debt / total assets)
15. Debt to Equity ratio – an indicator of which group has the greater representation in the assets of the company (total debt / equity)

Metro Alliance (Parent Company) financial statements registered unaudited net income of ₱38,619,272 for the 1st quarter of 2026 as compared to the same quarter of 2025 with net loss amounting to ₱767,234 or an increase in net income by ₱39,386,506 or 5133.57% mainly due to the significant revenue generated during the first quarter of 2026 from providing technical and consultancy services to a real estate company.

Comparative analysis of Metro Alliance's key performance indicators is as follows:

Performance indicator	March 31	
	2026	2025
Net Income / (Loss)	₱38,619,272	(₱767,234)
Income / (Loss) per share	0.126	(0.003)
Income / (Loss) on average equity	0.970	(2.963)
Debt to total assets	0.895	0.942
Debt to equity	8.495	16.195

MCLSI

5. Profitability
 - a. Gross profit margin – measures the profitability of revenues (services) in relation to the cost of services (gross profit / revenues)
 - b. Net profit margin – ability to generate surplus for stockholders (net income / sales)
 - c. Return on assets – ability to generate returns from assets (net income / assets)
 - d. Return on equity – ability to generate returns on investment of stockholders (net income / stockholders equity)
6. Liquidity ratios
 - a. Current ratio – capacity to meet current obligations out of its liquid assets (current assets/current liabilities)
 - b. Receivables turnover and days' sales in receivables – measures the ability to collect receivables (net credit sales / average trade receivables) (365 days / receivables turnover)

The decrease in MCLSI's gross profit resulted mainly due to discontinued contracts. With the decrease in operating income, net profit margin, return on assets and return on equity decreased. Current ratio increased due to the increase in accruals and other payables. In addition, turnover of receivables resulted to a lower collections compared to last year.

Comparative analysis of MCLSI's key performance indicators on March 31 are as follows:

Performance indicator	2026	2025
<u>Profitability</u>		
a. Gross profit margin	0.172	0.218
b. Net profit margin	(0.152)	0.036
c. Return on assets	(0.023)	0.006
d. Return on equity	(0.039)	0.011
<u>Liquidity</u>		
a. Current ratio	1.566	2.288
b. Receivables turnover	0.641	0.430
c. Days' sales in receivables	569.423	848.837

Consumer Products Distribution Services, Inc. (CPDSI), FEZ-EAC Holdings, Inc.(FEZ-EAC), Zuellig Distributors, Inc. (ZDI) and Asia Healthcare, Inc. (AHI)

Currently, CPDSI, FEZ-EAC, ZDI and AHI have no performance indicators because these are non-operating companies. Management is considering a rationalization plan to address the future of these non-operating subsidiaries.

Changes in Operating Results

Net Income and Earnings (Loss)Per Share

The Group registered a consolidated net income of ₱33,122,133 for the 1st quarter of 2026 as against net income of ₱775,916 for the 1st quarter of 2025 or an increase in net income by ₱33.9 million or 4368.78% due to generated revenue of the Parent Company during the first quarter of 2026 amounting to ₱47.5 million for providing technical and consultancy service to a real estate company. Income (Loss) per share attributable to equity holders of Parent Company are ₱0.11697 and ₱0.00005 for the 1st quarter of 2026 and 2025, respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

Sales and Services

The Group registered gross service revenue of ₱83.6 million and ₱43.6 million for the quarters ended March 31, 2026 and 2025. Revenue increased by ₱40 million or 91.74% due to the generated revenue of the Parent Company during the first quarter of 2026 amounting to ₱47.5 million for providing technical and consultancy service to a real estate company.

Cost of Sales and Services

Total cost of sales and services for the quarters ended March 31, 2026 and 2025 amounted to ₱38.1 million and ₱34.1 million, respectively or an increased by ₱4 million or 11.73% against the same quarter last year and also was due to the following net effect of expenses; decrease in personal cost by ₱2.9 million, increase in rent and utilities by ₱0.7 million, decrease in transportation expense by ₱0.5 million and increase in outside services by ₱5.7 million and increase other cost by ₱1 million.

Operating Expenses

Total operating expenses of the Group for the 1st quarter of 2026 amounted to ₱13.7 million as compared to ₱8.7 million for the 1st quarter of 2025 or an increase by ₱5 million or 57.47%. The increase was mainly attributable on the following: increase in professional fee by ₱4.1 million, decrease in personnel cost by ₱0.2 million, increase in communication and supplies by ₱0.8 million, increase in entertainment by ₱0.4 million, decrease in depreciation by ₱0.2 million and increase in remaining expenses by ₱0.1 million.

Other income

Other income for the quarters ended March 31, 2026 and 2025 amounted to ₱6,228,946 and ₱7,009, respectively. The account pertains to interest income from banks and time deposit and other income not arising from ordinary course of business. During the first quarter of 2026, the Parent Company recorded a reversal on allowance for impairment on input VAT amounting to ₱5.7 million due to the revenue recognized which resulted to an output VAT.

c) Changes in Financial Conditions

Assets

Cash and cash equivalents as of March 31, 2026 and 2025 amounted to ₱82.5 million and ₱73.3 million, respectively. Net cash flows from operating activities is ₱679,659, net cash flows from investing activities is ₱2,372 and net cash flows from financing activities is ₱15,789.

Receivables amounted to ₱159.8 million as of March 31, 2026 and ₱138.3 million as of March 31, 2025 (net of allowance for doubtful accounts) or an increase of ₱21.5 million or 15.55%. Movement in the accounts is mainly attributable to the increase in trade receivable by ₱21.4 million and increase in other receivables by ₱0.1 million.

Other current assets amounted to ₱39.5 million and ₱37.2 million as of March 31, 2026 and 2025, respectively (net of allowance for probable losses of ₱9.5 million and ₱15.1 million, respectively) or an increase of ₱2.3 million or 6.18%. The increase was due net effect of the following: decrease in input VAT by ₱5.4 million and increase in prepayments and others by ₱2.1 million and decrease in provision for allowance for impairment by ₱5.6 million.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱18.7 million and ₱18.5 million in March 31, 2026 and 2025, respectively. This account includes shares of stocks owned in publicly listed company and unquoted equity investment carried at cost. During the latter part of 2017, the Parent Company made an investment to a non-listed entity, whose primary activity is to engage in real estate development. The increase pertains to recognition of fair market value gain on restating the listed shares to its fair market value as of March 31, 2026.

Property and equipment amounted to ₱29.2 million and ₱27.9 million in March 31, 2026 and 2025, respectively. The Group has no outstanding contractual commitments to acquire certain property and equipment as of March 31, 2026 and 2025 and the Group carried out a review of the recoverable amounts of its property and equipment. The Group has determined that there is no indication that an impairment loss has occurred on its property and equipment.

Deferred tax assets in the 1st quarter of 2026 decrease by ₱1.9 million as compared to 1st quarter of 2025 due to recognition of tax benefit on future deductible expense.

Other non-current assets as of March 31, 2025 and 2024 amounted to ₱8.7 million and ₱9.2 million, respectively or a decrease by ₱0.5 million due to decrease in refundable deposits. This account consists of intangible asset pertaining to non-exclusive software license cost for use in MCSLI's warehouse management system and the non-current portion of refundable deposits.

Advances to related parties amounted to ₱351.1 million and ₱347.6 million (net of probable expected credit losses of ₱232.1 million and ₱229.2 million, respectively) as of March 31, 2026 and 2022, respectively, which represents advances to Polymax, the Group's unconsolidated special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA). Amount collected as of March 31, 2026 and 2025 are ₱969,849 and ₱65,080, respectively.

Liabilities

The Accounts payable and accrued expenses – current portion as of March 31, 2026 and 2025 amounted to ₱255.2 million and ₱258.5 million, respectively. The decrease by ₱3.3 million or 1.28% was due to increase in trade payables amounting to ₱5.5 million, decrease in accrued expenses by ₱6 million and decrease in other current liabilities by ₱2.8 million. Trade payables are noninterest bearing and have credit terms of 30 to 60 days. Accrued expense and other liabilities mainly include accruals for manufacturing and operating expenses, other taxes payable, advances from customers and provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered. *Accrued expenses – noncurrent portion* amounted to ₱123,438,803 which composed of management fee and reserve for contingency BIR.

Lease Liability is the liability recognized in relation to the adoption of PFRS 16. Current lease liability amounted to ₱15.9 million and ₱14.8 million as of March 31, 2026 and 2025, respectively. Noncurrent portion of Lease liability amounted to ₱2.7 million and ₱2 million as of March 31, 2026 and 2025, respectively.

The *Due to related parties - current* as of March 31, 2026 and 2025 amounted to ₱0.4 million and ₱0.4 million, respectively. *Due to related parties - noncurrent* as of March 31, 2026 and 2025 amounted to ₱298.3 million and ₱292.5 million, respectively. In 2020, The Group issued a 5-year promissory note to its affiliate, Philippine Estate Corporation, with a principal amount of ₱263,000,345, including a 2% legal

interest for the year 2020 and a 2% interest per annum until the maturity date of March 15, 2026. The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

Accrued retirement benefit cost amounted to ₱13.7 million and ₱10.8 million as of March 31, 2026 and 2025, respectively. MAHEC and MCLSI has unfunded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date. There is no provision for retirement benefit for March 31, 2026 and 2025, respectively, as the management determined that current accrual is sufficient enough to cover retirement benefits of remaining employees. The Group expects no contributions are to be made yet in the future years out of the defined benefit plan obligation. In 2020, the Board of Directors approved to write-off the remaining retirement benefit payable of the Parent Company since it has no longer have employees.

Interim Period as of Quarter Ended March 31, 2025 as compared to March 31, 2024

Financial Highlights

The following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI.

The following table shows the consolidated financial highlights of the Group for the quarters ended March 31, 2025, 2024 and 2023:

Unaudited Income Statement

<i>Income Statement</i>	Amounts in Php		
	Jan.-Mar. 2025	Jan.-Mar. 2024	Jan.-Mar. 2023
Sales and services	₱43,628,465	₱46,811,798	₱66,648,194
Cost of sales and services	(34,119,723)	(40,154,976)	(56,320,416)
Gross profit	9,508,472	6,656,822	10,327,778
Expenses	(8,739,835)	(9,089,201)	(11,543,236)
Other income	7,009	3,486	6,970
Net Income Before Tax	775,916	(2,428,893)	(1,208,488)
Income tax expense	–	–	–
Net income	775,916	(2,428,893)	(1,208,488)
Attributable to:			
Equity Holders of the Parent Company	13,898	(1,671,512)	(1,449,428)
Non-controlling interest	762,018	(757,381)	240,940
	775,916	(2,428,893)	(1,208,488)
Earnings Per Share – Equity Holders Of the Parent Company	₱0.00005	(₱0.0055)	(₱0.0047)

Unaudited Balance Sheet

<i>Balance Sheet</i>	Amounts in Php		
	Mar. 31, 2025	Mar. 31, 2024	Mar. 31, 2023
Current assets	₱248,819,199	₱244,962,828	₱252,702,220
Noncurrent assets	464,844,400	462,027,186	493,183,907
Total Assets	713,663,599	706,990,014	745,886,127
Current liabilities	273,683,501	288,586,756	304,012,233
Noncurrent liabilities	428,708,896	425,362,115	441,822,128
Total Liabilities	702,392,397	713,948,871	745,834,361
Stockholder's Equity	11,271,202	(6,958,857)	51,766
Total Liabilities and Stockholder's Equity	₱713,663,599	₱706,990,014	₱745,886,127

The following companies are included in Metro Alliance (MAH) consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI. Due to intra-corporate disputes surrounding the ownership of the Bataan petrochemical plant, the scope of the 2007-2013 audits was completed by the independent auditors and the reports was approved by the Board of Directors on October 10, 2014.

The Group is exploring business opportunities. As of report date, biggest contributor to the Group's revenue is its logistic arm, MCLSI, which has shown steady growth. The Group will reorganize its operations; evaluate its remaining assets; review all pending legal cases; and settle and resolve its outstanding issues with other regulatory government bodies. The Group will focus on traditionally stable industries or sunrise sectors in order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings.

b) Key Performance Indicators

The Metro Alliance (MAH) and its majority-owned subsidiaries key performance indicators as follow:

Metro Alliance

1. Net income
2. Earnings per share – net income attributable to each share of common stock (net income / weighted number of shares outstanding)
3. Return on average equity – ability to generate returns on investment of stockholders (net income / average equity)
4. Debt to total asset ratio – the proportion to total assets financed by creditors (total debt / total assets)
5. Debt to Equity ratio – an indicator of which group has the greater representation in the assets of the company (total debt / equity)

Metro Alliance (Parent Company) financial statements registered unaudited net loss of ₱767,234 for the 1st quarter of 2025 as compared to the same quarter of 2024 with net loss amounting to ₱868,784 or a decrease in net loss by ₱101,550 or 11.69% mainly due to lesser professional fees and other expense paid during the current quarter.

Comparative analysis of Metro Alliance's key performance indicators is as follows:

Performance indicator	March 31	
	2025	2024
Net Income / (Loss)	(₱767,234)	(₱868,784)
Income / (Loss) per share	(0.003)	(0.003)
Income / (Loss) on average equity	(2.963)	(2.670)
Debt to total assets	0.942	0.934
Debt to equity	16.195	14.072

MCLSI

1. Profitability
 - a. Gross profit margin – measures the profitability of revenues (services) in relation to the cost of services (gross profit / revenues)
 - b. Net profit margin – ability to generate surplus for stockholders (net income / sales)
 - c. Return on assets – ability to generate returns from assets (net income / assets)
 - d. Return on equity – ability to generate returns on investment of stockholders (net income / stockholders equity)
2. Liquidity ratios
 - a. Current ratio – capacity to meet current obligations out of its liquid assets (current assets/current liabilities)
 - b. Receivables turnover and days' sales in receivables – measures the ability to collect receivables (net credit sales / average trade receivables) (365 days / receivables turnover)

The decrease in MCLSI's gross profit resulted mainly due to discontinued contracts. With the decrease in operating income, net profit margin, return on assets and return on equity decreased. Current ratio increased due to the increase in accruals and other payables. In addition, turnover of receivables resulted to a lower collections compared to last year.

Comparative analysis of MCLSI's key performance indicators on March 31 are as follows:

Performance indicator	2025	2024
<u>Profitability</u>		
a. Gross profit margin	0.218	0.142
b. Net profit margin	0.036	(0.033)
c. Return on assets	0.006	(0.006)
d. Return on equity	0.011	(0.011)
<u>Liquidity</u>		
a. Current ratio	2.288	2.072
b. Receivables turnover	0.430	0.418
c. Days' sales in receivables	848.837	873.206

Consumer Products Distribution Services, Inc. (CPDSI), FEZ-EAC Holdings, Inc.(FEZ-EAC), Zuellig Distributors, Inc. (ZDI) and Asia Healthcare, Inc. (AHI)

Currently, CPDSI, FEZ-EAC, ZDI and AHI have no performance indicators because these are non-operating companies. Management is considering a rationalization plan to address the future of these non-operating subsidiaries.

b) Changes in Operating Results

Net Income and Earnings (Loss)Per Share

The Group registered a consolidated net income of ₱775,916 for the 1st quarter of 2025 as against net loss of ₱2,428,893 for the 1st quarter of 2024 or an increase in net income by ₱3.2 million or 131.95% due to despite of lower sales of services due to few discontinued contracts, there were cost saving measures that were put in place to cut losses. Income (Loss) per share attributable to equity holders of Parent Company are ₱0.00005 and (₱0.0055) for the 1st quarter of 2025 and 2024, respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

Sales and Services

The Group registered gross service revenue of ₱43.6 million and ₱46.8 million for the quarters ended March 31, 2025 and 2024. Revenue decreased by ₱3.2 million or 6.84% due to some clients of MCLSI that no longer renewed their contracts during the current quarter.

Cost of Sales and Services

Total cost of sales and services for the quarters ended March 31, 2025 and 2024 amounted to ₱34.1 million and ₱40.2 million, respectively. Proportion to the decrease in sales, cost of sales also decreased by ₱6.1 million or 15.17% against the same quarter last year and also was due to the following net effect of expenses; increase in personal cost by ₱1.7 million, decrease in rent and utilities by ₱2.8 million, decrease in transportation expense by ₱5.7 million, increase in outside services by ₱0.4 million and decrease in the remaining other costs by ₱0.3 million.

Operating Expenses

Total operating expenses of the Group for the 1st quarter of 2025 amounted to ₱8.7 million as compared to ₱9.1 million for the 1st quarter of 2024 or a decrease by ₱0.4 million or 4.40%. The decrease was mainly attributable on the following: decrease in personnel cost by ₱0.3 million, decrease in entertainment by ₱0.3 million, decrease in depreciation by ₱0.3 million, increase in communication and supplies by ₱0.2 million and decrease in remaining expenses by ₱0.3 million.

Other income

Other income for the quarters ended March 31, 2025 and 2024 amounted to ₱7,009 and ₱3,486, respectively. The account pertains to interest income and other income not arising from ordinary course of business.

c) Changes in Financial Conditions

Assets

Cash and cash equivalents as of March 31, 2025 and 2024 amounted to ₱73.3 million and ₱57.5 million, respectively. Net cash flows from operating activities is ₱4.3 million, net cash flows from investing activities is ₱0.4 million and net cash flows from financing activities is ₱0.001 million.

Receivables amounted to ₱138.3 million as of March 31, 2025 and ₱156.1 million as of March 31, 2024 (net of allowance for doubtful accounts) or a decrease of ₱17.8 million or 11.40%. Movement in the accounts is mainly attributable to the decrease in trade receivable by ₱18.2 million and increase in other receivables by ₱0.4 million.

Other current assets amounted to ₱37.2 million and ₱31.4 million as of March 31, 2025 and 2024, respectively (net of allowance for probable losses of ₱15.1 million and ₱14.7 million, respectively) or an increase of ₱5.8 million or 18.47%. The increase was due net effect of the following: decrease in input VAT by ₱0.9 million and increase in prepayments and others by ₱6.7 million.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱18.5 million and ₱17.3 million in March 31, 2025 and 2024, respectively. This account includes shares of stocks owned in publicly listed company and unquoted equity investment carried at cost. During the latter part of 2017, the Parent Company made an investment to a non-listed entity, whose primary activity is to engage in real estate development.

Property and equipment amounted to ₱27.9 million and ₱23.4 million in March 31, 2025 and 2024, respectively. The Group has no outstanding contractual commitments to acquire certain property and equipment as of March 31, 2025 and 2024 and the Group carried out a review of the recoverable amounts of its property and equipment. The Group has determined that there is no indication that an impairment loss has occurred on its property and equipment.

Deferred tax assets in the 1st quarter of 2025 decrease by ₱1.04 million as compared to 1st quarter of 2024.

Other non-current assets as of March 31, 2025 and 2024 amounted to ₱9.2 million and ₱11.8 million, respectively or a decrease by ₱2.6 million due to decrease in refundable deposits. This account consists of intangible asset pertaining to non-exclusive software license cost for use in MCSLI's warehouse management system and the non-current portion of refundable deposits.

Advances to related parties amounted to ₱347.6 million and ₱346.7 million (net of probable expected credit losses of ₱229.2 million and ₱227.4 million, respectively) as of March 31, 2025 and 2024, respectively, which represents advances to Polymax, the Group's unconsolidated special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA). Amount collected as of March 31, 2025 and 2024 are ₱65,080 and ₱971,611, respectively.

Liabilities

The Accounts payable and accrued expenses – current portion as of March 31, 2025 and 2024 amounted to ₱258.5 million and ₱274.7 million, respectively. The decrease by ₱16.2 million or 5.90% was due to payment of trade payables amounting to ₱8.9 million, decrease in accrued expenses by ₱4.2 million and decrease in other current liabilities by ₱3.1 million. Trade payables are noninterest bearing and have credit terms of 30 to 60 days. Accrued expense and other liabilities mainly include accruals for manufacturing and operating expenses, other taxes payable, advances from customers and provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered. *Accrued expenses – noncurrent portion* amounted to ₱123,438,803 which composed of management fee and reserve for contingency BIR.

Lease Liability is the liability recognized in relation to the adoption of PFRS 16. Current lease liability amounted to ₱14.8 million and ₱13.1 million as of March 31, 2025 and 2024, respectively. Noncurrent portion of Lease liability amounted to nil as of March 31, 2025 and 2024, respectively.

The *Due to related parties - current* as of March 31, 2025 and 2024 amounted to ₱0.4 million and ₱0.7 million, respectively. *Due to related parties - noncurrent* as of March 31, 2025 and 2024 amounted to ₱292.5 million and ₱286.6 million, respectively. In 2020, The Group issued a 5-year promissory note to its affiliate, Philippine Estate Corporation, with a principal amount of ₱263,000,345, including a 2% legal interest for the year 2020 and a 2% interest per annum until the maturity date of March 15, 2026. The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

Accrued retirement benefit cost amounted to ₱10.8 million and ₱15.4 million as of March 31, 2025 and 2024, respectively. MAHEC and MCLSI has unfunded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date. There is no provision for retirement benefit for March 31, 2025 and 2024, respectively, as the management determined that current accrual is sufficient enough to cover retirement benefits of remaining employees. The Group expects no contributions are to be made yet in the future years out of the defined benefit plan obligation. In 2020, the Board of Directors approved to write-off the remaining retirement benefit payable of the Parent Company since it has no longer have employees.

Deferred tax liabilities in the 1st quarter of 2025 and 2024 is nil and ₱0.3 million, respectively.

Interim Period as of Quarter Ended March 31, 2024 as compared to March 31, 2023

Financial Highlights

The following companies are included in Metro Alliance consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI.

The following table shows the consolidated financial highlights of the Group for the quarters ended March 31, 2024, 2023 and 2022:

Unaudited Income Statement

Income Statement	Amounts in Php		
	Jan.-Mar. 2024	Jan.-Mar. 2023	Jan.-Mar. 2022
Sales and services	₱46,811,798	₱66,648,194	₱73,238,700
Cost of sales and services	(40,154,976)	(56,320,416)	(56,682,312)
Gross profit	6,656,822	10,327,778	16,556,388
Expenses	(9,089,201)	(11,543,236)	(9,294,503)
Other income	3,486	6,970	119
Net Income Before Tax	(2,428,893)	(1,208,488)	7,262,004
Income tax expense	-	-	-
Net income	(2,428,893)	(1,208,488)	7,262,004
Attributable to:			
Equity Holders of the Parent Company	(1,671,512)	(1,449,428)	3,250,855
Non-controlling interest	(757,381)	240,940	4,011,149
	(2,428,893)	(1,208,488)	7,262,004
Earnings Per Share – Equity Holders Of the Parent Company	(₱0.0055)	(₱0.0047)	₱0.0106

Unaudited Balance Sheet

Balance Sheet	Amounts in Php		
	Mar. 31, 2024	Mar. 31, 2023	Mar. 31, 2022
Current assets	₱244,962,828	₱252,702,220	₱234,287,568
Noncurrent assets	462,027,186	493,183,907	506,846,413
Total Assets	706,990,014	745,886,127	741,133,981
Current liabilities	288,586,756	304,012,233	311,174,185
Noncurrent liabilities	425,362,115	441,822,128	433,685,974
Total Liabilities	713,948,871	745,834,361	744,860,159
Stockholder's Equity	(6,958,857)	51,766	(3,726,178)
Total Liabilities and Stockholder's Equity	₱706,990,014	₱745,886,127	₱741,133,981

The following companies are included in Metro Alliance (MAH) consolidated financial statement: MCLSI, CPDSI, FEZ-EAC, ZDI and AHI. Due to intra-corporate disputes surrounding the ownership of the Bataan petrochemical plant, the scope of the 2007-2013 audits was completed by the independent auditors and the reports was approved by the Board of Directors on October 10, 2014.

The Group is exploring business opportunities. As of report date, biggest contributor to the Group's revenue is its logistic arm, MCLSI, which has shown steady growth. The Group will reorganize its operations; evaluate its remaining assets; review all pending legal cases; and settle and resolve its outstanding issues with other regulatory government bodies. The Group will focus on traditionally stable industries or sunrise sectors in order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings.

a) Key Performance Indicators

The Metro Alliance (MAH) and its majority-owned subsidiaries key performance indicators as follow:

Metro Alliance

1. Net income
2. Earnings per share – net income attributable to each share of common stock (net income / weighted number of shares outstanding)
3. Return on average equity – ability to generate returns on investment of stockholders (net income / average equity)
4. Debt to total asset ratio – the proportion to total assets financed by creditors (total debt / total assets)
5. Debt to Equity ratio – an indicator of which group has the greater representation in the assets of the company (total debt / equity)

Metro Alliance (Parent Company) financial statements registered unaudited net loss of ₱868,784 for the 1st quarter of 2024 as compared to the same quarter of 2023 with net loss amounting to ₱1,700,203 or a decrease in net loss by ₱831,419 or 48.90% mainly due to lesser professional fees and other expense paid during the current quarter.

Comparative analysis of Metro Alliance's key performance indicators is as follows:

Performance indicator	March 31	
	2024	2023
Net Income / (Loss)	(₱868,784)	(₱1,700,203)
Income / (Loss) per share	(0.003)	(0.006)
Income / (Loss) on average equity	(2.670)	(2.814)
Debt to total assets	0.934	0.919
Debt to equity	14.072	11.308

MCLSI

1. Profitability
 - a. Gross profit margin – measures the profitability of revenues (services) in relation to the cost of services (gross profit / revenues)
 - b. Net profit margin – ability to generate surplus for stockholders (net income / sales)
 - c. Return on assets – ability to generate returns from assets (net income / assets)
 - d. Return on equity – ability to generate returns on investment of stockholders (net income / stockholders equity)
2. Liquidity ratios
 - a. Current ratio – capacity to meet current obligations out of its liquid assets (current assets/current liabilities)
 - b. Receivables turnover and days' sales in receivables – measures the ability to collect receivables (net credit sales / average trade receivables) (365 days / receivables turnover)

The decrease in MCLSI's gross profit resulted mainly due to discontinued contracts. With the decrease in operating income, net profit margin, return on assets and return on equity decreased. Current ratio increased due to the increase in accruals and other payables. In addition, turnover of receivables resulted to a lower collections compared to last year.

Comparative analysis of MCLSI's key performance indicators on March 31 are as follows:

Performance indicator	2024	2023
<u>Profitability</u>		
a. Gross profit margin	0.142	0.155
b. Net profit margin	(0.033)	0.007
c. Return on assets	(0.006)	0.002

d. Return on equity	(0.011)	0.004
<u>Liquidity</u>		
a. Current ratio	2.072	2.133
b. Receivables turnover	0.418	0.362
c. Days' sales in receivables	873.206	1,008.126

Consumer Products Distribution Services, Inc. (CPDSI), FEZ-EAC Holdings, Inc.(FEZ-EAC), Zuellig Distributors, Inc. (ZDI) and Asia Healthcare, Inc. (AHI)

Currently, CPDSI, FEZ-EAC, ZDI and AHI have no performance indicators because these are non-operating companies. Management is considering a rationalization plan to address the future of these non-operating subsidiaries.

b) Changes in Operating Results

Net Income and Earnings (Loss)Per Share

The Group registered a consolidated net loss of ₱1.7 million for the 1st quarter of 2024 as against net loss of ₱1.2 million for the 1st quarter of 2023 or an increase in net loss by ₱0.5 million or 41.67% due to lower sales of services incurred for the 1st quarter 2024 due to few discontinued contracts. Income (Loss) per share attributable to equity holders of Parent Company are (₱0.0055) and (₱0.0047) for the 1st quarter of 2024 and 2023, respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

Sales and Services

The Group registered gross service revenue of ₱46.8 million and ₱66.6 million for the quarters ended March 31, 2024 and 2023. Revenue decreased by ₱19.8 million or 29.73% due to some clients of MCLSI that were no longer renewed during the current quarter.

Cost of Sales and Services

Total cost of sales and services for the quarters ended March 31, 2024 and 2023 amounted to ₱40.2 million and ₱56.3 million, respectively. Proportion to the decrease in sales, cost of sales also decreased by ₱16.1 million or 28.60% against the same quarter last year and also was due to the following net effect of expenses; decrease in personal cost by ₱4.9 million, decrease in rent and utilities by ₱3.8 million, decrease in transportation expense by ₱2.7 million, decrease in outside services by ₱4.4 million and decrease in the remaining other costs by ₱0.3 million.

Operating Expenses

Total operating expenses of the Group for the 1st quarter of 2024 amounted to ₱9.1 million as compared to ₱11.5 million for the 1st quarter of 2023 or an increase by ₱2.4 million or 20.87%. The decrease was mainly attributable on the following: decrease in professional fee by ₱1.1 million, decrease in entertainment by ₱0.4 million, decrease in depreciation by ₱0.3 million, decrease in communication and supplies by ₱0.5 million and decrease in remaining expenses by ₱0.1 million.

Other income

Other income for the quarters ended March 31, 2024 and 2023 amounted to ₱3,486 and ₱6,970, respectively. The account pertains to interest income and other income not arising from ordinary course of business.

c) Changes in Financial Conditions

Assets

Cash and cash equivalents as of March 31, 2024 and 2023 amounted to ₱57.5 million and ₱66.9 million, respectively. Net cash flows from operating activities is ₱7.3 million, net cash flows from investing activities is ₱0.2 million and net cash flows from financing activities is ₱0.05 million.

Receivables amounted to ₱156.1 million as of March 31, 2024 and ₱160.9 million as of March 31, 2023 (net of allowance for doubtful accounts) or a decrease of ₱4.8 million or 2.98%. Movement in the accounts is mainly attributable to the decrease in trade receivable by ₱3.8 million and decrease in other receivables by ₱1 million.

Other current assets amounted to ₱31.4 million and ₱24.9 million as of March 31, 2024 and 2023, respectively (net of allowance for probable losses of ₱14.7 million and ₱14.6 million, respectively) or an increase of ₱6.5 million or 26.10%. The increase was due net effect of the following: increase in input VAT by ₱3.2 million and increase in prepayments and others by ₱3.3 million.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱17.3 million and ₱19.2 million in March 31, 2024 and 2023, respectively. This account includes shares of stocks owned in publicly listed company and unquoted equity investment carried at cost. During the latter part of 2017, the Parent Company made an investment to a non-listed entity, whose primary activity is to engage in real estate development.

Property and equipment amounted to ₱23.4 million and ₱54.4 million in March 31, 2024 and 2023, respectively. The Group has no outstanding contractual commitments to acquire certain property and equipment as of March 31, 2024 and 2023 and the Group carried out a review of the recoverable amounts of its property and equipment. The Group has determined that there is no indication that an impairment loss has occurred on its property and equipment.

Deferred tax assets in the 1st quarter of 2024 increase by ₱0.6 million as compared to 1st quarter of 2023.

Other non-current assets as of March 31, 2024 and 2023 amounted to ₱11.8 million and ₱11.5 million, respectively or an increase by ₱0.3 million due to increase in refundable deposits. This account consists of intangible asset pertaining to non-exclusive software license cost for use in MCSLI's warehouse management system and the non-current portion of refundable deposits.

Advances to related parties amounted to ₱346.7 million and ₱345.8 million (net of probable expected credit losses of ₱227.4 million and ₱226.6 million, respectively) as of March 31, 2024 and 2023, respectively, which represents advances to Polymax, the Group's unconsolidated special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA). Amount collected as of March 31, 2024 and 2023 are ₱971,611 and ₱1,929,219, respectively.

Liabilities

The Accounts payable and accrued expenses – current portion as of March 31, 2024 and 2023 amounted to ₱274.7 million and ₱286.8 million, respectively. The decrease by ₱12.1 million or 4.22% was due to payment of trade payables amounting to ₱28.2 million, increase in accrued expenses by ₱9.6 million and increase in other current liabilities by ₱6.5 million. Trade payables are noninterest bearing and have credit terms of 30 to 60 days. Accrued expense and other liabilities mainly include accruals for manufacturing and operating expenses, other taxes payable, advances from customers and provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered. *Accrued expenses – noncurrent portion* amounted to ₱123,438,803 which composed of management fee and reserve for contingency BIR.

Lease Liability is the liability recognized in relation to the adoption of PFRS 16. Current lease liability amounted to ₱13.1 million and ₱16.5 million as of March 31, 2024 and 2023, respectively. Noncurrent portion of Lease liability amounted to nil million and ₱24.5 million as of March 31, 2024 and 2023, respectively.

The *Due to related parties - current* as of March 31, 2024 and 2023 amounted to ₱0.7 million and ₱0.7 million, respectively. *Due to related parties - noncurrent* as of March 31, 2024 and 2023 amounted to ₱286.6 million and ₱280.7 million, respectively. In 2020, The Group issued a 5-year promissory note to its affiliate, Philippine Estate Corporation, with a principal amount of ₱263,000,345, including a 2% legal interest for the year 2020 and a 2% interest per annum until the maturity date of March 15, 2026. The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

Accrued retirement benefit cost amounted to ₱15.4 million and ₱12.9 million as of March 31, 2024 and 2023, respectively. MAHEC and MCLSI has unfunded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date. There is no provision for retirement benefit for March 31, 2024 and 2023, respectively, as the management determined that current accrual is sufficient enough to cover retirement benefits of remaining employees. The Group expects no contributions are to be made yet in the future years out of the defined benefit plan obligation. In 2020, the Board of Directors

approved to write-off the remaining retirement benefit payable of the Parent Company since it has no longer have employees.

Deferred tax liabilities in the 1st quarter of 2024 and 2023 is nil and ₱0.3 million, respectively.

Summary of Material Trends, Events and Uncertainties

The accompanying consolidated financial statements have been prepared assuming that Group Company will continue as a going concern.

As of March 31, 2026 and 2025, the Group has significant advances to Polymax Worldwide Limited (Polymax), an unconsolidated special purpose entity incorporated in British Virgin Islands, amounting to ₱351.1 million and ₱347.6 million (net of probable expected credit losses of ₱232.1 million and ₱229.3 million, respectively) relating to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in the next section below. On the other hand, Polymax (jointly and severally with the Parent Company) has past due liabilities, including interest and penalties, amounting to ₱994.7 million, which were obtained to partially finance the acquisition of the petrochemical plant, resulting from the transfer of past due loans as discussed in the next paragraph.

In 2007, the Parent Company unilaterally transferred to Polymax two significant past due liabilities totaling ₱866.7 million as of December 31, 2006 that were obtained (jointly and severally with Polymax) to partially finance the acquisition of the petrochemical plant, and applied these against the Parent Company's advances to Polymax, in order to reflect the economic substance of the acquisition and related loan transactions. The remaining 20% of Polymax's interest in the petrochemical plant is for sale. The realization of the Parent Company's advances to Polymax (an unconsolidated special purpose entity starting in 2007) and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, depend on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPC Alliance Corporation (NPCA) and from the letter of comfort issued by the Parent Company's major stockholders in favor of the Parent Company.

The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. Management's plan is to infuse additional capital to address the going concern uncertainty.

Legal case

(a) Metro Alliance vs. Commissioner of Internal Revenue

Assessment for deficiency withholding taxes for the year 1989, 1990 and 1991

On July 5, 2002, the Parent Company received a decision from the Court of Tax Appeals (CTA) denying the Parent Company's Petition for Review and ordering the payment of ₱83.8 million for withholding tax assessments for the taxable years 1989 to 1991. The Parent Company filed a Motion for Reconsideration on July 31, 2002 but this was subsequently denied by the CTA. A Petition for Review was filed with the CTA on November 8, 2002, which was also denied by the CTA. The Parent Company then appealed the decision of the CTA to the Court of Appeals (CA), which likewise denied the appeal and upheld the assessment against the Parent Company. The Parent Company, through its legal counsel, filed a Motion for Reconsideration with the CA in December 2003.

On July 9, 2004, the Parent Company received the CA resolution denying the Motion for Reconsideration. On July 22, 2004, the Parent Company filed with the CA a Motion for Extension of time to file an appeal to the Supreme Court (SC). On August 20, 2004, the Parent Company filed said appeal. On October 20, 2004, the Parent Company received the resolution of the SC denying its Petition for Review for lack of reversible error. The Parent Company filed a Motion for Reconsideration. On January 10, 2005, the SC issued an Order stating that it found no ground to sustain the Parent Company's appeal and dismissed the Parent Company's petition with finality.

On April 26, 2006, the Parent Company filed a Petition for Review before the CTA en banc. On March 7, 2007, the CTA en banc dismissed the Petition for lack of merit. The CTA en banc affirmed the CTA's decision granting the Motion for Issuance of Writ of Execution filed by the Commissioner of Internal Revenue.

As of March 31, 2026, the Parent Company has not received any order of Execution relative to this case. Accordingly, the related obligation is not currently determinable.

(b) Metro Alliance and Philippine Estate Corporation vs. Philippine Trust Company, et al., Civil Case SCA#TG-05-2519, RTC Tagaytay City Branch 18

Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, Annulment in Decrease in Interest Rates, Service Charge, Penalties and Notice of Sheriffs Sales plus Damages

On September 14, 2005, the Parent Company (MAHEC) and Philippine Estate Corporation (PHES) filed a Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, and Annulment in Decrease in Interest rates, Service Charge, Penalties and Notice of Sheriffs Sale, plus Damages with prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction. The case stemmed from imminent extra-judicial foreclosure of four (4) mortgaged Tagaytay lots covered by Transfer Certificate of Title (TCT) Nos. T-355222, T-35523, T-35524 and T-35552 subject to the Real Estate Mortgage executed by MAHEC and PHES securing ₱280 million loan last December 2003.

On October 6, 2005, the Regional Trial Court (RTC) of Tagaytay City issued and granted the Writ of Preliminary Injunction (first injunction). The preliminary injunction issued by the RTC stopping the foreclosure was nullified by both Court of Appeals and Supreme Court, after which Philtrust proceeded to foreclose, and acquired those properties for only ₱165.8 million. When MAHEC and PHES failed to redeem, Philtrust consolidated title and Tagaytay registry issued new TCTs cancelling PHES' TCT. On October 10, 2011, MAHEC filed Notice *Lis Pendens* vs. four (4) new TCTs of Philtrust.

The case is now back to Tagaytay RTC for trial hearings under new acting Judge Jaime Santiago. MAHEC and PHES already presented witnesses. Next trial hearing was set on April 12, 2016 for presentation of plaintiff's last witness for explanation of why the checks issued in 2004 in favor of Philtrust Bank intended to settle the loan were all dishonored and were returned unpaid.

The Parent Company was able to get the formal trial started and on-going. The Parent Company's most important move was the presentation of a very competent real estate appraiser, realtor, Cesar Santos, who was able to successfully defend in court his ₱811.6 million valuation of the foreclosed Tagaytay properties. Trial hearings are on-going, and it is now defendant Bank's turn to adduce evidence. Plaintiffs have closed their evidence presentation wherein all offered evidence were admitted, over the objections of defendant Bank. At the last hearing held on December 6, 2016, defendant Bank's star witness was subjected to Plaintiff's cross examination wherein they obtained many damaging admissions against the Bank. Plaintiff's counsels' cross-examination resumed at trial hearing last April 25, 2017.

Damages sought are ₱1,000,000 as and by way of exemplary damages and ₱500,000 as and by way of attorney's fees, litigation expenses and cost of suit.

On February 21, 2019, the defense presented its second witness, Mr. Godofredo Gonzales, an appraiser of Philippine Trust Company. However, the cross-examination of the witness was reset to June 27, 2019.

On October 17, 2019, Philtrust submitted a Formal Offer of Evidence in RTC.

In 2020, the Parent Company acknowledged the obligation to PHES, which was due and demandable on June 30, 2020. The Parent Company, however, failed to pay the amount on that date, for which, legal interest has been accrued at the end of the year. PHES and MAHEC agreed to issue a promissory note last March 15, 2021 for a period of 5 years or a maturity date of March 15, 2026 to record MAHEC obligations on the foreclosed properties of PHES.

As at March 31, 2026, the case is awaiting decision of the court.

(c) MAHEC, et.al. vs. Philippine Veterans Bank, et.al., Civil Case No. BCV-2011-175

This is an appeal by Philippine Veterans Bank (PVB) before the Court of Appeals of the Decision of the Regional Trial Court (RTC) Br. 19 of Bacoor, Cavite which made permanent the writ of preliminary injunction issued against the defendants PVB and the Ex-Officio Sheriff of the RTC, Bacoor, Cavite, extinguished the real estate mortgage and ordered PVB to return the transfer certificates of title covering the mortgaged properties and to refund MAHEC the Php25,000,000.00 excess payment plus 6% per annum from finality of the Decision.

The civil case originated from complaint filed by MAHEC and Polymax Worldwide Ltd. before the RTC Br. 19 of Bacoor, Cavite for injunction against the Philippine Veterans Bank and the Ex-Officio Sheriff of the RTC Bacoor, Cavite to prevent the sale at public auction of real estate mortgaged under the Real Estate Mortgage dated January 19, 2004.

As of March 31, 2026, this case is awaiting notice from the Court of Appeals for PVB to file the appellant's brief.

(d) MAHEC, POLYMAX & WELLEX vs. Phil. Veterans Bank., et al., Civil Case #08-555, RTC Makati Branch 145 now SC GR 2405495 and 240513
Civil Action with Damages to Nullify the Foreclosure of Property

The case is an injunction suit with damages filed on July 23, 2008 in RTC-Makati to nullify the foreclosure of Pasig lot securing a ₱350 million loan obtained by MAHEC, Polymax and Wellex. Initially, Temporary Restraining Order (TRO) and preliminary injunction was issued, but afterwards, it was lifted, enabling Philippine Veterans Bank (PVB) to foreclose. In successive certiorari cases that plaintiffs filed, both Court of Appeals (CA) and Supreme Court (SC) upheld PVB. Worse yet, due to major lapse of the plaintiff's original counsels, *lis pendens* on foreclosed Pasig lot was cancelled, and in March 2012, PVB sold the lots to Zen Sen Realty Development Corporation who got new Transfer Certificate of Title (TCT). The above case was consolidated with other case of affiliated company with the same RTC. In 2013, Parent Company's legal counsel brought Zen Sen Realty Development Corporation. as defendant also and prayed that the PVB sale to it be nullified. In October 2014, Parent Company's legal counsel dropped Zen Sen Realty as an unnecessary defendant, after which DECISION was rendered vs. PVB on January 9, 2015, declaring the ₱550M loan (total loan of MAHEC, Polymax, Wellex and other affiliated companies) as fully paid, and even over-paid; discharging all the mortgages, and voiding the 2012 sale made to Zen Sen. PVB was ordered to refund to plaintiffs the ₱3.25 million overpayment. PVB filed a motion for reconsideration which was denied. PVB filed Notice of Appeal to Court of Appeal on May 8, 2015, which the Parent Company's legal counsel questioned as defective, but the RTC ruled against the company in its May 12, 2015 Order.

Upon appeal thereof by both parties, the Court of Appeals rendered its Decision dated June 29, 2017, partly granting PVB's appeal, and declared that: (a) the legal interest of 12% per annum be applied to the principal amounts; and (b) that MAHEC, et al. remain liable to pay PVB the amount of ₱69.7 million as of November 2006. MAHEC, et al. filed their "Motion for Reconsideration" dated July 31, 2017. The Court of Appeals rendered its Amended Decision dated February 28, 2018, stating that the outstanding obligation of MAHEC, at al., if any, shall earn interest at 6% per annum from July 1, 2013 onwards, pursuant to Central Bank Circular No. 799. The Court of Appeals denied PVB's Motion for Reconsideration thereof in its Resolution dated July 2, 2018.

On August 24, 2018, MAHEC, et.al filed with the Supreme Court its "Petition for Review on Certiorari" dated August 22, 2018. This was consolidated with PVB's "Petition for Review" dated August 24, 2018, which was previously raffled to the Supreme Court's Third Division.

In G.R. No. 240495, Parent Company received a copy of PVB's 'Comment/Opposition' dated October 30, 2019. On December 4, 2019, MAHEC, et al. filed "Motion to Admit Reply" with attached Reply, both dated November 28, 2019.

In G.R. No. 240513, MAHEC, et al. already "Comment (On the Petition for Review dated August 24, 2018)" dated August 30, 2019.

On February 23, 2021, the case was set for the presentation of plaintiffs' evidence. However, the case was rescheduled on June 22, 2021 due to lack of return card of the notice of the hearing sent to defendant's counsel.

On April 18, 2022, MAHEC et al received the Supreme Court's Notice of Judgment dated April 4, 2022 with attached Decision dated September 15, 2021, rendered in the case which they filed to restrain PVB from foreclosing on the Pasig property. Thereafter, PVB filed its undated Motion for Reconsideration on May 5, 2022.

In its Resolution dated August 15, 2022, the Supreme Court denied PVB's Motion for Reconsideration, and issued the Entry of Judgment dated August 15, 2022 on October 13, 2022, stating that the Decision became final and executory on August 15, 2022. Thus MAHEC, et al filed their Motion for Issuance of a Writ of Partial Execution dated October 24, 2022, praying that the trial court issue a writ of partial execution.

In response, PVB filed its Opposition dated November 2, 2022, praying that MAHEC, et al.'s Motion should be denied. In its order dated November 7, 2022, the trial court partially granted MAHEC et al.'s Motion and issued a Writ of Execution of even date, ordering its Sheriff to demand the Register of Deeds, Pasig City, to: (a) cancel PVB's TCT No. 011-201000057 over the Pasig Property; and (b) reconstitute Wellex's TCT No. PT-101589 thereover.

The parties filed their respective Motion for Partial Reconsideration. MAHEC, et. al. prayed that the order securities mortgaged to the loan must be discharged and released, as decided by the trial court in its Decision dated January 9, 2015, and attached to their Motion appraisal reports showing the amounts of reasonable rent to which Wellex is entitled. On the other hand, PVB argued in its Motion that Wellex's TCT No. PT-101589 cannot be reconstituted because the Pasig Property was already transferred to a third party, Zen Sen Realty Development Corporation. The trial court denied both Motions.

Meanwhile, the trial court's Sheriff reported to MAHEC, et.al. that despite their demand on the Register of Deeds, Pasig City, the latter was unable to reconstitute Wellex's TCT No. PT-101589 over the Pasig Property. However, on January 16, 2023, the Register of Deeds of Pasig City, subsequently complied with the Writ and: (a) reported that PVB's TCT No. 011-201000057 has already been cancelled; and (b) duly issued TCT No. 011-2023000787 over the Pasig Property, in the name of Wellex. Thus, the Decision has been partially satisfied as regards the portion of the judgment award directing the Register of Deeds of Pasig City to reconstitute the title of the Pasig Property in favor of Wellex.

Thereafter, PVB filed its "Motion for the Issuance of a Writ of Execution" dated March 10, 2023, praying that the trial court issue a writ of execution ordering MAHEC, et. al. to pay to PVB their outstanding principal obligation of Php66,202,988.64, plus interest until full payment, and/or garnish upon MAHEC, et. al.'s properties not exempt from execution in the event they refuse to pay said amounts.

In response, MAHEC, et. al. filed their Opposition dated March 28, 2023 opposing the same for being grossly premature and for utter lack of merit, considering that legal compensation may take place as regards the respective judgment awards in favor of Wellex and PVB, for reasonable rent and the amount of the outstanding loan obligation plus interest, respectively.

The cases were re-raffled to RTC-Makati, Branch 56. Upon MAHEC, et al.'s motion, in its Order dated August 10, 2023, the presiding judge of RTC-Makati, Branch 56 voluntarily inhibited himself from presiding in this case because he was formerly part of Wellex's corporate counsel. Thus, these cases were re-raffled to RTC-Makati, Branch 142, on August 22, 2023.

On September 27, 2023, MAHEC et. al. filed an Omnibus Motion seeking the RTC Makati, Branch 142's determination of the reasonable amount of rent due to Wellex from PVB over the Pasig property.

After hearings were conducted, in its Order dated May 31, 2024, the RTC Makati Branch 142 ordered the execution and implementation of the Supreme Court's Decision: (a) Ordered the restoration to Wellex the actual possession of the Pasig Property, by serving a formal written notice on Wellex, that it can freely occupy and exercise acts of dominion on the Pasig property; (b) Wellex is entitled to reasonable rent from PVB in the amount of Php137,862,000.96, and the recurring amount of Php39,664,450.00 per year reckoned from June 1, 2024 until Wellex is physically restored in actual possession of the Pasig property; and (c) Legal compensation was recognized between the concurrent obligations of the parties. Consequently, MAHEC/Polymax's obligation in the amount of Php204,696,013.31 was considered extinguished, while PVB was further directed to pay MAHEC/Polymax et.al. its remaining balance of reasonable rent in the amount of Php137,860,000.96 and will continue to pay Php39,664,450.00 per year, as reasonable rent, from June 1, 2024 until Wellex is physically restored in actual possession of the Pasig property; and (d) PVB was directed to immediately return to them the transfer certificate of title and stock certificates evidencing all collaterals or mortgages securing the loan.

After PVB's Motion for Reconsideration dated July 15, 2024 was denied, a Writ of Execution dated October 18, 2024 was issued. On October 30, 2024, the court sheriff implemented the writ and PVB preformed the ff: (a) PVB issued its "Certificate of Turn-Over" of even date, declaring that it does not have possession of the Pasig Property and that Wellex can now freely acquire possession thereof; (b) On November 11, 2024, PVB delivered the titles and collateral documents securing the loan to the Sheriff; and (c) On November 15, 2024, PVB paid MAHEC the amount of Php137,862,000.96 which is equivalent to the full monetary judgment specified in the Writ.

On January 8, 2025, the court sheriff served a copy of the Writ to the previous registered owner of the Pasig property (buyer of the Pasig property), directing it to serve formal written notice on Wellex, that it can freely occupy and exercise acts of dominion on the Pasig property.

As of March 31, 2026, MAHEC's legal counsel is monitoring the following pending matters: (a) the Registry of Deeds' confirmation that all collaterals or mortgages securing the subject loan have been released and discharged; and (b) Zen Sen Realty's formal written notice on Wellex, stating that Wellex can already freely occupy and exercise acts of dominion on the Pasig Property.

- (e) Philippine Veterans Bank vs. Hon Rainald C. Paggao, et.al CA G.R. No. SP No. 185926, Court of Appeals, Manila Seventeenth Division
Petition for Certiorari and Prohibition (With Urgent Prayer for the Issuance of a Temporary Restraining Order and Writ of Preliminary Injunction and/or Restraining Order and Writ of Preliminary Injunction and/or Other Injunctive Remedies)

On September 16, 2024, PVB filed the above motion before the Court of Appeals to: (a) restrain the implementation of the RTC, Makati City Branch 142's May 31 and August 15, 2024 Orders in relation to the preceding case; (b) declare said Orders void, and issued with grave abuse of discretion; (c) declare that the market value of the Pasig property from 2010 to present is zero, or in the alternative, that the monthly rental cannot exceed Php100,000; and (d) command MAHEC, et.al. to pay PVB the principal loan of Php66,202,988.64 plus interest, until full payment, which as of May 22, 2024 is Php206,420,918.58.

On December 16, 2024, MAHEC et.al filed their Manifestation and Motion of even date, arguing that PVB's prayer to enjoin the RTC-Makati Branch 142 from implementing the May 31 and August 15 2024 Orders, which execute the final and executory Supreme Court's Decision, has been rendered moot and academic due to PVB's voluntary compliance with the Writ.

On December 18, 2024, respondents received the court's Resolution dated December 5, 2024, ordering them among others, to: (a) file a Comment on the Petition; and (b) show cause why no temporary restraining order and/or writ of preliminary injunction should issue within ten (10) days from notice thereof.

Pursuant thereto, MAHEC et.al. filed their: (a) Compliance; and (b) Comment, both dated January 2, 2025 on even date.

As of the filing of this report, the Petition is still pending resolution.

- (f) Metro Combined Logistics Solutions, Inc. (MCLSI) et.al. vs. Adolfo Escote Dela Torre III, et.al., NLRC LAC 04-01185-24, NLRC NCR Case No. 04-00291-23

Complaint filed by MCLSI's two (2) previous project employees for illegal dismissal with non-payment of service incentive leave, 13th month pay, separation pay and claims for moral and exemplary damages and attorney's fees. MCLSI received the Entry of Judgment and will proceed with execution proceedings but has filed last April 21, 2025 for petition for certiorari before the Court of Appeals to elevate the decision and resolutions of the NLRC. A resolution dated October 2, 2025 was issued by the CA, declaring that the case has now been submitted for resolution.

Simultaneously, as the case before the labor tribunals became final and executory, several conferences were held before the Labor Arbiter for the payment of the judgment award to complainants. MCLSI paid the recomputed judgment award to one of the complainants during one of the conferences and complainant executed a waiver and quit claim noting that the same will be subject to the results of the Petition before the CA. On the other hand, no payment was made to the other complainant due to his liability to the company is higher than the recomputed judgment award. Eventually, MCLSI was informed of the death of the latter complainant. Assuming that MCLSI secures a win the CA, it will initiate restitution proceedings for the amounts it will be compelled to pay before the NLRC.

- (g) Metro Combined Logistics Solutions Inc. (MCLSI) vs. Freight Management Worldwide and MCC Transport Philippines Inc., R-MKT-19-01658-CV;

For the collection of a sum of money and damages. Counsel for FMW submitted a written motion to substitute a witness, however, this was objected to by MCLSI as well as by counsel for MCC. Ultimately, the court resolved to deny this motion, and FMW formally rested its case on 13 February 2024. On 23 July 2024, defendant MCC Transport formally offered its evidence and concluded the presentation of its witness. As the undersigned deemed it unnecessary to present any rebuttal evidence, the case was submitted for decision. On October 15, 2025, after much discussion, the

parties were able to enter into a Settlement Agreement, whereby FMV will pay MCLSI the total amount of ₱2.8 million.

- (h) Nutri-Asia, Inc., vs. Metro Combined Logistics Solutions, Inc. (MCLSI), PDRCI Case No.2024-164: MCLSI received a notice of arbitration dated 04 December 2024 filed by NAI before the Philippine Dispute Resolution Center, Inc. (PDRCI). On 28 January 2025, MCLSI received the order to respond to the issue by the PDRCI, directing MCLSI to communicate its response to NAI's Notice of Arbitration. NAI claims for a sum of money for unreturned and/or unaccounted finished goods, failure to observe first-expiration-first-out (FEFO) inventory policy and overpayment for use of air conditioning units in the total amount of ₱108.2 million pesos which MCLSI disputed such claims and provide its counterclaims against NAI amounting to ₱54.6 million. As of the filing of this report, the arbitration is close to completion, with the parties already filed their final Memoranda last February 27, 2026. The tribunal is expected to render its decision soon thereafter.
- (i) There are other pending minor legal cases against the Parent Company. Based on the facts of these cases, management believes that its positions have legal merits and the resolution thereof will not materially affect the Parent Company's financial position and result of operations.

Events that will Trigger Direct Contingent or Financial Obligation

Having resolved its disputes with foreign parties involved in Bataan petrochemical project, there are no additional known events that will trigger direct or contingent financial obligation that is material to Metro Alliance, including the default of acceleration of an obligation.

Material Off-balance Sheet Transactions, Arrangements, Obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of Metro Alliance with unconsolidated entities or other persons created during the reporting period. Completed transactions in connection with our investment in the petrochemical project were fully disclosed in the audited consolidated financial statements.

Commitment For Capital Expenditures

Since CDPSI has ceased operations and MVC ceased to be a subsidiary of the Parent Company, the Group has no commitment for capital expenditures.

Any Known Trends, Events of Uncertainties (Impact On Net Sales / Net Income)

Since CPDSI, AHI, FEZ-EAC and ZDI have ceased commercial operations and MCLSI is the only operating subsidiary among the Group, sales rely solely on MCLSI's results of operations.

The Group registered a consolidated net income ₱33.1 million for the 1st quarter of 2026 as against net loss of ₱0.8 million for the 1st quarter of 2025 or an increase in net income by ₱33.9 million or 423.75% due to the revenue recorded by the Parent Company amounting to ₱47.5 million for providing technical and consultancy service to a real estate company. Income (Loss) per share attributable to equity holders of Parent Company are ₱0.11697 and ₱0.00005 for the 1st quarter of 2026 and 2025, respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group with Parent Company contributed during the first quarter.

The Group registered gross service revenue of ₱83.6 million and ₱43.6 million for the quarters ended March 31, 2026 and 2025. Revenue decrease by ₱40 million or 91.74%.

Significant Element of Income or Loss That Did Not Arise from Continuing Operations

There is no significant element of income or loss that did not arise from continuing operations.

Material Changes on Line Items in the Financial Statements

Material changes on line items in the financial statements are presented under the captions "Changes in Financial Condition" and "Changes in Operating Results" above.

The Group adopted PFRS 16 on the year 2019 which reported a Right-of-Use Asset and Lease Liability (Note 17 and 20) and PFRS 9 on the year 2021 for the recognition of Probable of Estimated Credit Losses.

Effect of Seasonal Changes in the Financial Condition or Results of Operations of the Corporation

The financial condition or results of operations is not affected by any seasonal change.

Undertaking

A copy of the First Quarter Report for the period ended March 31, 2026 or SEC Form 17-Q will be made available in the Company website.

Information on Independent Accountant and other Related Matters

External Audit Fees and Services

- (a) Audit and related fees for Metro Alliance are ₱462,000, ₱443,520 and ₱431,200 for the year 2025, 2024 and 2023 for expressing an opinion on the financial statements and assistance in preparing the annual income tax return. In addition, to bring to the attention of management, any deficiencies in internal control and detected misstatements and fraudulent or illegal acts.
- (b) Tax fees - there were no tax fees paid for the years 2025, 2024 and 2023.
- (c) Other fees – there were no other fees paid for the years 2025, 2024 and 2023.
- (d) Audit committee's approval policies and procedures for the above services – the audit committee evaluates the fee proposals from known external audit firms. The review focuses on quality of service, commitment to deadline and fees as a whole, and no one factor should necessarily be determinable.

Changes in and disagreements with Accountants on Accounting and Financial Disclosure

No independent accountant who was previously engaged as the principal accountant to audit Metro Alliance financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned (or indicated it has declined to stand for re-election after the completion of the current audit) or was dismissed in the two most recent fiscal years or any subsequent interim period. Furthermore, there was no disagreement with the former accountant on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

DIRECTORS AND EXECUTIVE OFFICERS

Please refer to Item 5, Directors and Executive Officers, of the SEC Form 20-IS.

MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER

Market Information

The principal market of Metro Alliance Holdings & Equities Corp.'s common equity is the Philippine Stock Exchange (PSE) where it was listed 1947. The high and low sales prices by quarter for the last three (3) years are as follows:

		Class A		Class B	
		High	Low	High	Low
2026	First Quarter	0.000	0.000	0.000	0.00
2025	First Quarter	0.680	0.680	0.780	0.770
	Second Quarter	0.380	0.380	0.980	0.980
	Third Quarter	0.670	0.670	0.910	0.790
	Fourth Quarter	0.450	0.450	0.98	0.98
2024	First Quarter	0.740	0.600	0.510	0.510
	Second Quarter	0.405	0.385	0.520	0.520
	Third Quarter	0.485	0.465	0.395	0.390
	Fourth Quarter	0.830	0.830	0.850	0.850
2023	First Quarter	0.840	0.650	0.840	0.650
	Second Quarter	0.680	0.510	0.660	0.660
	Third Quarter	0.520	0.520	0.500	0.500
	Fourth Quarter	0.455	0.455	0.500	0.500

The high, low and close market prices are ₱0.46, ₱0.40 and ₱0.46, respectively for Class A shares as of May 12, 2026, the last practicable trading date. While for Class B shares, the high, low and close market price are ₱1.21, ₱1.21 and ₱1.21, respectively as of May 18, 2026, the last practicable trading date.

Holders

There are 306,122,449 shares outstanding: 183,673,470 shares are Class "A" and 122,448,979 shares are Class "B". As of May 31, 2026, there are 630 holders of Class "A" shares and 413 holders of Class "B" shares.

**List of Top 20 Stockholders
As of May 31, 2026**

	Stockholder's Name	Number of Shares			Percentage
		Class A	Class B	Total	Total
1	PCD NOMINEE CORPORATION (FILIPINO)	43,385,384	30,606,940	73,992,324	24.171
2	CRESTON GLOBAL LIMITED		56,378,388	56,378,388	18.417
3	CHESA HOLDINGS INC.	40,500,000		40,500,000	13.230
4	PACIFIC WIDE REALTY & DEVELOPMENT CORP.	31,498,000		31,498,000	10.289
5	FORUM HOLDINGS CORPORATION	14,442,356	13,432,644	27,875,000	9.106
6	PACIFIC CONCORDE CORPORATION	6,329,500	9,503,908	15,833,408	5.172
7	REXLON REALTY GROUP, INC.	12,200,000	2,673,112	14,873,112	4.859
8	CHARTERED COMMODITIES CORP.	11,296,000		11,296,000	3.690
9	MIZPAH HOLDINGS, INC.	10,128,700		10,128,700	3.309
10	WILLIAM GATCHALIAN	2,091,000	1,481,500	3,572,500	1.167
11	PACIFIC REHOUSE CORP.	1,258,000	1,670,000	2,928,000	0.956
12	FORUM HOLDINGS CORPORATION	1,934,500		1,934,500	0.632
13	PCD NOMINEE CORPORATION (NON-FILIPINO)		1,597,786	1,597,786	0.522
14	TIN FU OR TRAJANO		820,000	820,000	0.268
15	CTBC TA# 5-C184: ZUELLIG CORP.	684,829		684,929	0.224
16	VICTOR GAN SY	400,000	200,000	600,000	0.196
17	W. DUMERMUTH	472,600		472,600	0.154
18	VICTOR G. SY	178,000	290,000	468,000	0.153
19	AB CAPITAL & INVESTMENT CORPORATION	162,000	268,000	430,000	0.140
20	MARY ANGUS BROWN	309,910		309,910	0.101

 Dividends

No cash or stock dividend has been declared in 2025, 2024 and 2023 due to incurred losses for the past three (3) years.

Company's Dividend Policy

Dividend shall be declared only from the surplus profit and shall be payable at such times and in such amounts as the Board of Directors shall determine, and shall be payable in cash or in share of the unissued stock of the company, or both as said Board of Directors shall determine. No dividends shall be declared that will impair the capital of the company. Stock dividends shall be declared in accordance with Corporation Law.

Restriction that limits the payment of Dividends on Common Shares

Other than the restrictions imposed by the Revised Corporation Code of the Philippines, there are no restrictions that limit the ability to pay dividends.

Sales of unregistered or exempt securities

There are no recent sales of unregistered or exempt securities.

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

Metro Alliance's Compliance Officer is mandated to monitor the compliance of all concerned to the provisions and requirements of the Manual on Corporate Governance, and to facilitate the monitoring, the Compliance Officer has established the "Corporate Governance Monitoring and Assessment" to measure or determine the level of compliance of the Corporation with the Amended Manual on Corporate Governance (Manual).

Metro Alliance believes that its Amended Manual on Corporate Governance is in line with the leading practices and principles on good governance, and as such, is in full compliance.

Metro Alliance will improve its Amended Manual on Corporate Governance when appropriate and warranted, in the Board of Directors' best judgment. In addition, it will be improved when a regulatory agency such as the SEC requires the inclusion of a specific provision.

Metro Alliance filed its Integrated Annual Corporate Governance Report last May 5, 2026 covering the year 2025.

In compliance with the requirements of SEC Memorandum Circular No. 20, series of 2013, Metro Alliance Holdings & Equities Corp.'s directors and key officers attended a Corporate Governance Webinar via Microsoft Teams Video Conference last November 12, 2025, which was conducted by the Risks, Opportunities, Assessment and Management (ROAM), Inc. a Corporate Governance training provider accredited by the SEC. Advisement letter was submitted to SEC and PSE with enclosed copy of certificate of attendance of directors and officers last November 17, 2025.



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/lmessagemo@sec.gov.ph



The following document has been received:

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Company Information

SEC Registration No.: PW00000296

Company Name: METRO ALLIANCE HOLDINGS & EQUITIES CORP.

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST104272026811266561

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Consolidated

Remarks: None

Acceptance of this document is subject to review of forms and contents



METRO ALLIANCE
HOLDINGS & EQUITIES CORP.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **METRO ALLIANCE HOLDINGS & EQUITIES CORP. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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 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 for overseeing the Company'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 or members.

Valdes, Abad and Company, CPAs, the independent auditors, appointed by the stockholders has audited the consolidated 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.

ELVIRA A. TING
Chairman of the Board

ELVIRA A. TING
President

RICHARD L. RICARDO
Corporate Treasurer

APR 27 2026

SUBSCRIBED AND SWORN to before me in PASIG CITY City/Province, Philippines on _____, affiants personally appeared before me and exhibited to me their

Name	Tax Identification Number
1. ELVIRA A. TING	117-922-153
2. RICHARD L. RICARDO	140-853-860

WITNESS MY HAND AND SEAL on the date and at the place above written.

FERDINAND D. AYAHAO
Notary Public

For and in Pasig City, in the Municipality of Pateros
Commission No. 122 (2016-2027) valid until 12/31/2027
MCLE Exemption No. YUI-2019-00254, until 04/14/28
Roll No. 46377; DP LFN 02459; OR 535806; 06/21/2001
TIN 123-011-785; PTR 4018761AA; 01/09/26; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City, NCR, 1605 Philippines

DOC NO: 1
PAGE NO: 2
BOOK NO: 35
SERIES OF 2026

35th Flr. One Corporate Center Doña Julia Vargas Avenue corner
Meralco Ave., Ortigas Center, Pasig City, Phils. 1605
Trunkline (02) 706-7888 * Fax No. (02) 706-5982

**INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR
FILING WITH THE SECURITIES AND EXCHANGE COMMISSION**


The Stockholders and the Board of Directors
METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES
35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.
Ortigas Center, Pasig City

We have examined the consolidated financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES** for the year ended December 31, 2025, on which we have rendered the attached report dated April 23, 2026.

In compliance with Revised SRC Rule 68, we are stating that the Group has seven hundred seventy-seven (779) stockholders owning one hundred (100) or more shares each as of December 31, 2025.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No. 0314 - SEC, Group A
Valid for 2022-2026 audit periods
BIR Accreditation No. 08-002126-000-2024
Issued on April 05, 2024, Valid until April 04, 2027

For the firm:


ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2026
TIN No. 213-410-741-000
PTR No. 10777156, Issued Date: January 13, 2026, Makati City
BOA/PRC Reg. No. 0314 / P-004
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No. 99805 - SEC, Group A
Valid for 2022 - 2026 audit periods
BIR Accreditation No. 08-002126-005-2024
Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines
April 23, 2026

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES
35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.
Ortigas Center, Pasig City

Opinion

We have audited the accompanying consolidated financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES** (the "Group") which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including as summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

(a) Realization of Outstanding Receivables from Polymax Worldwide

As of December 31, 2025, the Group has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands, amounting to ₱352 million, which accounts for 48% of the Group's total assets. These advances were related to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in Note 2.3 of the notes to the consolidated financial statements. The analysis of the recoverability of these advances is significant to our audit because the assessment process requires use of management judgment. It is also based on assumptions of future cash inflow to be generated by Polymax in which the settlement to their obligation to the Group is dependent upon.

In 2025, the Group recognized additional provision for credit losses to present the advances at its estimated recoverable amount.

Audit response

We obtained an understanding of the nature of the said advances and assessed the management's plan to fully recover the outstanding balance. Our audit procedure included circulation of confirmation letter to Polymax to confirm the existence of the said advances. We also assessed the completeness and accuracy of the disclosures relating to the said advances in the notes to the consolidated financial statements as discussed in Note 2.3.

We tested the sufficiency of the provision for credit losses in compliance with PFRS 9.

(b) Realization of Management's Plan to Address the Going Concern

The Group designed a detailed plan to address the going concern uncertainties and likewise, structured its capital build-up program as discussed in Note 2.2. The realization of the plans to be performed by the Group is significant to our audit as this materially affects our judgement to the ability of the Group to continue its operations in foreseeable future as deemed necessary by PSA 570 (Revised) *Going Concern*.

Audit response

Our audit procedures included understanding of the current market conditions in which the Group operates and assess whether management's plan to address the going concern uncertainty is feasible. We compared and tested forecasted activities to be performed with industry practices. We have reviewed the capital build-up program, proposed compliance thereof, and planned expansion of the Group. We likewise examined documentation for the on-going litigations that could impact its cash flows from third party legal counsels, and the result of completed cases in the realization of provisions of the Group.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Philippine Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report 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 will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements of 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 these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is 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 the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 audit. We remain solely responsible for our audit opinion.

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

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

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

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027


SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 243-410-741-000

PTR No. 10777156, Issued Date: January 13, 2026, Makati City

BOA/PRC Reg. No. 0314 / P-004

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SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines

April 23, 2026

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Philippine Peso)

ASSETS	Note	December 31,	
		2025	2024
CURRENT ASSETS			
Cash	9	83,189,000	69,346,315
Trade and other receivables - net	10	117,981,267	150,344,767
Other current assets - net	11	37,970,514	27,446,663
Total Current Assets		239,140,781	247,137,745
NON-CURRENT ASSETS			
Advances to a related party	12	352,090,391	347,720,003
Financial assets at fair value			
through other comprehensive income	13	18,478,985	17,976,035
Property and equipment - net	14	28,809,382	28,732,011
Deferred tax asset	19	63,652,477	61,709,434
Other non-current assets	15	8,695,539	12,583,281
Total Non-Current Assets		471,726,774	468,720,764
TOTAL ASSETS		710,867,555	715,858,509
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	16	246,294,153	261,993,841
Lease liability - current portion	17	15,899,696	14,774,505
Due to related parties - current portion	18	404,721	388,930
Total Current Liabilities		262,598,570	277,157,276
NON CURRENT LIABILITIES			
Accrued expenses - non-current portion	16	123,438,803	123,438,803
Lease liability - non-current portion	17	2,692,925	1,966,440
Due to related parties - non-current portion	18	298,347,592	292,456,384
Accrued retirement benefit costs	26	13,659,962	10,847,269
Total Non-Current Liabilities		438,139,282	428,708,896
EQUITY			
Share capital	20	306,122,449	306,122,449
Additional paid-in capital	20	3,571,923	3,571,923
Deficit	21	(382,676,320)	(378,327,161)
Remeasurement gain on retirement plan	26	8,081,156	6,936,753
Fair value reserve	13	2,208,023	1,705,072
Total equity attributable to Parent Company's shareholders		(62,692,769)	(59,990,964)
Equity attributable to non-controlling interest		72,822,472	69,983,301
Total Equity		10,129,703	9,992,337
TOTAL LIABILITIES AND EQUITY		710,867,555	715,858,509

See Notes to Consolidated Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Philippine Peso)

For the Years Ended December 31,	Note	2025	2024	2023
SALE OF SERVICES	22	167,703,423	198,793,215	243,165,617
COST OF SERVICES	23	<u>124,088,258</u>	<u>156,481,526</u>	<u>202,467,383</u>
GROSS PROFIT		43,615,165	42,311,689	40,698,234
FINANCE INCOME AND OTHER INCOME - NET	24	176,522	8,163,874	(1,212,471)
GENERAL AND ADMINISTRATIVE EXPENSES	25	<u>(46,772,601)</u>	<u>(38,179,250)</u>	<u>(41,922,712)</u>
INCOME (LOSS) BEFORE TAX		(2,980,914)	12,296,313	(2,436,949)
PROVISION FOR (BENEFIT FROM) INCOME TAX	19			
Current		(1,906,682)	(3,360,605)	(1,396,051)
Deferred		<u>2,278,084</u>	<u>(397,702)</u>	<u>(109,350)</u>
NET INCOME (LOSS)		(2,609,512)	8,538,006	(3,942,350)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized loss on equity investment	13	502,951	-	(1,221,450)
Remeasurement gain (loss) on retirement plan, net of tax	26	2,243,927	5,337,647	20,231
TOTAL COMPREHENSIVE INCOME (LOSS)		137,366	13,875,653	(5,143,569)
Net income (loss) attributable to:				
Equity holders of the Parent Company		(4,349,159)	2,595,743	(4,780,390)
Non-controlling interest		1,739,647	5,942,263	838,040
		<u>(2,609,512)</u>	8,538,006	(3,942,350)
Other comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		1,647,354	2,722,200	(1,211,132)
Non-controlling interest		1,099,524	2,615,447	9,913
		<u>2,746,878</u>	5,337,647	(1,201,219)
Basic income (loss) per share				
Income for the year attributable to equity holders of the Parent Company	28	(0.0142)	0.0085	(0.0156)

See Notes to Consolidated Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Philippine Peso)

For the Years Ended December 31,	Note	2025	2024	2023
SHARE CAPITAL	20	<u>306,122,449</u>	<u>306,122,449</u>	<u>306,122,449</u>
ADDITIONAL PAID IN CAPITAL	20	<u>3,571,923</u>	<u>3,571,923</u>	<u>3,571,923</u>
DEFICIT	21			
Balance at the beginning of the year		(378,327,161)	(380,922,904)	(376,142,514)
Net income (loss) during the year		<u>(4,349,159)</u>	<u>2,595,743</u>	<u>(4,780,390)</u>
Balance at End of the Year		<u>(382,676,320)</u>	<u>(378,327,161)</u>	<u>(380,922,904)</u>
REMEASUREMENT GAIN (LOSS) ON RETIREMENT PLAN	26			
Balance at the beginning of the year		6,936,753	4,214,554	4,204,237
Other comprehensive income		<u>1,144,403</u>	<u>2,722,199</u>	<u>10,317</u>
Balance at End of the Year		<u>8,081,156</u>	<u>6,936,753</u>	<u>4,214,554</u>
FAIR VALUE RESERVE	13			
Balance at the beginning of the year		1,705,072	1,705,072	2,926,522
Other comprehensive income (loss)		<u>502,951</u>	<u>-</u>	<u>(1,221,450)</u>
Balance at End of the Year		<u>2,208,023</u>	<u>1,705,072</u>	<u>1,705,072</u>
MINORITY INTEREST	7			
Balance at the beginning of the year		69,983,301	61,425,591	60,577,638
Net income (loss) during the year		1,739,647	5,942,263	838,040
Other comprehensive income		<u>1,099,524</u>	<u>2,615,447</u>	<u>9,913</u>
Balance at End of the Year		<u>72,822,472</u>	<u>69,983,301</u>	<u>61,425,591</u>
TOTAL EQUITY		<u>10,129,703</u>	<u>9,992,337</u>	<u>(3,883,315)</u>

See Notes to Consolidated Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Philippine Peso)

For the Years Ended December 31,	Note	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax		(2,980,914)	12,296,313	(2,436,949)
Adjustments for:				
Provision for expected credit losses on advances	25	5,748,799	2,420,640	814,773
Provision for impairment on advances	25	1,912,356	417,505	224,199
Amortization of intangible assets	15	286,855	309,085	277,970
Depreciation	14	26,632,109	24,936,675	39,309,493
Gain on disposal of equipment	14	-	(1,146,286)	(159,613)
Retirement benefit expense	26	5,056,620	826,779	2,462,964
Interest income	24	(1,121,417)	(113,526)	(111,506)
Operating income before working capital changes		35,534,408	39,947,185	40,381,331
Changes in assets and liabilities:				
Trade and other receivables - net		32,363,500	12,583,845	12,301,876
Other current assets		(10,152,448)	(4,731,185)	(7,022,819)
Other non-current assets		1,657,844	2,812,368	(649,634)
Accounts payable and accrued expenses		(15,699,688)	(8,224,513)	(19,341,308)
Cash generated from operations		43,703,616	42,387,700	25,669,446
interest received	24	1,121,417	113,526	111,506
Net Cash from Operating Activities		44,825,033	42,501,226	25,780,952
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional advances to a related party	12, 27	(12,031,543)	-	-
Acquisition of property and equipment	14	(1,031,019)	(3,140,942)	(7,625,427)
Disposal of property and equipment	14	-	1,391,215	303,884
Additional intangible asset	15	-	(3,990,831)	(37,000)
Net Cash Flows from Investing Activities		(13,062,562)	(5,740,558)	(7,358,543)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of lease liability	17	(23,826,785)	(22,938,918)	(27,812,091)
Advances from related parties	27	5,906,999	5,541,187	5,920,376
Net Cash Flows from Financing Activities		(17,919,786)	(17,397,731)	(21,891,715)
NET INCREASE (DECREASE) IN CASH		13,842,685	19,362,937	(3,469,306)
CASH AT BEGINNING OF YEAR	9	69,346,315	49,983,378	53,452,684
CASH AT END OF YEAR	9	83,189,000	69,346,315	49,983,378

See Notes to Consolidated Financial Statements

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2025, 2024 and 2023

NOTE 1 – CORPORATE INFORMATION

METRO ALLIANCE HOLDINGS & EQUITIES CORP. (MAHEC or the Parent Company) is incorporated in the Philippines. The Parent Company and its subsidiaries (collectively referred to as “the Group”) are involved in contract logistics. Certain subsidiaries previously engaged in the importation and distribution of polypropylene resin and pharmacy management had ceased operations.

The registered office address of the Parent Company is at 35th Floor One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City.

In 2015, the SEC approved the amendment made to Article III of the Parent Company’s Articles of Incorporation in regard to the change of Group’s official business address from 22ndFloor Citibank Tower, 8741 Paseo de Roxas, Makati City to 35th Floor One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City.

On June 4, 2018, the Exchange has resolved to grant the Parent Company’s request to lift the trading suspension of its shares after a careful consideration of the facts and circumstances of the Parent Company’s case and a comprehensive review of the Parent Company’s disclosures and representations vis-à-vis the requirements under the Disclosure Rules. The Exchange considered, among others: (i) the Parent Company’s compliance with the disclosure requirements of the Exchange, thus addressing the grounds and reasons why the Exchange imposed the trading suspension on May 21, 2007; and (ii) the SEC’s decision setting aside the Order of Revocation on the Parent Company’s registration and permit to sell securities. The Exchange has likewise noted the Parent Company’s representations regarding its business plans, including its capital build-up program.

NOTE 2– STATUS OF OPERATIONS

2.1 Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

As of December 31, 2025 and 2024, the Parent Company has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands, amounting to ₱352 million, relating to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in the next section below. On the other hand, Polymax (jointly and severally with the Parent Company) has past due liabilities, including accrued interest and penalties, amounting to ₱994.7 million for both years, which were obtained to partially finance the acquisition of the petrochemical plant, resulting from the transfer of past due loans as discussed in the next paragraph.

In 2007, the Parent Company unilaterally transferred to Polymax two significant past due liabilities totaling ₱866.7 million as of December 31, 2006 that were obtained (jointly and severally with Polymax) to partially finance the acquisition of the petrochemical plant and applied these against the Parent Company’s advances to Polymax, in order to reflect the economic substance of the acquisition and related loan transactions.

As explained in Note 12, the remaining 20% of Polymax’s interest in the petrochemical plant is for sale. The realization of the Parent Company’s advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, depend on whether sufficient cash flows can be generated from the sale Polymax’s remaining 20% interest in NPC Alliance Corporation (NPCAC).

2.2 Management Plan to Address Going Concern Uncertainties

Projected Plan for next 12 months

As of December 31, 2025, the Parent Company, has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands in connection to the acquisition of the petrochemical plant. On the other hand, Polymax still holds 20% interest in NPC Alliance Corporation (NPCAC) as of December 31, 2025. While this investment is still realizable at substantially higher value than the stated in the books, sufficient provision for possible loss have already been recorded in Polymax's financial statements. Over the past years, it has been determined that the present global petrochemical market conditions have had a dampening effect on the viability of the polyethylene business, especially when coupled with the difficulty in sourcing ethylene feedstock. This, coupled with the perceived inability of the Company's Iranian partners to manage the business properly, has resulted in the closure of the Company's Bataan polyethylene plant. In order to protect Company's interest, the Company have filed legal suits against the partners in NPCAC in order to establish full accountability.

In a recent breakthrough, the parties have agreed to work for a global settlement agreement and as such, all cases filed against each other have been amicably and voluntarily withdrawn last January 17, 2025. This development will allow the Group to focus more on business planning and development moving forward. Despite the shutdown of the polyethylene plant, adequate system maintenance measures are kept in place by NPCAC management in order to prevent the physical corrosion of machinery and equipment. Discussions to determine the fate of the plant assets, notably still intact and in good condition, are currently underway such that a proposed recovery plan for NPCAC can be implemented towards the early part of 2026.

MAHEC's remaining operating subsidiary, Metro Combined Logistics Solutions, Inc. (MCLSI), has steadily grown with additional business from its existing principals. The pandemic, had forced the company to reevaluate its operational costs in order to remain competitive in the logistics industry, with satisfactory results. Furthermore, MCLSI management has tightened its audit and control measures in order to streamline operational lapses. During the year, MCLSI embarked on a software upgrade program in order to attract a wider array of clients, and MCLSI expects to continue the pace of software modernization in the next following years to protect initial gains. A capital build-up program is also under study to support the acquisition of new warehouse locations that would be crucial in providing an accessible field network attractive to new clientele. As a means of diversification, MCLSI is also exploring business opportunities in the transport field, including computer app solutions, warehousing and cold storage; in medical distribution and pharmaceutical business logistics, operation of hospice care and management of medical clinics, importation of medical equipment; and also, in document storage, car parking, sea travel, river ferry and airport/seaport terminal management.

Actions of the Group

The Group has remained devoted to regain its status as a going concern. In line with this, the Group reiterate several actions that were mentioned in previous year. The Group hope that these measures will conserve the Group's resources and build confidence for its business direction:

- a) Commitment by the majority shareholders of the Parent Company to guaranty the recoverable value of the remaining "assets for sale" in its books in order that the Parent Company's equity be preserved;
- b) Pressing the majority shareholders of NPCAC to write down the obligation of NPCAC to its principal shareholders to pave the way for restructured financial statements;
- c) Increasing the number of Board Directors from 7 to 9 in order to pave the way for a broader representation of stakeholders;
- d) Removing the "A" and "B" classification of the company shares to integrate common shares into just one class;
- e) Working out a stock rights offer for take advantage of unissued shares from our authorized capital stock.

After the conduct of stock right offering, the Parent Company will pursue its pending application with the SEC to increase its authorized capital stock to ₱5 billion, in order to meet its projected investments. In sum, the Group is expected to satisfy its cash requirements to finance its projected plans and investments in new and existing ventures throughout the calendar year 2025.

Realization of Outstanding Receivables from Polymax Worldwide in the Amount of ₱ 352,090,391 as of December 31, 2025

With the withdrawal of legal cases surrounding the polyethylene plant, the recovery of this receivable is resoundingly clearer. Moreover, if ever the negotiations with the Iranians will stall, there are other alternatives to address the issue. In order that these outstanding receivables, be fully and immediately recovered, a payment via *dacion* of the remaining 20% NPCA shares held by Polymax in NPC Alliance could be made to Metro Alliance, thus, making the Parent Company the direct shareholders of NPCAC. As of December 31, 2025, Polymax continuously provided full financial support to Metro Alliance for its working capital requirements by offsetting from its existing advances from Metro Alliance.

Manpower requirements

The Group does not expect significant changes in the number of employees as it is still in the stage of exploring new business opportunities. Manpower will be outsourced if needed.

Capital asset acquisition

The Group will make purchases of equipment and machines in the future if needed especially when investment in mining industry will materialize.

Despite the global effects of the Ukraine War and the Palestinian Conflict and the uncertainty and disputes brought about by the American tariff increases, the Group is cautiously positive, hoping that sustained economic growth is forthcoming.

Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2.3 Acquisition transactions

On December 4, 2003, the Parent Company entered into a Memorandum of Agreement (MOA) with Polymax, whereby the Parent Company confirmed the designation of Polymax as the acquiring company in the proposed acquisition of the senior secured debt papers of BPC from International Finance Corporation (IFC). Under the MOA, the Parent Company and Polymax agreed that (a) the acquisition of the secured debt paper would be for the account and benefit of the Parent Company; (b) the funding for the acquisition would be provided and arranged by the Parent Company; and (c) the exercise of creditor rights arising from the secured debts via foreclosure and takeover of the assets of BPC would be directed by and for the account and benefit of the Parent Company. In addition, the Parent Company would make certain advances to Polymax.

On December 19, 2003, Polymax and IFC entered into an Assignment and Transfer Agreement (the Agreement) for the purchase by the former of the senior secured debt papers of BPC. The Parent Company advanced to Polymax the initial deposit of US\$5 million, which was remitted to IFC for the assignment payment, pursuant to the terms of the Agreement. On February 11, 2004, IFC confirmed that it has received the full payment for the assignment of the senior secured debt papers of BPC.

To partially finance the Parent Company's advances relating to the Petrochemical Project, the Parent Company obtained short-term loans from local banks. With the delay in the completion of the activities and the conditions required for the Petrochemical Project, the Parent Company was unable to pay the bank loans on maturity dates. As of December 31, 2006, the amounts payable to the banks totaled ₱866.7 million, consisting of the outstanding principal balance of ₱378.3 million and finance charges of ₱488.4 million. In 2007, these past due liabilities were unilaterally transferred to and applied against the advances made to Polymax as discussed in Note 12.

Pursuant to the Parent Company's plan of acquiring full control of BPC, instead of exercising creditor rights, the Parent Company, on April 16, 2004, entered into a Share Purchase Agreement (SPA) with BPC, Tybalt Investment Limited (TIL), BP Holdings International B.V. (BPHI) and Petronas Philippines, Inc. (PPI), with TIL as the purchaser of the 83% interest of the foreign shareholders of BPC. As agreed by the parties, the SPA is to take effect as of March 31, 2004, subject to closing conditions, as defined in the SPA, which the parties have to comply with within a period of 60 days or later if the conditions are not met.

On July 7, 2005, Polymax and BPC executed a Deed of Conveyance, transferring to Polymax under an asset for share swap, the petrochemical plant of BPC in exchange for 85 million common shares of Polymax with par value of US\$1 per share, or a total par value of US\$85 million.

On July 20, 2005, the Parent Company, Polymax and NPC International Limited (NPCI) entered into an SPA which provided that, subject to certain conditions, including the transfer of the petrochemical plant of BPC free from encumbrances, NPCI will acquire 60% of the issued share capital of NPCA from Polymax.

On August 9, 2005, Polymax and NPCA executed a Deed of Conveyance, transferring to NPCA, under an asset for share swap, the same petrochemical plant in exchange for 4.8 million shares of common stock of NPCA with a total par value of ₱4.8 billion, resulting in 100% ownership interest of Polymax in NPCA.

On November 15, 2005, BPC and Polymax executed a Deed of Assignment whereby BPC transferred and conveyed to Polymax all its rights and interest to Polymax's 85 million shares of common stock, with a total value of US\$85 million, in exchange for the discharge of a portion of BPC's secured debt, which was acquired by Polymax from IFC, up to the extent of the value of the shares transferred. Polymax retired the said shares 10 days from the date the Deed of Assignment.

On December 16, 2005, Polymax, NPCI, Petrochemical Industries Investment Company (PIIC) and the Parent Company entered into an amended SPA whereby NPCI and PIIC will purchase 40% and 20% of NPCA's shares of common stock, respectively, from Polymax. In addition to the conditions set forth in the original SPA, the amended SPA also involves advances to be provided by NPCI amounting to US\$15 million representing an advance payment which may be used to fund the bona fide third-party costs of NPCA or BPC for the recommissioning, operation and maintenance of the petrochemical plant or such other third-party cost or expenses, taxes or duties as agreed between Polymax and NPCI.

On the same date, the Parent Company, NPCI and PIIC entered into a Guarantee and Indemnity agreement whereby the Parent Company irrevocably and unconditionally guaranteed the prompt performance and observance by Polymax and the payment on demand by Polymax of all moneys, obligations and liabilities, which are now or at any time after the execution of the agreement become due from or owing or incurred by Polymax under or in connection with any of the SPA and the Shareholders' Agreement. The Parent Company also guaranteed that it shall be liable for Polymax's obligations, as if it were a principal debtor, if Polymax's obligations are no longer recoverable from Polymax.

On March 18, 2006, Polymax, NPCI, PIIC and the Parent Company entered into an Agreement of Variation (March 2006 Variation Agreement) to vary and amend the terms of the "Amended and Restated Share Purchase Agreement (ARSPA) and the Shareholders' Agreement" entered on December 16, 2005. Under the March 2006

Variation Agreement, completion of the conditions and conditions subsequent set forth in the ARSPA was extended to April 30, 2006. Moreover, additional conditions that Polymax needs to satisfy prior to completion were agreed upon.

On the same date, Polymax and NPCI executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to NPCI all the rights, title and interest in 19,090,000 NPCA shares of common stock, equivalent to 40% ownership interest, for a consideration of ₱1.91 billion.

On September 11, 2006, Polymax, NPCI, PIIC, the Parent Company and NPCA entered into another Agreement of Variation (September 2006 Variation Agreement) to further vary and amend the terms of the ARSPA and the Shareholders' Agreement (both initially amended and varied by the March 2006 Variation Agreement). Polymax, in accordance with its obligations under the ARSPA, had notified NPCI and PIIC that it is aware that certain conditions will not be fulfilled by April 30, 2006. As a result, the parties agreed to transfer to PIIC the 9,545,000 NPCA shares of common stock prior to completion, while certain conditions will become conditions subsequent to be completed on December 31, 2006.

On September 20, 2006, Polymax and PIIC executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to PIIC all the rights, title and interest in 9,545,000 NPCA shares of common stock, equivalent to 20% ownership interest, for a consideration of ₱954.5 million.

On December 31, 2006, the ARSPA Variation Agreement expired with the conditions subsequent remaining unsettled. Nevertheless, NPCI and PCII took control of the petrochemical plant resulting in a dispute with the Parent Company and Polymax, who considered the sale of Polymax's 40% and 20% interest in the petrochemical plant to NPCI and PCII, respectively, as null and void.

On August 21, 2007, the petrochemical plant started commercial operations under NPCI and PIIC.

Subsequently on August 27, 2013, the Parent Company and Polymax entered into a settlement agreement with NPCI, PIIC and NAC to resolve, fully and finally, the dispute arising from the uncompleted acquisition transactions described above. Under the agreement, NCPI shall, among others, pay Polymax the remaining balance of the purchase price of the 60% NPCA shares net of deductions agreed by the parties. Simultaneous with the execution of the agreement, Polymax shall also sell to NPCI an additional 20% of Polymax's interest in NPCA from the remaining 40% equity holding in NPCA at US\$8 million or its equivalent in Philippine peso. In September 2013 and August 2014, the remaining balance due to Polymax was paid by NCPI and the 20% interest of Polymax in NPCA was sold to NCPI, respectively, in accordance with the agreement.

As a result of the foregoing settlement, the arbitration tribunal issued on October 2, 2014 an order for withdrawal of the arbitration cases (under the United Nations Commission on International Trade Law Rules of Arbitration), which were earlier filed by the parties due to the dispute arising from their various agreements.

In January 17, 2025, the parties have agreed to work for a global settlement agreement and as such, all cases filed against each other have been amicably and voluntarily withdrawn.

NOTE 3 – BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.1 Statement of compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

3.2 Basis of preparation

The consolidated financial statements of the Group have been prepared using the measurement bases specified by Philippine Financial Reporting Standards (PFRS) for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

3.3 Going concern assumption

The preparation of the accompanying condensed consolidated financial statements of the Group is based on the premise that the Group operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

3.4 Functional and presentation currency

The consolidated financial statements are prepared in Philippine Peso (₱), which is the Group's functional and presentation currency.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

All values are presented in absolute amounts and are rounded off to the nearest peso except when otherwise indicated.

3.5 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company, Metro Alliance Holdings and Equities Corp., and the following subsidiaries, after the elimination of intercompany transactions:

	Percentage of Ownership	
	2025	2024
Operating subsidiary:		
Metro Combined Logistics Solutions, Inc. (MCLSI) (formerly GAC Logistics, Inc.)	51%	51%
Non-operating subsidiaries:		
Consumer Products Distribution Services, Inc. (CPDSI)	100%	100%
FEZ-EAC Holdings, Inc. (FEZ-EAC)	100%	100%
Zuellig Distributors, Inc. (ZDI)	100%	100%
Asia Healthcare, Inc. (AHI)	60%	60%

The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Investment in subsidiary

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Non-controlling interests

Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

3.6 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and

pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Transactions with non-controlling interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

Loss of control and disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over the subsidiary, it:

- derecognizes the assets, including goodwill, and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative transaction differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of the any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in OCI to profit or loss retained earnings, as appropriate.

3.7 Use of judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group's consolidated financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision 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.

The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in Note 5.

3.8 Adoption of new and revised accounting standards

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations. The adoption of these new and amended standards and interpretations did not have significant impact on the Group consolidated financial statements unless otherwise stated.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Effective beginning on or after January 1, 2026

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

The Group is currently assessing the impact of adopting these standards on its consolidated financial statements.

Effective beginning on or after January 1, 2027

PFRS 18, Presentation and Disclosure in Financial Statements

The new standard impacts the classification of profit or loss items (i.e. into operating, investing, and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e. operating profit, and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures.

The Group is currently assessing the impact of adopting this standard on its consolidated financial statements.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2026 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the consolidated financial statements in the year of adoption, if applicable.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

4.1 Financial assets and financial 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 settlement 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.

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 fair value through other comprehensive income (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.

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 of December 31, 2025 and 2024, the Group's cash, trade and other receivables, advances to related parties, and refundable deposits are included under this category.

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

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income. As at December 31, 2025 and 2024, the Group has no financial assets at FVPL.

Financial assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI 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 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.

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

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. 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. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of December 31, 2025 and 2024, the Group's equity investments at FVOCI are included under this category.

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.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. 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 of December 31, 2025 and 2024, the Group's accounts payable and accrued expenses, lease liability and due to related parties are included under this category.

4.2 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.

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 OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

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.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

4.3 Impairment of financial assets at amortized cost and FVOCI

The Group records an allowance for “expected credit loss” (ECL). ECL is 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 loan and receivables, the Group has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs 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.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

4.4 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 the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

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 value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

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.

4.5 Offsetting financial instrument

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 currently enforceable legal right to offset the recognized amounts and there is an 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.

4.6 Classification of financial instrument between liability and equity

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

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

4.7 Current versus non-current classification

The Group presents financial statements based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the financial reporting period;
- Expected to be settled on demand; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial reporting period.

All other assets are classified as noncurrent

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the financial reporting period;
- It is expected to be settled on demand; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the financial reporting period

The Group classifies all other liabilities as noncurrent.

4.8 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

4.9 Fair value measurement

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or 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 economic interest.

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 statement 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 prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

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 the categorization at the end of each reporting period.

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.

4.10 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 8, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines require different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.11 Cash

Cash includes cash funds, undeposited cash collections and customers' checks. Cash funds are set aside for current purposes such as petty cash fund. Cash in banks include demand deposits which are unrestricted as to withdrawal.

Cash is valued at face value. Cash in foreign currency is valued at the current exchange rate.

The Group recognized cash as current asset when it is not restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

4.12 Trade and other receivables

Trade and other receivables are amounts due from clients for services performed in the ordinary course of business, if collection is expected in one year or less (or in the normal operating cycle of the business longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are measured at the transaction price determined under PFRS 15 (refer to the accounting policies for Revenue from contract with customers). Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

4.13 Other current assets

Other assets are recognized when the Group expects to receive future economic benefit from the other party, and the amount can be measured reliably. Other assets are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, other assets are classified as noncurrent assets.

4.14 Asset held for sale

An asset is classified as asset held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is highly probable. Asset held for sale is stated at the lower of its carrying amount and fair value less costs to sell.

4.15 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to the consolidated statements of comprehensive income in the period 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 an additional cost of property and equipment.

Depreciation of property and equipment commences once the fixed assets are available for use and is calculated on a straight-line basis over the following estimated useful lives:

Particulars	No. of Years
Leasehold improvements	5 years or lease term, whichever is shorter
Machinery and equipment	3 - 5
Office, furniture, fixtures and equipment	3 - 5
Right-of-use assets	Lease term or life of the asset, whichever is shorter

Depreciation is computed on the straight-line basis over the estimated useful lives of the depreciable assets. Further, amortization of right-of-use assets is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives being the lesser of the remaining lease term and the life of the asset.

The remaining useful lives, residual values and depreciation and amortization method are reviewed periodically to ensure that the periods, estimated residual values and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

When an asset is sold or retired, its cost and related accumulated depreciation and amortization and any impairment in value are eliminated from the accounts. Any gain or loss resulting from its disposal is credited to or charged against current operations.

4.16 Intangible assets

Intangible assets pertaining to software license costs that are acquired separately are initially carried at cost. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortization and impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, which do not exceed three years.

The remaining useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

4.17 Impairment of non-financial asset

The carrying values of property and equipment and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. 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 of continuing operations are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each 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. If that is the case,

the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

4.18 Accounts payable and accrued expenses

Accounts payable and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier including amounts due to employees. It is necessary to estimate the amounts of accruals; however, the uncertainty is generally much less than for provision.

Government dues and remittances include withholding income taxes which represent taxes retained by the Group for an item of income required to be remitted to the Bureau of Internal Revenue (BIR). The obligation of the Group to deduct and withhold the taxes arises at the time the income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever comes first. The term "payable" refers to the date the obligation becomes due, demandable, or legally enforceable.

Accounts and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

4.19 Equity

Share capital

Share capital is determined using the nominal value of shares that have been issued.

Additional paid-in capital

Additional paid-in capital includes any premiums received on the initial issuance of share capital. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net

Retained earnings (deficit)

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has debit balance, it is called "deficit", and presented as a deduction from equity of tax, from the proceeds.

4.20 Revenue recognition

Revenue from contract with customers

Revenue from contract with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services. The Group applies this standard with its revenue arrangements on the holding business interests in companies engaged in the manufacture of chemicals, petrochemical and contract logistics.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Company performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 5.

Revenue includes only the gross inflow of the economic benefits received and receivable by the Group on its own account. Amounts collected on behalf of third parties, such as reimbursable transactions are not economic benefits to the Group and do not result in increase in equity; therefore, they are excluded from revenue.

- Logistics and other services is recognized when the related services are rendered.
- Dividend income is recognized when the right to receive the payment is established.
- Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.
- Other income is recognized when earned.

4.21 Cost and expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or the incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized in profit or loss in the consolidated statements of comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditures produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the consolidated statement of financial position as an asset.

Cost of services

The Group recognizes costs related to the contracts with customer when the performance obligation has been fulfilled and the related contract revenue has been recognized as earned or the expenses are incurred. These include direct material costs, personnel expenses, depreciation, utilities and other service-related costs.

General and administrative expenses

Expenses incurred in the direction and general administration of day-to-day operation of the Group are generally recognized when the services are used or the expenses incurred.

4.22 Leases

At inception of a contract, an entity shall assess whether the 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.

The Group assesses whether the contract meets three key evaluations, which are whether:

- a) the contract contains an *identified asset*, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group,
- b) the Group has the *right to obtain substantially all of the economic benefits* from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- c) the Group has the *right to direct the use* of the identified asset throughout the period of use.

The Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a lessor

Lease payment received is recognized as income in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use asset

At the initial application date, the Group recognizes a right-of-use asset on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the initial application date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

4.23 Retirement benefits cost

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

Retirement benefits

The Group does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a defined benefit plan. A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group.

The Group provides for estimated retirement benefits to be paid under Republic Act (RA) No. 7641 to its permanent employee. The amount of retirement benefits is dependent on such factors as years of service and compensation.

The liability recognized in the consolidated statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the financial reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The cost of providing benefits under the defined benefits plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost
- net interest on the net defined benefit liability or asset
- remeasurement of net defined benefit liability or asset

Service cost which includes current service costs, past service costs and gains or losses on non-routine settlement are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurement comprising actuarial gains and losses, return on plan assets and any changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the consolidated statement of comprehensive income in subsequent periods.

Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

4.24 Income tax

Current taxes

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, 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, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax 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 the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences 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).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of 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 in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same

taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

4.25 Value Added Taxes (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Group. Input tax pertains to the 12% VAT paid or payable by the Group in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'accounts and other payables' in the consolidated statements of financial position.

4.26 Related party transactions and relationship

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Group and close members of the family of any individuals owning directly or indirectly a significant voting power of the Group that gives them significant influence in the financial and operating policy decisions of the Group are also considered to be related parties.

An entity is related to the Group if any of the following conditions apply:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is 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. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

4.27 Earnings per share (EPS) attributable to equity holders

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Group has no dilutive potential common shares outstanding.

4.28 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of obligation. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where, appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense' in the consolidated statement of comprehensive income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a Group asset but only when the receipt of the reimbursement is virtually certain.

4.29 Contingencies

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

4.30 Events after the reporting date

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

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with PFRS requires the Group's management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated 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.

5.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Going concern

As of December 31, 2025 and 2024, the Group's management has made an assessment on the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Determination of functional currency

The consolidated financial statements are presented in the Philippine Peso, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

Classifying financial instruments

The Group manages its financial assets based on business models that maintain an adequate liquidity level and preserve capital requirements, while maintaining a strategic portfolio of financial assets for accrual and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument, or a portfolio of financial instruments, belong to taking into consideration the objectives of each business model established by the Group.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

Assessing significant influence and control over investee.

The Group determines that it has control over its subsidiaries by considering, among others, its 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 following are also considered:

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

Management has assessed the level of influence the Parent Company has on its subsidiaries and determines that it has control by virtue of the Parent Company holding significant voting power over the companies.

Consolidation of Special Purpose Entity (SPE)

An entity is considered a SPE and included in consolidation even in cases when the Group owns less than one-half or none of the SPE's equity, when the substance of the relationship between the Group and the SPE indicates that the SPE is controlled by the Group. While the Group has no ownership interest in Polymax, this SPE was included in the 2006 consolidated financial statements and prior years. However, in 2007 up to the current year, the SPE was no longer consolidated because it had ceased operating as a going concern (see Note 13).

Revenue recognition from contracts with customers

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the (a) identification of the contract for sale of services that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the customer; and (c) determining the timing of satisfaction of the performance obligation.

Identification of the contract

The Group's primary document for a contract with a customer is a signed contract. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for its services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer. Management regularly evaluates the historical cancellations and back-outs if it would still support its revenue recognition.

Determining performance obligation

With respect to its business, the Group concluded that the transfer of services in each contract constitute a performance obligation. In particular, the promised services in contracts for holding interests in companies engaged in the manufacture of chemicals, petrochemical and contract logistics mainly include holding stock or membership interests in other companies. Generally, the Group is responsible for all of these services and the overall management of the project. Although these services are capable of being distinct in the context contract.

The Group uses those services as inputs and provides a significant service of integrating them into a combined output.

Determining the timing of satisfaction of the performance obligation

The Group concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for a recognition over a period of time:

- (a) the customer receives and consumes the benefits of the goods or services as they are provided by the Group;
- (b) the Group's performance does not create an asset with an alternative use and;
- (c) the goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

The promised services are specifically identified in the contract. In addition, the customer is contractually obliged to make payments to the seller upon performance of services.

Determination whether an agreement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting for lease commitments

Group as a lessor

Lease payment received is recognized as income in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

The rent income recognized for the years ended December 31, 2025, 2024 and 2023 amounted to ₱29,193,603, ₱25,180,720, and ₱31,461,030, respectively (Note 29).

Group as a lessee

The Group entered into several lease agreements covering its office premises and warehouses. Terms of the lease agreements range from 1 year to 5 years under renewable options. Other leases entered into include clauses to enable upward revision of the rental charged on an annual basis - based on prevailing market rates.

Following the adoption of PFRS 16, the Group recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

Leases are further disclosed in Notes 17 and 29.

Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

Estimates and assumptions

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

The 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.

Fair value of financial instruments

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 32 to the consolidated financial statements.

Impairment of equity investments

The Group treats equity financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Group treats "significant" generally as a decline of 20% or more below of the original cost of the investment, and "prolonged" as period longer than 12 months. In addition, the Group evaluates other factors for equity investments with no quoted bid prices such as changes in the issuer's industry and sector performances, legal and regulatory framework, technology, and other factors that affect the recoverability of the investments.

Assessing ECL on financial assets

The Group applies the general approach in measuring the ECL. For cash in banks the Group assessed that cash is deposited with reputable banks that possess good credit ratings. For trade and other receivables, the Group considers the financial capacity of the counterparty. For the years ended, December 31, 2025 and 2024, provision for ECL amounted to ₱2,835,208 and ₱513,074, respectively. The carrying amounts of the Group's financial assets are as follows:

Particulars	Note	2025	2024
Cash in banks*	9	₱ 82,888,028	₱ 68,785,767
Trade and other receivables - net	10	117,981,267	150,344,767
Refundable deposits	11,15	8,644,383	8,726,244
Total		₱ 209,513,678	₱ 227,856,778

*excludes cash on hand

Estimating allowance for probable losses

The Group reviews the carrying amounts of receivables, creditable withholding and input taxes (under other current assets) and advances to Polymax (under asset held for sale) at each balance sheet date and reduces the balance of these assets to their estimated recoverable amounts.

Receivables (net of allowance for doubtful accounts of ₱150,192,625 and ₱149,644,558 as of December 31, 2025 and 2024, respectively) amounted to ₱117,981,267 and ₱ 150,344,757 as of December 31, 2025 and 2024, respectively (see Note 10).

The carrying amount of other current assets amounted to ₱37,970,514 and ₱27,446,663 as of December 31, 2025 and 2024, respectively as discussed in Note 11. In 2025 and 2024, impairment loss, mainly pertaining to creditable withholding and input taxes, amounted to ₱15,189,991 and ₱15,036,619, respectively, as shown also in

Estimating allowance for credit losses of advances

Advances to Polymax amounting to ₱352,090,391 and ₱347,720,003 as of December 31, 2025 and 2024, constitute 49.53% and 48.57% of the Group's total assets at the end of 2025 and 2024, respectively. The realization of the Parent Company's advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, is dependent on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPCA and from the letter of comfort issued by the Parent Company's major stockholders in favor of the Parent Company, as discussed in Note 12.

In 2025, provision for estimated credit losses on advances to related party was recognized in compliance with the requirements of PFRS 9.

Allowance for estimated credit losses on advances to subsidiaries amounted to ₱30,078,078 and ₱177,954,487 (Note 27) for years ended December 31, 2025 and 2024. No write-off and recoveries were recognized by the Company as of December 31, 2025 and 2024.

Estimating useful lives and residual values of property and equipment and intangible assets

The Group estimates the useful lives and residual values of its property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives and residual values based on factors that include asset utilization, internal technical evaluation, technological changes, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property and equipment and intangible assets would increase depreciation and amortization expenses, while an increase in the estimated useful lives would decrease depreciation and amortization expenses.

There has been no change in the Group's estimate of the useful lives and residual values of its property and equipment in 2025 and 2024.

Evaluation of impairment of noncurrent non-financial assets

The Group assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts

are estimated for individual asset or, if it is not possible, for the cash generating unit to which the asset belongs.

Management believes that there was no indication of impairment on property and equipment as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, property and equipment, net of accumulated depreciation, amounted to ₱28,809,382 and ₱28,732,011, respectively, (Note 14) and total depreciation charged to operations amounted to ₱26,632,109 and ₱24,936,675 (Note 14) for periods ending December 31, 2025 and 2024, respectively.

Incremental borrowing rate of lease liability

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The incremental borrowing rate is determined by the Group on the commencement date of the lease. As a result, it incorporates the impact of significant economic events and other changes in circumstances arising between lease inception and commencement.

This incremental rate is used to measure the lease liability at the present value of lease payments that are not paid at the end of lease term. In 2025 and 2024, the Group's determined incremental rates used to compute the carrying value of lease liability amounting to a total of ₱16,412,512 and ₱16,740,945 is ranging from 3% to 5% (Note 17).

Assessing realizability of deferred tax assets

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the amount 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. The amount of deferred tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

The recognized net deferred tax assets amounted to ₱63,652,477 and ₱61,709,434 of December 31, 2025 and 2024, respectively (Note 19).

The Group did not recognize deferred tax assets of the Group and its non-operating subsidiaries amounting to ₱59,130,440, and ₱44,078,511 as of December 31, 2025 and 2024, respectively, as management believes that the Group and its non-operating subsidiaries may not have sufficient future taxable profits available to allow utilization of these deferred tax assets as discussed in Note 19.

Retirement benefits

The determination of the obligation and cost of retirement benefits is dependent on certain assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 26 to the consolidated financial statements and include, among others, discount rates, salary increase rates and expected rates of return on plan assets. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, will generally affect the recognized expense and recorded obligation in such future periods. 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 retirement obligations.

Accrued retirement benefits costs amounted to ₱13,659,961 and ₱10,847,269 as of December 31, 2025 and 2024, respectively (Note 26).

5.3 Provision and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 4.

Contingencies

The Group is currently involved in various legal proceedings, which are normal to its business as discussed in Note 33. The Group's estimate of the probable costs for these proceedings and resolution of these claims have been developed in consultation with outside counsel handling the prosecution and defense of these cases and is based upon an analysis of potential results. The Group does not believe that these legal proceedings will have a material adverse effect on its consolidated financial statements. It is possible, however, that changes in estimates relating to these proceedings may materially affect results of operations.

NOTE 6 – BUSINESS COMBINATION

The Parent Company, Metro Alliance Holdings and Equities Corp., acquired the subsidiaries and are accounted using the acquisition method. The following subsidiaries are as follows:

Operating subsidiaries

Metro Combined Logistics Solutions, Inc. (MCLSI) (Formerly GAC Logistics, Inc. (GACL))

MCLSI is 51% owned by the Parent Company, by virtue of a joint venture agreement with Gulf Agency Company (GAC) which owns the other 49%. MCLSI was registered with the Securities and Exchange Commission on September 30, 1998. MCLSI is primarily engaged in carrying on all or part of the business of contract logistics and supply chain management services, including third party warehousing and distribution, consultancy and project management and value-added services to customers throughout the Philippines. MCLSI's business is steadily growing with the entry of new principals and additional businesses from its existing principals.

Non-operating subsidiaries

Consumer Products Distribution Services, Inc. (CPDSI)

CPDSI is a wholly owned subsidiary of the Parent Company. It was first incorporated on November 11, 1993 as Metro Drug Distribution, Inc. (MDDI). On November 7, 1997, the Securities and Exchange Commission approved the renaming of MDDI to CPDSI. Prior to 2002, CPDSI was involved in providing logistics and administrative services in connection with the sale and distribution of principals' products. The last service agreement expired in 2002. In January 2002, CPDSI shifted into the business of importation and toll manufacturing of propylene and distribution of polypropylene in the local market. In April 2003, CPDSI ceased its polypropylene business operations due to the substantial increase in prices of imported raw materials. Management intends to continue pursuing the petrochemical business. Currently, CPDSI has no business operations.

FEZ-EAC Holdings, Inc.

FEZ-EAC Holdings, Inc. became a wholly owned subsidiary of the Parent Company on November 11, 2002. It was incorporated on February 3, 1994. It ceased operations at the end of 2001 following the expiration of the third-party logistics contract of its subsidiary with Phillip Morris Philippines, Inc.

Zuellig Distributors, Inc.

Zuellig Distributors, Inc. is a wholly owned subsidiary of the Parent Company. It ceased operations on June 30, 1999 following the expiration of its exclusive distribution agreement with its single principal. It was incorporated on October 18, 1985.

Asia Healthcare, Inc.

Asia Healthcare, Inc. is 60% owned by the Parent Company. AHI was first incorporated on July 2, 1918. In August 2000, the Parent Company invested in AHI. However, in 2002, it ceased operations due to heavy losses. The low volume and minimal margin on the sales of pharmaceutical products have not been sufficient to cover the costs of the services and products provided by AHI. Consequently, AHI was constrained to terminate contracts with its clients and cease its business operations. On December 17, 2002, AHI filed a

voluntary petition for insolvency with the Pasig City Regional Trial Court (RTC). On February 27, 2003, the Pasig City RTC declared AHI as insolvent.

NOTE 7 – SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (NCI)

In determining whether an NCI is material to the Parent Company, management employs both quantitative and qualitative factors to evaluate the nature of, and risks associated with, the Parent Company's interests in these entities, and the effects of those interests on the Parent Company's financial position. Factors considered include, but not limited to, carrying value of the subsidiary's NCI relative to the NCI recognized in the Parent Company's consolidated financial statements, the subsidiary's contribution to the Parent Company's consolidated revenues and net income, and other relevant qualitative risks associated with the subsidiary's nature, purpose and size of activities.

Based on management's assessment, the Group has concluded that MCLSI is considered a subsidiary with NCI that is material to the Parent Company.

The ability of the subsidiary to pay dividends or make other distributions or payments to their shareholders (including the Parent Company) is subject to applicable law and other restrictions contained in financing agreements, shareholder agreements and other agreements that prohibit or limit the payment of dividends or other transfers of funds.

The summarized financial information of MCLSI is presented below, before inter-company eliminations but after consolidation adjustments for goodwill, other fair value adjustments on acquisition and adjustments required to apply uniform accounting policies at group level.

Particulars	2025	2024
Equity Share held by NCI	49%	49%
Summarized Statements of Financial Position:		
Current assets	₱ 155,331,084	₱ 204,325,452
Non-current assets	90,192,390	44,868,111
Current liabilities	40,758,638	93,756,064
Non-current liabilities	56,771,905	12,813,709
Total Equity	147,477,219	143,123,790
Equity attributable to Parent Company shareholders	75,365,220	73,140,489
Equity attributable to NCI	72,111,999	69,983,301
Summarized Statements of Comprehensive Income:		
Revenue	167,703,423	198,793,215
Net income (loss)	(2,358,055)	7,013,996
Income attributable to Parent Company shareholders	-	-
Income attributable to NCI	3,624,741	6,399,031
Dividends declared to NCI	-	-
Dividends paid to NCI	-	-
Summarized Statements of Cash Flows:		
Operating activities	40,964,350	48,519,522
Investing activities	(22,750,574)	(31,934,904)
Financing activities	(38,661,729)	2,241,313
Net increase in cash	(20,447,953)	18,825,931

NOTE 8 – SEGMENT INFORMATION

The Group's business activities are conducted in the Philippines and it is primarily in the contract logistics and supply chain management segment in 2025 and 2024.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, other current assets and property and equipment, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses, due to related parties and lease liability. The financial information with regard to the Group's significant business segments as of December 31, 2025 and 2024 and for the years then ended is presented below.

	2025		
	Distribution and Contract Logistic	Other Business	Total
External Sales	₱ <u>167,703,423</u>	₱ <u>-</u>	₱ <u>167,703,423</u>
Results:			
Segment result	(5,580,498)	7,337,736	1,757,238
Other income	1,182,438	1,238	1,183,676
Provision for income tax	<u>834,871</u>	<u>(1,206,273)</u>	<u>(371,402)</u>
Net income	<u>(3,563,189)</u>	<u>6,132,701</u>	<u>2,569,512</u>
Other Information:			
Segment assets	238,649,825	522,545,660	701,668,517
Segment liabilities	97,368,489	644,255,828	741,624,317
Capital expenditure	1,031,019	-	1,031,019
Depreciation and amortization	24,273,592	174,495	24,448,087
Non-cash items other than depreciation and amortization	2,243,927	502,951	2,746,878
	2024		
	Distribution and Contract Logistic	Other Business	Total
External Sales	₱ <u>198,793,215</u>	₱ <u>-</u>	₱ <u>198,793,215</u>
Results:			
Segment result	8,370,342	(5,314,058)	3,056,284
Other income	2,102,456	7,137,573	9,240,029
Provision for income tax	<u>(3,458,801)</u>	<u>(299,506)</u>	<u>(3,758,307)</u>
Net income	<u>7,013,996</u>	<u>1,524,010</u>	<u>8,538,006</u>
Other Information:			
Segment assets	249,193,563	466,664,946	715,858,509
Segment liabilities	106,569,773	695,209,195	801,778,968
Capital expenditure	3,140,943	-	3,140,943
Depreciation and amortization	24,762,180	174,495	24,936,675
Non-cash items other than depreciation and amortization	5,337,647	-	5,337,647

NOTE 9 – CASH

As of December 31, the account consists of:

<u>Particulars</u>	<u>2025</u>	<u>2024</u>
Cash on hand ₱	300,972	₱ 560,548
Cash in bank	<u>82,888,028</u>	<u>68,785,767</u>
Total	<u>83,189,000</u>	<u>69,346,315</u>

Cash in banks earn interest at the respective bank deposit rates. Interest income from banks amounted to ₱1,121,417 and ₱113,526 in 2025 and 2024, respectively (Note 24).

NOTE 10 – TRADE AND OTHER RECEIVABLE - NET

As of December 31, the account consists of:

<u>Particulars</u>	<u>2025</u>	<u>2024</u>
Trade receivables	₱ 75,469,393	₱ 107,748,534
Notes receivables	144,247,683	143,865,021
Due from related parties (Note 27)	5,294,395	5,308,706
Other receivables	<u>43,162,421</u>	<u>43,067,064</u>
Subtotal	268,173,892	299,989,315
Less: Allowance for probable loss	<u>(150,192,625)</u>	<u>(149,644,558)</u>
Net	<u>117,981,267</u>	<u>150,344,767</u>

Trade receivables are non-interest bearing and are generally on 30 to 60 days' credit terms.

The notes receivable bear interest at 3.5% per annum and are payable in 365 days on demand, subject to renewal upon mutual consent. Notes receivables are considered impaired and covered with allowance for probable losses; accordingly, no interest income was recognized in 2025 and 2024.

Due from related parties are noninterest bearing and have no fixed repayment terms.

Other receivables pertain to advances subject to liquidation and claims receivables.

The movements in the allowance for probable losses are as follows:

Particulars	2025	2024
Balance at beginning of year	₱ 149,644,558	₱ 149,387,367
Reversal of allowance	(2,287,141)	(255,883)
Provision for the year	<u>2,835,208</u>	<u>513,074</u>
Total	<u>₱ 150,192,625</u>	<u>₱ 149,644,558</u>

In the year 2024, the Group directly wrote-off receivables amounting to ₱101,186 as management believes that the balance is no longer collectible.

NOTE 11 – OTHER CURRENT ASSETS - NET

As of December 31, the account consists of:

Particulars	2025	2024
Creditable withholding taxes	₱ 7,721,700	₱ 7,721,700
Input taxes	10,929,904	11,160,903
Prepayments and other	34,389,584	23,442,781
Refundable deposits	<u>119,317</u>	<u>174,898</u>
Subtotal	53,160,505	42,500,282
Less: Allowance for impairment	<u>(15,189,991)</u>	<u>(15,053,619)</u>
Net	<u>₱ 37,970,514</u>	<u>₱ 27,446,663</u>

Input tax is the 12% value added tax (VAT) on purchase of goods or services in the course of its trade or business. At the end of each taxable period, input tax can be applied against output tax.

Prior year's excess credits represent excess tax payments and credits over tax liabilities of the immediately preceding taxable period which may be refunded, converted to tax credit certificates, or carried over to the next taxable year.

Security deposits represent noninterest-bearing deposits made on lease and are usually refundable after the end of contract or services less any charges. Construction bonds represent noninterest-bearing bonds that are used to secure against damages during construction and will be refundable after the end of construction, net of any charges.

The movements in the allowance for impairment are as follows:

Particulars	2025	2024
Balance at beginning of year	₱ 15,052,619	₱ 14,708,053
Provision for the year	<u>136,372</u>	<u>345,566</u>
Balance at end of the year	<u>₱ 15,189,991</u>	<u>₱ 15,053,619</u>

NOTE 12 – ADVANCES TO A RELATED PARTY

Advances amounting to ₱352,090,391 and ₱347,720,003, which constitutes 48% and 49% of the Group's total assets as of December 31, 2025 and 2024, respectively, represents advances to Polymax, the Parent Company's special purpose entity incorporated in British Virgin Islands solely for the purpose of acquiring the petrochemical plant of NPCA as discussed in Note 2.

On March 18 and September 20, 2003, Polymax's interest in NPCA of 40% and 20%, respectively, was sold. Another 20% of the remaining interest of Polymax in NPCA was sold in late 2014, bringing down Polymax's interest in NPCA to 20% as of December 31, 2014.

The remaining 20% interest of Polymax in NPCA is for sale. In this regard and to ensure the recoverability of the Parent Company's advances to Polymax, the Parent Company's major stockholders issued a letter of comfort in favor of the Parent Company on September 30, 2014. To reiterate assurance of the collectability of the Parent Company's advances to Polymax, comfort letters dated March 7, 2024, March 9, 2023 and March 21, 2022 were issued by the major stockholders of the Parent Company.

During 2025 and 2024, the Company no additional collections of the advances from Polymax.

In 2025 and 2024, provision for credit losses on Advances to Polymax amounting to ₱232,147,339 and ₱229,233,748, respectively, was recognized in compliance with the requirements of PFRS 9.

NOTE 13 – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of December 31, the account consists of:

Particulars	2025	2024
At acquisition cost	₱ 18,478,985	₱ 17,976,035
Cumulative fair value gain – in equity	-	-
Total	₱ <u>18,478,985</u>	₱ <u>17,976,035</u>

The investment in securities consists of investment in shares of stock of a publicly listed Company whose fair value is based on published prices on Philippine Stock Exchange; and unquoted equity investment carried at cost.

The reconciliation of the carrying amounts of investments is as follows:

Particulars	2025	2024
Beginning balance	₱ 17,976,035	₱ 17,976,035
Additions	<u>502,950</u>	-
Total	₱ <u>18,478,985</u>	₱ <u>17,976,035</u>

Movements in the net unrealized gain on equity instruments financial assets are as follows:

Particulars	2025	2024
Beginning balance	₱ 1,705,072	₱ 1,705,072
Fair value gain (loss)	<u>502,951</u>	-
Total	₱ <u>2,208,023</u>	₱ <u>1,705,072</u>

The net unrealized gain on equity investments is deferred and presented separately as fair value reserve under the equity section of the consolidated financial position.

NOTE 14 – PROPERTY AND EQUIPMENT - NET

As of December 31, 2025, this account consists of the following:

Particulars	Beginning balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Leasehold improvements	₱ 9,412,307	185,001	-	₱ 9,597,308
Machinery and equipment	43,225,144	-	-	43,225,144
Office furniture, fixture and computer equipment	22,347,769	846,018	-	23,193,787
Right-of-use-asset	82,653,140	-	25,678,461	108,331,601
Total	157,638,360	1,031,019	25,678,461	184,347,840
Accumulated depreciation:				
Leasehold improvements	7,966,715	830,467	-	8,797,182
Machinery and equipment	35,703,798	715,392	-	36,419,190
Office furniture, fixture and computer equipment	22,347,769	3,069,625	-	25,417,394
Right-of-use-asset	₱ 62,888,067	22,016,625	-	₱ 84,904,692
Total	128,906,349	26,632,109	-	155,538,458
Net Book Value	₱ 28,732,011			₱ 28,809,382

As of December 31, 2024, this account consists of the following:

Particulars	Beginning balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Leasehold improvements	₱ 7,871,481	1,540,826	-	₱ 9,412,307
Machinery and equipment	43,672,335	1,600,116	2,047,307	43,225,144
Office furniture, fixture and computer equipment	22,347,769	-	-	22,347,769
Right-of-use-asset	124,547,750	-	41,894,610	82,653,140
Total	198,439,335	3,140,942	43,941,917	157,638,360
Accumulated depreciation:				
Leasehold improvements	6,545,880	1,420,835		7,966,715
Machinery and equipment	34,868,505	2,637,672	1,802,379	35,703,798
Office furniture, fixture and computer equipment	20,740,759	1,607,010	-	22,347,769
Right-of-use-asset	₱ 112,054,854	19,271,158	68,437,945	₱ 62,888,067
Total	174,209,998	24,936,675	70,240,324	128,906,349
Net Book Value	₱ 24,229,337			₱ 28,732,011

In 2024, the Group disposed of machinery and equipment with a carrying amount of ₱244,928.

The Group elected to use the cost model in accounting for property and equipment. They also believed that the carrying amount of its property and equipment during the year are not impaired.

None of the properties were pledged or mortgaged as collateral to secure any of the Group's loans.

Depreciation expense is recognized under cost of services and general and administrative expense. To wit:

Particulars	2025	2024	2023
Cost of service (Note 23)	₱ 24,273,592	₱ 22,350,886	₱ 35,783,811
General and administrative expense (Note 25)	<u>2,358,517</u>	<u>2,585,789</u>	<u>3,525,682</u>
Total	<u>26,632,109</u>	<u>24,936,675</u>	<u>39,309,493</u>

NOTE 15 – OTHER NON - CURRENT ASSETS

As of December 31, this account is composed of the following:

Particulars	2025	2024
Refundable deposits, non-current portion	₱ 8,644,383	₱ 8,726,244
Intangible assets	<u>51,156</u>	<u>3,857,037</u>
Total	<u>8,695,539</u>	<u>12,583,281</u>

Intangible assets pertain to non-exclusive software license costs for use in MCLSI's warehouse management system.

The carrying amount of intangible assets as of December 31, 2025 is as follows:

Particulars	Beginning Balances	Additions / Provisions	Disposals / Adjustments	Ending Balances
Cost:				
Software costs	₱ 6,829,389	-	3,519,024	₱ 3,310,365
Accumulated depreciation:				
Software costs	₱ 2,972,351	286,855	-	₱ 3,259,209
Total	₱ 3,857,038			₱ 51,156

The carrying amount of intangible assets as of December 31, 2024 is as follows:

Particulars	Beginning Balances	Additions / Provisions	Disposals / Adjustments	Ending Balances
Cost:				
Software costs	₱ 2,838,558	3,990,831	-	₱ 6,829,389
Accumulated depreciation:				
Software costs	<u>2,663,266</u>	<u>309,085</u>	-	₱ 2,972,351
Total	<u>175,292</u>			₱ 3,857,038

Intangible assets which have been fully amortized were due to MCLSI's management assessment that these will no longer provide a future economic benefit to the Group.

The Group has no intangible assets pledged as security for any liability and has no outstanding contractual commitments to acquire certain intangible assets.

NOTE 16 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Details of this account are as follows:

Particulars	2025	2024
Current portion		
Trade payable	₱ 28,767,508	₱ 39,481,412
Accrued expenses	165,263,030	167,468,373
Other current liabilities	52,263,615	55,044,056
Subtotal	<u>246,294,153</u>	<u>261,993,841</u>
Non-current portion		
Accrued expenses	<u>123,438,803</u>	<u>123,438,803</u>
Total	₱ <u>369,732,956</u>	₱ <u>385,432,644</u>

Trade payables are noninterest bearing and have credit terms of 30 to 60 days.

Accrued expenses include provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered.

Provisions relate to pending claims jointly and severally against the Parent Company and Polymax and pending claims and tax assessment solely against the Parent Company. The information usually required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed as it may prejudice the outcome of the related claims and tax assessments.

The Group reclassified to non-current portion the accruals made which pertains to management fee and reserve for contingency BIR amounting to ₱39,685,406 and ₱83,753,397, respectively. These are not expected to be settled within one year or the Group's operating cycle, whichever is longer.

Other liabilities mainly pertain to payable to government agencies. These liabilities are unsecured and noninterest-bearing.

NOTE 17 – LEASE LIABILITY

Lease liability relates to liability recognized in relation to the adoption of PFRS 16. As of December 31, 2025 and 2024, the Company's determined incremental rate used is between 3% and 5%.

As of December 31, this account consists of the following:

Particulars	2025	2024
Current	₱ 15,899,696	₱ 14,774,505
Non-current	<u>2,692,925</u>	<u>1,966,440</u>
Total	₱ <u>18,592,621</u>	₱ <u>16,740,945</u>

Interest expense pertaining to lease liability amounted to ₱1,007,154 and ₱1,076,155 for the years ended December 31, 2025 and 2024, respectively (Note 24).

In 2025 and 2024, movement of the account includes:

Particulars	2025	2024
Beginning balance	₱ 16,740,945	₱ 13,136,528
Additions	25,678,461	26,543,335
Payments	<u>(23,826,785)</u>	<u>(22,938,918)</u>
Ending balance	<u>₱ 18,592,621</u>	<u>₱ 16,740,945</u>

NOTE 18 – DUE TO RELATED PARTIES

Details of this account are as follows:

Particulars	2025	2024
Philippines Estate Corporation	₱ 298,347,592	₱ 292,456,384
Others	<u>404,721</u>	<u>388,930</u>
Total	<u>₱ 298,752,313</u>	<u>₱ 292,845,314</u>

The Group issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 and a 2% interest per annum until the maturity date of March 15, 2026.

The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2025, 2024 and 2023, interest incurred amounted to ₱5,891,209, ₱5,891,209, and ₱5,891,207, respectively.

The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms (Note 27).

NOTE 19 – INCOME TAXES

On January 5, 2024, Ease of Paying Taxes (EOPT) Act was passed into law. The EOPT Act introduced significant amendments to the National Internal Revenue Code of 1997 (“The Code”) which are intended to protect and safeguard taxpayer rights and welfare to modernize tax administration by providing mechanisms that encourage easy compliance at the best cost and resources, and to update the tax system and adopt best practices.

The amendments include the following:

- File and pay anywhere mechanism. Taxes shall be paid either electronically or manually at the time the return is filed.
- Classification of taxpayers into micro, small, medium and large taxpayers.
- Withholding of tax on income payments only when payable.
- Imposing value-added tax (VAT) on services, based on gross sales, no longer on gross receipts.
- VAT invoices are sufficient to substantiate input VAT arising from the purchase at both goods and services.
- Removal of “business style” as a VAT invoicing requirement.
- Removal of withholding tax as requirement for deductibility of income payments.

- a. The components of the Group's benefit from income tax are as follows:

Particulars	2025	2024
Current tax expense	₱ 1,906,682	₱ 3,360,605
Deferred tax benefit	<u>(2,278,084)</u>	<u>397,702</u>
Income tax expense	<u>₱ (371,402)</u>	<u>₱ 3,758,307</u>

- b. The reconciliation of the provision for (benefit from) income tax loss computed at the statutory tax rate with the provision for (benefit from) income tax shown in the consolidated statements of comprehensive income is as follows:

Particulars	2025	2024
Provision for income tax loss at statutory tax rate	₱ 4,531,509	₱ 3,074,078
Tax effects of:		
Interest income subject to final tax	(280,342)	(28,381)
Nondeductible expenses	(66,401)	(82,794)
Net deferred tax assets	<u>(2,278,084)</u>	<u>397,702</u>
Income tax expense for the year	<u>₱ 1,906,682</u>	<u>₱ 3,360,605</u>

- c. The components of Group's deferred tax assets are the tax effects of the following:

Particulars	2025	2024
Deferred tax assets (liability):		
Provision for credit losses	₱ 59,459,911	₱ 58,340,217
Accounts payable	1,861,694	1,861,694
Accrued retirement benefits costs	4,045,541	4,062,345
Provision for impairment	1,093,026	614,938
Remeasurement of retirement benefit (OCI)	(1,416,816)	(2,232,268)
Net tax effect of PFRS 16	(1,390,763)	(937,492)
Unrealized foreign exchange loss	<u>(116)</u>	<u>-</u>
Total	<u>₱ 63,652,477</u>	<u>₱ 61,709,434</u>

- d. Deferred tax assets of the Parent Company and its non-operating subsidiaries amounting to ₱59,130,440 and ₱44,078,511 as of December 31, 2025 and 2024, respectively, pertaining to the items shown below, have not been recognized as management believes that the Group and its non-operating subsidiaries may not have sufficient taxable profits or tax liabilities against which these deferred tax assets may be utilized.

Particulars	2025	2024
Allowance for probable loss	₱ 245,813,898	₱ 157,366,358
NOLCO	<u>17,903,696</u>	<u>18,947,686</u>
Income tax expense	<u>₱ 263,717,594</u>	<u>₱ 176,314,044</u>

The NOLCO can be claimed as deduction from regular taxable income as follows:

<u>Year incurred</u>	<u>Valid Until</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>
2025	2028	2,442,829	-	-	2,442,829
2024	2027	₱ 2,969,648	₱ -	₱ -	₱ 2,969,648
2023	2026	3,618,884	-	-	3,618,884
2022	2025	3,737,205	-	-	3,737,205
2021	2026	5,135,130	-	-	5,135,130
Total		₱ <u>17,903,696</u>	₱ <u> </u>	₱ <u> </u>	₱ <u>17,903,696</u>

NOTE 20 – SHARE CAPITAL

The Group’s share capital as of December 31, 2025 and 2024 consists of the following common shares:

<u>Particulars</u>	<u>2025</u>	<u>2024</u>
Class “A” – ₱1 par value Authorized – 720,000,000 shares with par value of ₱1	₱ <u>720,000,000</u>	₱ <u>720,000,000</u>
Issued and outstanding – 183,673,470 shares with par value of ₱1	<u>183,673,470</u>	<u>183,673,470</u>
Number of equity holders	<u>631</u>	<u>606</u>
Class “B” – ₱1 par value Authorized – 480,000,000 shares with par value of ₱1	<u>480,000,000</u>	<u>480,000,000</u>
Issued and outstanding – 122,448,979 shares with par value of ₱1	<u>122,448,979</u>	<u>122,448,979</u>
Number of equity holders	<u>417</u>	<u>389</u>
Additional Paid-in Capital	<u>3,571,923</u>	<u>3,571,923</u>

The two classes of common shares are identical in all respects, except that Class “A” shares are restricted to Philippine nationals and the total number of Class “B” shares is limited to two-thirds of the total outstanding Class “A” shares.

On July 25, 2003, the Parent Company’s stockholders approved the increase in authorized capital stock from ₱1.2 billion consisting of 1.2 billion shares to ₱5 billion consisting of 5 billion shares, both with par value of ₱1 per share. The increase did not push through because of dispute in the acquisition of the Petrochemical Project, which was finally settled in 2013 as discussed in Note 2. After final settlement of the dispute, the Parent Company’s management has decided to pursue the said increase in authorized capital stock of the Parent Company.

During the year 2025, SEC issued Memorandum Circular No. 10 series of 2025 repealing the rules allowing the trading of “B” shares on the regular board and requiring the buyers to accept either “B” or “A” certificates. SEC mandated all listed corporations still having both Class “A” and “B” to amend their respective Articles of Incorporation to reflect such change within one (1) year from the effectivity of such Memorandum Circular or until August 21, 2026.

MAHEC filed its application to the Financial Analysis and Audit Department (FAAD) of the Financial Amendment and Compliance Division of the SEC last September 17, 2025. As of the filing of this report, MAHEC is still complying additional requirements and FAAD is still currently reviewing the application.

NOTE 21 – CUMULATIVE DEFICIT

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

As of December 31, the account consists of the following:

Particulars	2025	2024
Cumulative deficit, beginning	₱ (378,327,161)	₱ (380,922,904)
Net income (loss) balanced on the face of equity investments	-	8,538,006
Non-controlling interest in net income	-	(5,942,263)
Net income (loss) actual/realized	(4,349,159)	2,595,743
Cumulative deficit, end	₱ <u>(382,676,320)</u>	₱ <u>(378,327,161)</u>

NOTE 22 – SALE OF SERVICES

For the years ended December 31, 2025, 2024 and 2023, the account comprises of sale of services amounting to ₱167,703,423, ₱198,793,215, and ₱243,165,617, respectively.

NOTE 23 – COST OF SERVICES

For the years ended December 31, the account consists of:

Particulars	2025	2024	2023
Personnel costs	₱ 73,467,181	₱ 73,766,200	₱ 87,831,126
Depreciation (Note 14)	24,273,592	22,350,886	35,783,811
Rent and utilities	8,705,880	21,800,906	34,860,747
Transportation and travel	7,323,735	28,472,189	30,373,782
Security services	4,570,555	4,831,017	5,925,114
Outside services	2,682,830	2,517,254	3,694,983
Repairs and maintenance	1,603,617	1,089,662	1,992,445
Taxes and licenses	600,545	733,762	1,222,393
Communication and office supplies	2,100	28,874	177,746
Others	858,223	890,506	605,236
Total	₱ <u>124,088,258</u>	₱ <u>156,481,256</u>	₱ <u>202,467,383</u>

Others include software maintenance expense, insurance, and other consumable charge.

NOTE 24 – FINANCE AND OTHER INCOME - NET

For the years ended December 31, the account consists of:

Particulars	2025	2024	2023
Finance income (Note 9)	₱ 1,121,417	₱ 113,526	₱ 111,506
Finance costs (Note 17)	(1,007,154)	(1,076,155)	(1,483,268)
Other income:			
Miscellaneous	61,793	-	-
Other income	466	9,126,503	159,291
Subtotal	62,259	9,126,503	159,291
Net	₱ 176,522	₱ 8,163,874	₱ (1,212,471)

Others include incidental income on trucking services.

NOTE 25 – GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, the account consists of:

Particulars	2025	2024	2023
Personnel costs	₱ 14,525,604	₱ 15,210,689	₱ 15,921,895
Professional fees	7,243,963	4,717,712	4,896,101
Provision for credit losses (Notes 10 and 12)	5,748,799	2,420,640	814,773
Communication and supplies	2,881,236	2,627,263	2,287,094
Depreciation (Note 14)	2,358,517	2,585,789	3,525,682
Provision for impairment (Note 11)	1,912,356	417,505	224,199
Rent and utilities	1,533,663	1,390,637	1,445,149
Taxes and licenses	1,256,761	1,456,327	1,494,242
Entertainment	792,268	1,271,724	3,824,617
Transportation and travel	584,640	259,756	152,065
Amortization of intangible assets (Note 15)	286,855	309,085	277,970
Insurance	123,301	232,000	98,306
Others	7,524,637	5,280,123	6,960,619
Total	₱ 46,772,600	₱ 38,179,250	₱ 41,922,712

Other expenses include legal and outside services fee and miscellaneous expenses.

NOTE 26 – RETIREMENT BENEFITS COSTS

The Parent Company has an unfunded, non-contributory defined benefit retirement plan providing retirement benefits to its regular employee. MCLSI has a funded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of MCLSI's fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date.

The following tables summarize the components of net retirement expense recognized in the consolidated statements of comprehensive income and the funding status and amounts recognized in the consolidated financial position.

The components of retirement expense which were charged to operations are as follows:

Particulars	2025	2024
Current service cost	₱ 2,640,258	₱ 2,497,170
Interest cost	<u>621,548</u>	<u>880,021</u>
Total retirement expense	₱ <u>3,261,806</u>	₱ <u>3,377,191</u>

The details of the retirement obligation recognized in the consolidated financial position are as follows:

Particulars	2025	2024
Present value of benefit obligation	₱ 14,290,396	₱ 11,241,842
Fair value of plan assets	<u>(394,573)</u>	<u>(394,573)</u>
Liability recognized in the financial position	₱ <u>13,895,823</u>	₱ <u>10,847,269</u>

The changes in present value of retirement obligation are as follows:

Particulars	2025	2024
Present value of obligation at beginning of year	₱ 11,241,842	₱ 15,733,926
Current service cost	644,157	901,554
Interest cost on benefit obligation	2,640,258	2,497,170
Actuarial gain (loss)	-	(5,340,396)
Benefits paid	<u>(235,861)</u>	<u>(2,550,412)</u>
Present value of obligation at end of year	₱ <u>14,290,396</u>	₱ <u>11,241,842</u>

The changes in the fair value of plan assets and actual return on plan assets are as follows:

Particulars	2025	2024
Fair value of plan assets at beginning of year	₱ 394,573	₱ 375,790
Expected return on plan assets	22,609	18,783
Actuarial gain (loss) on plan assets	<u>(22,609)</u>	-
Benefits paid	-	-
Fair value of plan assets at end of year	₱ <u>394,573</u>	₱ <u>394,573</u>

Movements in the net liability recognized in the current period are as follows:

Particulars	2025	2024
Liability recognized at beginning of the year	₱ 10,847,269	₱ 15,358,136
Retirement expense	3,261,806	3,377,191
Other comprehensive (income) loss	(235,861)	(5,337,646)
Benefits paid	(213,253)	(2,550,412)
Write-off	-	-
Liability recognized at end of the year	₱ <u>13,659,961</u>	₱ <u>10,847,269</u>

In 2020, the Board of Directors approved in its Board Resolution No. 12, dated December 23, 2020, the charge of gratuity pays of the retired employees, which amounted to ₱297,241, to accrued retirement benefits, and the write-off of the remaining retirement benefit payable of ₱672,444 since the Parent Company has no longer employees (Note 26). On September 1, 2022, despite hiring an employee to handle bookkeeping of the company, accrual of retirement benefit of such employee is deferred until a 5-year tenure is served.

Particulars	2025	2024
Retirement benefits costs – OCI, beginning	₱ 14,261,217	₱ 8,923,571
Actuarial gain (loss) recognized	<u>(213,252)</u>	<u>5,337,646</u>
Retirement benefits costs – OCI, ending	14,047,965	14,261,217
Percentage of ownership	<u>51%</u>	<u>51%</u>
Liability recognized at end of the year	₱ 7,164,462	₱ 7,273,221

The major categories of plan assets are as follows:

Particulars	2025	2024
Cash and cash equivalents	₱ 852	₱ 852
Investment in Unit Investment Trust Funds	<u>(356,613)</u>	<u>(356,613)</u>
Liability recognized in the financial position	₱ 355,761	₱ 355,761

The assumptions used to determine retirement benefits costs for the years ended December 31 are as follows:

Particulars	2025	2024
Discount rate	5.73%	6.10%
Salary increase rate	3.00%	3.00%

The expected rate of return on plan assets assumed at a range of 5% to 6% was based on a reputable fund trustee's indicative yield rate for a risk portfolio similar to that of the fund with consideration of the funds' past performance.

A quantitative sensitivity analysis for significant assumptions as of December 31, 2025, and 2024, is shown below:

	Sensitivity Level			
	1% Increase		1% Decrease	
	In %	Amount	In %	Amount
Impact on Net Defined Benefit Obligation				
Discount rate	6.73%	3,533,948	4.73%	4,245,920
Future salary increases	4.00%	4,278,704	2.00%	3,500,367

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 discount rate and the future salary increase rate assumed was 5.73% and 3.00%, respectively.

The average duration of the defined plan obligation at the end of the reporting period is 15.59 years for 2025, 2024 and 2023.

NOTE 27 - RELATED PARTY TRANSACTIONS

a. Due from/to related parties

In 2023, the Parent Company acknowledged its obligation to PHES, an affiliate who granted an interest-bearing, due, and demandable loan in favor of the Parent Company.

The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

b. Compensation of key management personnel follows:

Particulars	2025	2024	2023
Short-term, employee benefits	<u>10,532,224</u>	<u>11,516,547</u>	<u>10,866,805</u>

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under their respective entity's retirement plan.

c. The related relationships and amounts applicable to the Group's transactions with related parties as of December 31, 2025 and 2024 are as follows:

Name of the related party	Relationship	Nature of transaction	Country of incorporation
The Wellex Group, Inc.	Affiliate	Holding company	Philippines
Metro Combined Logistics Solutions, Inc.	Subsidiary	Third party logistics and warehousing	Philippines
Polymax Worldwide Limited	Affiliate	Series of acquisition transaction	British Virgin Island
Acesite (Phils.) Hotel Corporation	Affiliate	Hotel business and other accommodations	Philippines
Philippine Estate Corporation	Affiliate	Holding and developing real estate	Philippines

Particulars	Terms and Condition	Transactions		Outstanding Balance	
		2025	2024	2025	2024
Due from related parties:					
The Wellex Group, Inc	Non-interest bearing and unsecured borrowing; Expected to be settled in cash	₱ (14,311)	₱ -	₱ 5,244,098	₱ 5,258,409
Metro Combined Logistics Inc.	Non-interest bearing and Unsecured borrowing; Expected to be settled in cash	-	-	18,924	18,924
Others	Non-interest bearing and Unsecured borrowing; Expected to be settled in cash	-	-	31,373	31,373
Total (Note 10)		₱ <u>(14,311)</u>	₱ <u>-</u>	₱ <u>5,294,395</u>	₱ <u>5,308,706</u>
Advances:					
Polymax (Note 12)	Represents 20% share investment in NPCA	₱ <u>4,370,388</u>	₱ <u>-</u>	₱ <u>352,090,391</u>	₱ <u>347,720,003</u>

Particulars	Terms and Condition	Transactions		Outstanding Balance	
		2025	2024	2025	2024
Due to related parties:					
Philippine Estate Corporation	Secured no impairment, no Guarantee, interest bearing	₱ 5,891,208	₱ 5,891,208	₱ 298,347,592	₱ 292,456,384
Others	Non-interest bearing and Unsecured borrowing; Expected to be settled in cash	15,791	(350,020)	404,721	388,930
Total (Note 10)		₱ 5,906,999	₱ 5,541,188	₱ 298,752,313	₱ 292,845,314

The Parent Company issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 and a 2% interest per annum until the maturity date of March 15, 2026.

NOTE 28 – BASIC INCOME PER SHARE

The following table presents the information necessary to compute the basic income per share attributable to equity holders of the Group:

Particulars	2025	2024	2023
Net income loss attributable to equity holders Of the Parent Company	₱ (4,249,159)	₱ 2,595,743	₱ (4,780,390)
Weighted average number of common shares	306,122,449	306,122,449	306,122,449
Basic income per share	<u>(0.0142)</u>	<u>0.0085</u>	<u>(0.0156)</u>

NOTE 29 – SIGNIFICANT COMMITMENTS

Lease Agreements

As a lessor

The rent income recognized by MCLSI, the operating subsidiary of the Parent Company, for the years ended December 31, 2025, 2024 and 2023 amounted to ₱29,193,603, ₱25,180,720, and ₱31,461,030, respectively.

As a lessee

The Group entered into several lease agreements covering its office premises and warehouses. Terms of the lease agreements range from 1 year to 5 years under renewable options. Other leases entered into include clauses to enable upward revision of the rental charged on an annual basis - based on prevailing market rates.

As permitted by PFRS 16, the Group applied the modified retrospective approach to existing operating leases which are capitalized under the new standard (i.e. retrospectively, with the cumulative effect recognized at the date of initial application as an adjustment to the opening balance of retained earnings with no restatement of comparative information in the financial statements).

In 2024, the Company entered into a lease agreement with a term of 1 year, ending on May 31, 2025, and September 6, 2025, with renewable options.

In 2025 and 2024, the Company also entered into a lease agreement with a term of 2 years, May 30, 2027, and March 31, 2026, respectively, under renewable options. The Company has elected not to recognize a lease liability for short-term leases (leases with an expected term of 12 months or less). Payments made under such lease are expensed on a straight-line basis.

Following the adoption of PFRS 16, the Group recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

Present value of lease liability as of December 31, 2025 is as follows:

Particulars	Beginning		Additions/		Payments (Principal & Interest)	Present Value (Year-end)
	Balance		Adjustments	Interest		
Chatellane Holding Co. Inc.	₱ 4,466,422	₱	5,602,484	₱ 184,930	₱ 5,571,046	₱ 4,682,790
Elizabeth Calantoc Uy	-		5,470,536	212,958	3,016,452	2,667,042
Filipinas Benson Industrial & Development Corporation	9,591,434		-	306,406	2,272,846	7,624,994
CK Kingsland Ventures Corporation	-		2,175,108	35,045	1,100,098	1,110,055
VY Industrial Builders, Inc.	2,448,113		12,430,333	349,751	12,780,083	2,448,114
	₱ <u>16,505,969</u>	₱	<u>25,678,461</u>	₱ <u>1,089,090</u>	₱ <u>24,740,525</u>	₱ <u>18,532,995</u>

Present value of lease liability as of December 31, 2024, is as follows:

Particulars	Beginning		Additions/		Payments (Principal)	Present Value (Year-end)
	Balance		Adjustments	Interest		
Chatellane Holding Co. Inc	₱ 8,029,166	₱	5,337,636	₱ 219,588	₱ 8,900,380	₱ 4,466,422
Filipinas Benson Industrial & Development Corporation	1,258,885		15,065,627	484,862	6,733,078	9,591,434
Elizabeth Calantoc Uy	2,803,493		-	76,507	2,803,493	-
VY Industrial Builders, Inc.	985,357		5,791,083	133,514	4,328,327	2,448,113
The Wellex Group	59,627		348,989	161,684	173,640	234,976
	₱ <u>13,136,528</u>	₱	<u>26,543,335</u>	₱ <u>1,076,155</u>	₱ <u>22,938,918</u>	₱ <u>16,740,945</u>

As of December 31, 2025, the Group's right-of-use asset, net of accumulated depreciation, and lease liability amounted to ₱23,426,909 (Note 14) and ₱16,412,512 (Note 17), respectively.

Consequently, the Group recognized depreciation expense as reduction to the carrying amount of the asset and lease liability amounted to ₱22,016,625 (Note 14) and ₱25,678,461 (Note 17), respectively

As of December 31, 2024, the Group's right-of-use asset, net of accumulated depreciation, and lease liability amounted to ₱19,765,073 (Note 14) and ₱16,740,945 (Note 17), respectively.

Consequently, the Group recognized depreciation expense as reduction to the carrying amount of the asset and lease liability amounted to ₱19,271,158 (Note 14) and ₱31,828,799 (Note 17), respectively

Logistics Agreements

MCLSI has agreements with principals to provide logistics operations services, specifically warehousing and managing delivery of the principals' products to their key accounts and sub-distributors nationwide. Under the terms of these agreements, the principals shall pay MCLSI the agreed monthly fees plus reimbursement of certain warehouse expenses.

NOTE 30– FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are composed of cash and cash equivalents, receivable and payables. The main purpose of these financial instruments is to raise finances for the Group's operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Group's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

30.1 Objectives and policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group is cash. This financial instrument is used mainly for working capital management purposes. Trade-related financial assets and financial liabilities of the Group such as trade and other receivables and trade and other payables, excluding statutory liabilities, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

30.2 Interest rate risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt. As of December 31, 2025 and 2024, the Group has no significant interest rate risk exposures since the interest rates are fixed up to the date of maturity.

30.3 Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below shows the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

Particulars	2025			
	On demand	Within 1 Year	More Than 1 Year	Total
Financial assets at amortization cost:				
Cash (Note 9)	₱ 83,189,000	₱ -	₱ -	₱ 83,189,000
Trade and other receivables (gross) (Note 10)	-	117,981,267	150,192,625	268,173,892
Advances to related parties (Note 12)	-	-	352,090,391	352,090,391
Refundable deposits (Note 11,15)	-	174,898	8,644,383	8,819,281
Subtotal	83,189,000	113,480,970	548,144,878	706,978,169
Financial assets at FVOCI (Note 13)	-	-	18,391,700	18,291,700
Total	83,189,000	113,480,970	566,536,578	725,269,869
Financial liabilities:				
Accounts payable and accrued expenses** (Note 16)	-	₱ 231,646,522	₱ 123,438,803	₱ 355,085,325
Lease liability (Note 17)	-	2,752,551	13,659,961	16,412,512
Due to related parties (Note 18)	-	378,833	298,373,480	298,752,313
Total	-	234,777,906	435,472,244	670,250,150
Net Position	₱ 83,189,000	₱ (121,296,939)	₱ 131,064,334	₱ 55,019,719
<i>**Excludes government liabilities</i>				
Particulars	2024			
	On demand	Within 1 Year	More Than 1 Year	Total
Financial assets at amortization cost:				
Cash (Note 9)	₱ 69,346,315	₱ -	₱ -	₱ 69,346,315
Trade and other receivables (gross) (Note 11)	-	150,344,767	149,644,558	299,989,325
Advances to related parties (Note 12)	-	-	347,720,003	347,720,003
Refundable deposits (Note 11,15)	-	174,898	8,726,244	8,901,142
Subtotal	69,346,315	150,519,665	506,090,805	725,956,785
Financial assets at FVOCI (Note 13)	-	-	17,976,035	17,976,035
Total	69,346,315	150,519,665	524,066,840	743,932,820
Financial liabilities:				
Accounts payable and accrued expenses** (Note 16)	-	₱ 244,580,056	₱ 123,438,803	₱ 368,018,859
Lease liability (Note 17)	-	14,774,505	1,966,440	16,740,945
Due to related parties (Note 18)	-	388,930	292,456,384	292,845,314
Total	-	259,743,491	417,861,627	677,605,118
Net Position	₱ 69,346,315	₱ (109,223,836)	₱ 106,205,213	₱ 66,327,692
<i>**Excludes government liabilities</i>				

30.4 Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements).

As at December 31, 2025 and 2024, the Group has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired.

- a. Financial information on the Group's maximum exposure to credit risk as of December 31, 2025 and 2024, without considering the effects of collaterals and other risk mitigation techniques are presented below.

Particulars	2025	2024
Cash (Note 9)	₱ 83,189,000	₱ 69,346,315
Trade and other receivables, net (Note 10)	117,981,267	150,344,767
Advances to related parties (Note 12)	352,090,391	347,720,003
Refundable deposits (Note 11, 15)	8,763,700	8,901,142
Total	₱ 562,024,358	₱ 576,312,227

The Group does not hold any collateral as security or other credit enhancements attached to its financial assets.

The credit risk for is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties. The Group does not execute any credit guarantee in favor of any counterparty.

- b. Credit quality per class of financial assets

Description of the credit quality grades used by the Group follows:

Financial assets at FVOCI

High grade - Counterparties that are consistently profitable, have strong fundamentals and pays out dividends.
Standard grade - Counterparties that recently turned profitable and have the potential of becoming a high-grade Group. These counterparties have sound fundamentals.

Substandard grade - Counterparties that are not yet profitable, speculative in nature but have the potential to turn around fundamentally.

Financial assets at amortized cost

High grade - High probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - Collections are probable due to the reputation and the financial ability of the counterparty to pay.

Substandard grade - The counterparty shows probability of impairment based on historical trends.

The following table show a comparison of the credit quality of the Group's financial assets by class as at the reporting date:

	December 31, 2025			
	Neither past due nor impaired		Past due but not impaired	Total
	High Grade	Standard Grade		
Financial assets at amortization cost:				
Cash* (Note 9)	₱ 83,189,000	₱	₱	₱ 83,189,000
Trade receivables (gross) (Note 10)		75,469,392		75,469,392
Other receivables (gross) (Note 10)			187,410,104	187,410,104
Advances to related party (Note 12)		352,090,391	5,294,395	357,384,786
Refundable deposits (Note 11,15)	8,763,700			8,763,700
Subtotal	<u>91,952,700</u>	<u>427,559,783</u>	<u>192,704,499</u>	<u>712,216,982</u>
Financial assts at FVOCI (Note 13)	<u>18,478,985</u>	-	-	<u>18,478,985</u>
Total	₱ <u>110,431,685</u>	₱ <u>427,559,783</u>	₱ <u>192,704,499</u>	₱ <u>730,695,967</u>
	December 31, 2024			
	Neither past due nor impaired		Past due but not impaired	Total
	High Grade	Standard Grade		
Financial assets at amortization cost:				
Cash* (Note 9)	₱ 69,346,315	₱ -	₱ -	₱ 69,346,315
Trade receivables (gross) (Note 10)	-	107,748,534	-	107,748,534
Other receivables (gross) (Note 10)	-	-	186,932,075	186,932,075
Advances to related party (Note 12)	-	347,720,003	5,308,706	353,028,709
Refundable deposits (Note 11,15)	8,901,142	-	-	8,901,142
Subtotal	<u>78,247,457</u>	<u>455,468,537</u>	<u>192,240,781</u>	<u>725,956,775</u>
Financial assts at FVOCI (Note 13)	<u>17,976,035</u>	-	-	<u>17,976,035</u>
Total	₱ <u>96,223,492</u>	₱ <u>455,468,537</u>	₱ <u>192,240,781</u>	₱ <u>743,932,810</u>

The credit quality of receivables is managed by the Group using internal credit quality ratings. High and medium grade accounts consist of receivables from debtors with good financial standing and with relatively low defaults.

The Group constantly monitors the receivables from these customers in order to identify any adverse changes in credit quality. The allowance for doubtful accounts is provided for those receivables that have been identified as individually impaired.

NOTE 31 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES, & PROCEDURES

The Group's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital. The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Group considers its equity as capital.

The Group monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

	<u>2025</u>	<u>2024</u>
Total liabilities	₱ 700,737,851	₱ 705,866,172
Total equity	<u>10,129,703</u>	<u>9,992,337</u>
Debt-to-equity ratio	<u>69.18:1</u>	<u>70.64:1</u>

The Group has remained steadfast to regain its equity funding. Several actions were taken to conserve and manage the capital structure (Note 2).

NOTE 32 – FAIR VALUE MEASUREMENT

32.1 Carrying amounts and fair values by category

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments for the years ended December 31, 2025 and 2024:

Particulars	<u>2025</u>		<u>2024</u>	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortization cost:				
Cash (Note 9)	₱ 83,189,000	₱ 83,189,000	₱ 69,346,315	₱ 69,346,315
Trade and other receivables (gross) (Note 10)	117,981,267	117,981,267	150,344,767	150,344,767
Advances to related parties (Note 12)	352,090,391	352,090,391	347,720,003	347,720,003
Refundable deposits (Note 11,15)	<u>8,763,700</u>	<u>8,763,700</u>	<u>8,901,142</u>	<u>8,901,142</u>
Subtotal	562,024,358	362,024,358	576,312,227	576,312,227
Financial assts at FVOCI (Note 13)	<u>18,478,985</u>	<u>18,478,985</u>	<u>17,976,035</u>	<u>17,976,035</u>
Total	₱ <u>580,503,343</u>	₱ <u>580,503,343</u>	₱ <u>594,288,262</u>	₱ <u>594,288,262</u>
Financial liabilities:				
Accounts payable and accrued expenses* (Note 16)	₱ 369,732,956	₱ 369,732,956	₱ 368,018,859	₱ 368,018,859
Lease liability (Note 17)	16,412,512	16,412,512	16,740,945	16,740,945
Due to related parties (Note 18)	<u>298,752,313</u>	<u>298,752,313</u>	<u>292,845,314</u>	<u>292,845,314</u>
Total	₱ <u>684,897,781</u>	₱ <u>684,897,781</u>	₱ <u>677,605,118</u>	₱ <u>677,605,118</u>

*Excludes government liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Current financial assets and liabilities

Due to the short-term nature of the transactions, the carrying values of cash, receivables, refundable deposits, accounts payable and accrued expenses, due to related parties and lease liability approximate their fair values.

Financial assets at FVOCI

The fair values of publicly traded instruments and similar investments are based on quoted bid prices. Unquoted equity securities are carried at cost, subject to impairment.

Financial assets at amortized cost

The carrying value of debt investment approximates the fair value, which is determined to be the present value of future cash flows using the prevailing market rate as the discount rate.

Due from/to related parties.

The carrying amounts of these related party transactions approximate their fair values.

32.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy Group's financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the fair value hierarchy of the Group's financial assets and liabilities, which are measured at fair value or requires disclosure as prescribed by other PFRS, as at December 31, 2025 and 2024:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets at amortization cost:				
Cash (Note 9)	₱ 83,189,000	₱ -	₱ -	₱ 83,189,000
Trade and other receivables, net (Note 10)	-	-	117,981,267	117,981,267
Advances to related parties (Note 12)	-	-	352,090,391	352,090,391
Refundable deposits (Note 11,15)	-	-	8,763,700	8,763,700
Subtotal	83,189,000	-	478,835,358	562,024,358
Financial assets at FVOCI (Note 13)	18,478,985	-	-	18,478,985
Total	₱ 101,667,985	₱ -	₱ 478,835,358	₱ 580,503,343
Financial liabilities:				
Accounts payable and accrued expenses* (Note 16)	₱ -	₱ -	₱ 369,732,956	₱ 369,732,956
Lease liability (Note 17)	-	-	16,412,512	16,412,512
Due to related parties (Note 18)	-	-	298,752,313	298,752,313
Total	₱ -	₱ -	₱ 684,897,781	₱ 684,897,781

*Excludes government liabilities

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets at amortization cost:				
Cash (Note 9)	₱ 69,346,315	₱ -	₱ -	₱ 69,346,315
Trade and other receivables, net (Note 10)	-	-	150,344,767	150,344,767
Advances to related parties (Note 12)	-	-	347,720,003	347,720,003
Refundable deposits (Note 11,15)	-	-	8,901,142	8,901,142
Subtotal	69,346,315	-	506,965,912	576,312,227
Financial assets at FVOCI (Note 13)	17,976,035	-	-	17,976,035
Total	87,322,350	₱ -	₱ 506,965,912	₱ 594,288,262
Financial liabilities:				
Accounts payable and accrued expenses* (Note 16)	₱ -	₱ -	₱ 368,018,859	₱ 368,018,859
Lease liability (Note 17)	-	-	14,774,505	14,774,505
Due to related parties (Note 18)	-	-	292,845,314	292,845,314
Total	₱ -	₱ -	₱ 675,638,678	₱ 675,638,678

*Excludes government liabilities

As at December 31, 2025 and 2024, there are no financial assets or financial liabilities measured at fair value. There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2025 and 2024.

Financial instruments not measured at fair value for which fair value is disclosed

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

NOTE 33 – OTHER MATTERS

I. Legal cases

As of December 31, 2024, the Group has the following legal cases:

(a) *Metro Alliance vs. Commissioner of Internal Revenue*
Assessment for deficiency withholding taxes for the year 1989, 1990 and 1991

On July 5, 2002, the Parent Company received a decision from the Court of Tax Appeals (CTA) denying the Parent Company's Petition for Review and ordering the payment of ₱83.8 million for withholding tax assessments for the taxable years 1989 to 1991. The Parent Company filed a Motion for Reconsideration on July 31, 2002 but this was subsequently denied by the CTA. A Petition for Review was filed with the CTA on November 8, 2002, which was also denied by the CTA. The Parent Company then appealed the decision of the CTA to the Court of Appeals (CA), which likewise denied the appeal and upheld the assessment against the Parent Company. The Parent Company, through its legal counsel, filed a Motion for Reconsideration with the CA in December 2003.

On July 9, 2004, the Parent Company received the CA resolution denying the Motion for Reconsideration. On July 22, 2004, the Parent Company filed with the CA a Motion for Extension of time to file an appeal to the Supreme Court (SC). On August 20, 2004, the Parent Company filed said appeal. On October 20, 2004, the Parent Company received the resolution of the SC denying its Petition for Review for lack of reversible error. The Parent Company filed a Motion for Reconsideration. On January 10, 2005, the SC issued an Order stating that it found no ground to sustain the Parent Company's appeal and dismissed the Parent Company's petition with finality.

On April 26, 2006, the Parent Company filed a Petition for Review before the CTA en banc. On March 7, 2007, the CTA en banc dismissed the Petition for lack of merit. The CTA en banc affirmed the CTA's decision granting the Motion for Issuance of Writ of Execution filed by the Commissioner of Internal Revenue.

As of December 31, 2024, the Parent Company has not received any order of Execution relative to this case. Accordingly, the related obligation is not currently determinable.

(b) *Metro Alliance and Philippine Estate Corporation vs. Philippine Trust Company, et al., Civil Case SCA#TG-05-2519, RTC Tagaytay City Branch 18*
Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, Annulment in Decrease in Interest Rates, Service Charge, Penalties and Notice of Sheriffs Sales plus Damages

On September 14, 2005, the Parent Company (MAHEC) and Philippine Estate Corporation (PHES) filed a Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, and Annulment in Decrease in Interest rates, Service Charge, Penalties and Notice of Sheriffs Sale, plus Damages with prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction. The case stemmed from imminent extra-judicial foreclosure of four (4) mortgaged Tagaytay lots covered by Transfer Certificate of Title (TCT) Nos. T-355222, T-35523, T-35524 and T-35552 subject to the Real Estate Mortgage executed by MAHEC and PHES securing ₱280 million loan last December 2003.

On October 6, 2005, the Regional Trial Court (RTC) of Tagaytay City issued and granted the Writ of Preliminary Injunction (first injunction). The preliminary injunction issued by the RTC stopping the foreclosure was nullified by both Court of Appeals and Supreme Court, after which Philtrust proceeded to foreclose, and acquired those properties for only ₱165.8 million. When MAHEC and PHES failed to redeem,

Philtrust consolidated title and Tagaytay registry issued new TCTs cancelling PHES' TCT. On October 10, 2011, MAHEC filed Notice *Lis Pendens* vs. four (4) new TCTs of Philtrust.

The case is now back to Tagaytay RTC for trial hearings under new acting Judge Jaime Santiago. MAHEC and PHES already presented witnesses. Next trial hearing was set on April 12, 2016 for presentation of plaintiff's last witness for explanation of why the checks issued in 2004 in favor of Philtrust Bank intended to settle the loan were all dishonored and were returned unpaid.

The Parent Company was able to get the formal trial started and on-going. The Parent Company's most important move was the presentation of a very competent real estate appraiser, realtor, Cesar Santos, who was able to successfully defend in court his ₱811.6 million valuation of the foreclosed Tagaytay properties. Trial hearings are on-going, and it is now defendant Bank's turn to adduce evidence. Plaintiffs have closed their evidence presentation wherein all offered evidence were admitted, over the objections of defendant Bank. At the last hearing held on December 6, 2016, defendant Bank's star witness was subjected to Plaintiff's cross examination wherein they obtained many damaging admissions against the Bank. Plaintiff's counsels' cross-examination resumed at trial hearing last April 25, 2017.

Damages sought are ₱1,000,000 as and by way of exemplary damages and ₱500,000 as and by way of attorney's fees, litigation expenses and cost of suit.

On February 21, 2019, the defense presented its second witness, Mr. Godofredo Gonzales, an appraiser of Philippine Trust Company. However, the cross-examination of the witness was reset to June 27, 2019.

On October 17, 2019, Philtrust submitted a Formal Offer of Evidence in RTC.

In 2020, the Parent Company acknowledged the obligation to PHES, which was due and demandable on June 30, 2020. The Parent Company, however, failed to pay the amount on that date, for which, legal interest has been accrued at the end of the year. PHES and MAHEC agreed to issue a promissory note last March 15, 2021 for a period of 5 years or a maturity date of March 15, 2026 to record MAHEC obligations on the foreclosed properties of PHES.

As at December 31, 2024, this is awaiting decision of the court.

(c) MAHEC, et.al. vs. Philippine Veterans Bank, et.al., Civil Case No. BCV-2011-175

This is an appeal by Philippine Veterans Bank (PVB) before the Court of Appeals of the Decision of the Regional Trial Court (RTC) Br. 19 of Bacoor, Cavite which made permanent the writ of preliminary injunction issued against the defendants PVB and the Ex-Officio Sheriff of the RTC, Bacoor, Cavite, extinguished the real estate mortgage and ordered PVB to return the transfer certificates of title covering the mortgaged properties and to refund MAHEC the Php25,000,000.00 excess payment plus 6% per annum from finality of the Decision.

The civil case originated from complaint filed by MAHEC and Polymax Worldwide Ltd. before the RTC Br. 19 of Bacoor, Cavite for injunction against the Philippine Veterans Bank and the Ex-Officio Sheriff of the RTC Bacoor, Cavite to prevent the sale at public auction of real estate mortgaged under the Real Estate Mortgage dated January 19, 2004.

As of December 31, 2024, this case is awaiting notice from the Court of Appeals for PVB to file the appellant's brief.

(d) MAHEC, POLYMAX & WELLEX vs. Phil. Veterans Bank., et al., Civil Case #08-555 now SC GR. No. 240495 and 240513, RTC Makati Branch 145
Civil Action with Damages to Nullify the Foreclosure of Property

The case is an injunction suit with damages filed on July 23, 2008 in RTC-Makati to nullify the foreclosure of Pasig lot securing a ₱350 million loan obtained by MAHEC, Polymax and Wellex. Initially, Temporary Restraining Order (TRO) and preliminary injunction was issued, but afterwards, it was lifted, enabling Philippine Veterans Bank (PVB) to foreclose. In successive certiorari cases that plaintiffs filed, both Court of Appeals (CA) and Supreme Court (SC) upheld PVB. Worse yet, due to major lapse of the plaintiff's original counsels, *lis pendens* on foreclosed Pasig lot was cancelled, and in March 2012, PVB sold the lots to

Zen Sen Realty Development Corporation who got new Transfer Certificate of Title (TCT). The above case was consolidated with other case of affiliated company with the same RTC. In 2013, Parent Company's legal counsel brought Zen Sen Realty Development Corporation as defendant also and prayed that the PVB sale to it be nullified. In October 2014, Parent Company's legal counsel dropped Zen Sen Realty as an unnecessary defendant, after which DECISION was rendered vs. PVB on January 9, 2015, declaring the ₱550M loan (total loan of MAHEC, Polymax, Wellex and other affiliated companies) as fully paid, and even over-paid; discharging all the mortgages, and voiding the 2012 sale made to Zen Sen. PVB was ordered to refund to plaintiffs the ₱3.25 million overpayment. PVB filed a motion for reconsideration which was denied. PVB filed Notice of Appeal to Court of Appeal on May 8, 2015, which the Parent Company's legal counsel questioned as defective, but the RTC ruled against the company in its May 12, 2015 Order.

Upon appeal thereof by both parties, the Court of Appeals rendered its Decision dated June 29, 2017, partly granting PVB's appeal, and declared that: (a) the legal interest of 12% per annum be applied to the principal amounts; and (b) that MAHEC, et al. remain liable to pay PVB the amount of ₱69.7 million as of November 2006. MAHEC, et al. filed their "Motion for Reconsideration" dated July 31, 2017. The Court of Appeals rendered its Amended Decision dated February 28, 2018, stating that the outstanding obligation of MAHEC, et al., if any, shall earn interest at 6% per annum from July 1, 2013 onwards, pursuant to Central Bank Circular No. 799. The Court of Appeals denied PVB's Motion for Reconsideration thereof in its Resolution dated July 2, 2018.

On August 24, 2018, MAHEC, et.al filed with the Supreme Court its "Petition for Review on Certiorari" dated August 22, 2018. This was consolidated with PVB's "Petition for Review" dated August 24, 2018, which was previously raffled to the Supreme Court's Third Division.

In G.R. No. 240495, Parent Company received a copy of PVB's "Comment/Opposition" dated October 30, 2019. On December 4, 2019, MAHEC, et al. filed "Motion to Admit Reply" with attached Reply, both dated November 28, 2019.

In G.R. No. 240513, MAHEC, et al. already "Comment (On the Petition for Review dated August 24, 2018)" dated August 30, 2019.

On February 23, 2021, the case was set for the presentation of plaintiffs' evidence. However, the case was rescheduled on June 22, 2021 due to lack of return card of the notice of the hearing sent to defendant's counsel.

On April 18, 2022, MAHEC et al received the Supreme Court's Notice of Judgment dated April 4, 2022 with attached Decision dated September 15, 2021, rendered in the case which they filed to restrain PVB from foreclosing on the Pasig property. Thereafter, PVB filed its undated Motion for Reconsideration on May 5, 2022.

In response, PVB filed its Opposition dated November 2, 2022, praying that MAHEC, et al.'s Motion should be denied. In its order dated November 7, 2022, the trial court partially granted MAHEC et al.'s Motion and issued a Writ of Execution of even date, ordering its Sheriff to demand the Register of Deeds, Pasig City, to: (a) cancel PVB's TCT No. 011-201000057 over the Pasig Property; and (b) reconstitute Wellex's TCT No. PT-101589 thereover.

The parties filed their respective Motion for Partial Reconsideration. MAHEC, et. al. prayed that the order securities mortgaged to the loan must be discharged and released, as decided by the trial court in its Decision dated January 9, 2015, and attached to their Motion appraisal reports showing the amounts of reasonable rent to which Wellex is entitled. On the other hand, PVB argued in its Motion that Wellex's TCT No. PT-101589 cannot be reconstituted because the Pasig Property was already transferred to a third party, Zen Sen Realty Development Corporation. The trial court denied both Motions.

Meanwhile, the trial court's Sheriff reported to MAHEC, et.al. that despite their demand on the Register of Deeds, Pasig City, the latter was unable to reconstitute Wellex's TCT No. PT-101589 over the Pasig Property. However, on January 16, 2023, the Register of Deeds of Pasig City, subsequently complied with the Writ and: (a) reported that PVB's TCT No. 011-201000057 has already been cancelled; and (b) duly issued TCT No. 011-2023000787 over the Pasig Property, in the name of Wellex. Thus, the Decision has been partially satisfied as regards the portion of the judgment award directing the Register of Deeds of Pasig City to reconstitute the title of the Pasig Property in favor of Wellex.

Thereafter, PVB filed its “Motion for the Issuance of a Writ of Execution” dated March 10, 2023, praying that the trial court issue a writ of execution ordering MAHEC, et. al. to pay to PVB their outstanding principal obligation of Php66,202,988.64, plus interest until full payment, and/or garnish upon MAHEC, et. al.’s properties not exempt from execution in the event they refuse to pay said amounts.

In response, MAHEC, et. al. filed their Opposition dated March 28, 2023 opposing the same for being grossly premature and for utter lack of merit, considering that legal compensation may take place as regards the respective judgment awards in favor of Wellex and PVB, for reasonable rent and the amount of the outstanding loan obligation plus interest, respectively.

The cases were re-raffled to RTC-Makati, Branch 56. Upon MAHEC, et al.’s motion, in its Order dated August 10, 2023, the presiding judge of RTC-Makati, Branch 56 voluntarily inhibited himself from presiding in this case because he was formerly part of Wellex’s corporate counsel. Thus, these cases were re-raffled to RTC-Makati, Branch 142, on August 22, 2023.

On September 27, 2023, MAHEC et. al. filed an Omnibus Motion seeking the RTC Makati, Branch 142’s determination of the reasonable amount of rent due to Wellex from PVB over the Pasig property.

After hearings were conducted, in its Order dated May 31, 2024, the RTC Makati Branch 142 ordered the execution and implementation of the Supreme Court’s Decision: (a) Ordered the restoration to Wellex the actual possession of the Pasig Property, by serving a formal written notice on Wellex, that it can freely occupy and exercise acts of dominion on the Pasig property; (b) Wellex is entitled to reasonable rent from PVB in the amount of Php137,862,000.96, and the recurring amount of Php39,664,450.00 per year reckoned from June 1, 2024 until Wellex is physically restored in actual possession of the Pasig property; and (c) Legal compensation was recognized between the concurrent obligations of the parties. Consequently, MAHEC/Polymax’s obligation in the amount of Php204,696,013.31 was considered extinguished, while PVB was further directed to pay MAHEC/Polymax et.al. its remaining balance of reasonable rent in the amount of Php137,860,000.96 and will continue to pay Php39,664,450.00 per year, as reasonable rent, from June 1, 2024 until Wellex is physically restored in actual possession of the Pasig property; and (d) PVB was directed to immediately return to them the transfer certificate of title and stock certificates evidencing all collaterals or mortgages securing the loan.

After PVB’s Motion for Reconsideration dated July 15, 2024 was denied, a Writ of Execution dated October 18, 2024 was issued. On October 30, 2024, the court sheriff implemented the writ and PVB preformed the ff: (a) PVB issued its “Certificate of Turn-Over” of even date, declaring that it does not have possession of the Pasig Property and that Wellex can now freely acquire possession thereof; (b) On November 11, 2024, PVB delivered the titles and collateral documents securing the loan to the Sheriff; and (c) On November 15, 2024, PVB paid MAHEC the amount of Php137,862,000.96 which is equivalent to the full monetary judgment specified in the Writ.

On January 8, 2025, the court sheriff served a copy of the Writ to the previous registered owner of the Pasig property (buyer of the Pasig property), directing it to serve formal written notice on Wellex, that it can freely occupy and exercise acts of dominion on the Pasig property.

As of the filing of this report, the court sheriff is awaiting: (a) confirmation from the Register of Deeds that all collaterals and mortgages securing the subject loan has indeed been released and discharged; and (b) the formal written notice to Wellex has been served.

(e) MAHEC, POLYMAX, Renato B. Magadia (Metro Group/plaintiffs) vs NPC International Limited, et al. (NPC Group/defendants) Civil Case No. R-PSG 19-02106, RTC Pasig City Branch 159 and related cases
Corporate Mismanagement and Damages with Application for Temporary Restraining Order and Injunction

On August 1, 2019, MAHEC together with co-plaintiffs, Polymax Worldwide Limited (Polymax) and Renato B. Magadia instituted a civil case in the Regional Trial Court (RTC) of Pasig City – Branch 159 against NPC International Limited (NPCI), NPC Alliance Corporation (NPCA), et. al. docketed as Civil Case No. R-PSG 19-02106CV for mismanagement and damages, restitution of 80% equity in NPCA, deletion from the accounting books and financial statements of NPCA the accounts due to Parent Company and trade payables due to NPCI and PGPCI as reflected in the audited financial statements of NPCA, reimbursement of total

accumulated losses as reflected in 2018 audited financial statements of NPCA as well as reimbursement of opportunity losses in the amount of Php100 million.

After failure of settlement in both Mediation and Judicial Dispute Resolution proceedings, the case is now set for pre-trial. The Pre-Trial hearing was set originally on August 1, 2023. However, due to the ongoing compromise talks between the parties, both parties filed two (2) Joint Motion to Cancel and Reset Hearing on July 31, 2023 and October 31, 2023. Both Joint Motion were granted by the Court. Hence, the Pre-Trial hearing is scheduled on January 30, 2024.

On the other hand, NPCI filed a countersuit with the Permanent Court of Arbitration at the Hague. This counter suit prays for payment by the MAHEC and Polymax of costs and damages that the NPCI has incurred for the preservation of the Bataan polyethylene plant from 2018 to the date of the award. MAHEC and Polymax questioned the jurisdiction of the Permanent Court of Arbitration. Nonetheless, the arbitral court refused to bifurcate the issue on jurisdiction but proceeded with the arbitration proceedings. As a matter of courtesy, but without prejudice to its position that they are not subject to the jurisdiction of the Honorable Tribunal, MAHEC and Polymax submitted all its Replies on the arguments presented by NPCI.

The parties have entered into an agreement, wherein the parties amicably and voluntarily agreed to settle their claims and withdraw all pending cases. In view of the parties' settlement agreement, Plaintiffs move for the withdrawal of their Complaints dated August 1, 2019 on January 17, 2025 at the RTC Pasig City Branch 159. On January 22, 2025, the Court granted the Motion to Withdraw.

As mentioned in the previous case above, the parties have entered into an agreement wherein NPCI also agreed to withdraw the case in the Permanent Court of Arbitration by sending a formal letter of withdrawal dated January 17, 2025.

- (f) *Metro Alliance Holdings & Equities Corporation, Polymax Worldwide Limited, And Renato B. Magadia vs. Regional Trial Court-Pasig (Branch 159), NPC Alliance Corporation, Amir Hatami Ramsheh, Homayoon Izadi, and Rannier Espino G.R. No. 261861*

Pending before the Court of Appeals Manila – Twelfth Division, is NPC Alliance Corporation's (NPCA) Petition for Certiorari assailing the Regional Trial Court Pasig Branch 159's (RTC Pasig) Order dated February 3, 2020 denying the NPCA's Motion to Refer Dispute to Arbitration and ruling that the Shareholders' Agreement had been superseded by the execution of the Settlement Agreement among the parties.

On March 6, 2024, the Court issued a Decision granting the instant Petition for Certiorari and annulling the RTC Pasig's Order dated February 3, 2020. MAHEC filed a Motion for Reconsideration on April 11, 2024.

Pending the resolution of the aforesaid Motion for Reconsideration, the parties have entered into an agreement, wherein the parties amicably and voluntarily agreed to settle their claims and withdraw all pending cases. Hence, on January 17, 2025, NPCA filed a Motion to Withdraw asking the Court to grant its motion to withdraw the instant Petition. The aforesaid Motion to Withdraw is pending resolution.

- (g) *Philippine Veterans Bank vs. Hon Rainald C. Paggao, et.al CA G.R. No. SP No. 185926, Court of Appeals, Manila Seventeenth Division*
Petition for Certiorari and Prohibition (With Urgent Prayer for the Issuance of a Temporary Restraining Order and Writ of Preliminary Injunction and/or Restraining Order and Writ of Preliminary Injunction and/or Other Injunctive Remedies)

On September 16, 2024, PVB filed the above motion before the Court of Appeals to: (a) restrain the implementation of the RTC, Makati City Branch 142's May 31 and August 15, 2024 Orders in relation to the preceding case; (b) declare said Orders void, and issued with grave abuse of discretion; (c) declare that the market value of the Pasig property from 2010 to present is zero, or in the alternative, that the monthly rental cannot exceed Php100,000; and (d) command MAHEC, et.al. to pay PVB the principal loan of Php66,202,988.64 plus interest, until full payment, which as of May 22, 2024 is Php206,420,918.58.

On December 16, 2024, MAHEC et.al filed their Manifestation and Motion of even date, arguing that PVB's prayer to enjoin the RTC-Makati Branch 142 from implementing the May 31 and August 15 2024 Orders, which execute the final and executory Supreme Court's Decision, has been rendered moot and academic due to PVB's voluntary compliance with the Writ.

On December 18, 2024, respondents received the court's Resolution dated December 5, 2024, ordering them among others, to: (a) file a Comment on the Petition; and (b) show cause why no temporary restraining order and/or writ of preliminary injunction should issue within ten (10) days from notice thereof.

Pursuant thereto, MAHEC et.al. filed their: (a) Compliance; and (b) Comment, both dated January 2, 2025 on even date.

As of the filing of this report, the Petition is still pending resolution.

There are also other pending minor legal cases against the Parent Company. Based on the facts of these cases, management believes that its positions have legal merits and the resolution thereof will not materially affect the Parent Company's financial position and result of operations.

(h) *Adolfo Escote Dela Torre, Ill, et. Al. vs. Metro Combined Logistics Solutions Inc.,(MCLSI) et al., NLRC LAC 04-001185-24, NLRC NCR Case No. 04-00291-23*

The complaint filed in May 2023 for illegal dismissal with non-payment of service incentive leave, 13th month pay, separation pay, and claims for moral and exemplary damages, and attorney's fee filed by two (2) project employees of MCLSI for the MCLI-Nai Project. MCLSI will be filing a petition for certiorari with the Court of Appeals before 21 April 2025 to elevate the decision and Resolutions of the NLRC. In the meantime, execution proceedings will proceed before the NLRC upon receipt of the Entry of Judgment. Assuming that MCLSI secures a win in the Court of Appeals, it will initiate restitution proceedings for the amounts it will be compelled to pay before the NLRC.

(i) *MCLSI vs. Freight Management Worldwide and MCC Transport Philippines Inc., R-MKT-19-01658-CV:*

For the collection of a sum of money and damages. Counsel for FMW submitted a written motion to substitute a witness, however, this was objected to by MCLSI as well as by counsel for MCC. Ultimately, the court resolved to deny this motion, and FMW formally rested its case on 13 February 2024. On 23 July 2024, defendant MCC Transport formally offered its evidence and concluded the presentation of its witness. As the undersigned deemed it unnecessary to present any rebuttal evidence, the case was submitted for decision. To date, no decision has yet been issued.

(j) *Nutri-Asia, Inc., vs. Metro Combined Logistics Solutions, Inc. (MCLSI), PDRCI Case No.2024-164:*

MCLSI received a notice of arbitration dated 04 December 2024 filed by NAI before the Philippine Dispute Resolution Center, Inc. (PDRCI). On 28 January 2025, MCLSI received the order to respond to the issue by the PDRCI, directing MCLSI to communicate its response to NAI's Notice of Arbitration. The parties are now waiting for a Notice from the Arbitral Tribunal setting the case for a Case Management Conference.

(k) *Metro Combined Logistics Solutions, Inc. vs. Bureau of Internal Revenue, CTA case No. 12294*

On 23 December 2025, Metro Combined Logistics Solutions, Inc. (MCLSI) filed a Petition for Review before the Court of Tax Appeals (CTA), assailing the assessment issued by the Bureau of Internal Revenue (BIR). The petition was dated 22 December 2025 and was accompanied by a Motion for Suspension of Collection of Deficiency Taxes.

NOTE 34 – APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements as of December 31, 2025, consolidated amounts for the years ended December 31, 2024, and 2023 were approved and authorized for issue by the Board of Directors (BOD) on April 23, 2026. The shareholders have the power to amend the consolidated financial statement after issuance.

**INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES
35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards Auditing, the consolidated financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES** as of December 31, 2025 and 2024. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by the Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as of December 31, 2025 and 2024 and no material exceptions were noted.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027


SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

For the firm:


ALFONSO L. CAY-AN
Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10777156, Issued Date: January 13, 2026, Makati City

BOA/PRC Reg. No. 0314 / P-004

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines
April 23, 2026

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARES

IV. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC
RULE ANNEX 68-E FOR THE YEAR ENDED DECEMBER 31, 2023

Ratio	Formula	As of December 31,	
		2025	2023
Current Ratio	Total current assets	₱ 239,140,781	₱ 247,137,745
	Divided by: Total current liabilities	<u>262,598,570</u>	<u>277,157,276</u>
	Current ratio	<u>0.91:1</u>	<u>0.89:1</u>
Acid test ratio	Total current assets	₱ 239,140,781	₱ 247,137,745
	Less: Other current assets	<u>37,970,514</u>	<u>27,446,663</u>
	Quick assets	₱ 201,170,267	₱ 219,691,082
	Divide by: Total current liabilities	<u>262,598,570</u>	<u>277,157,276</u>
	Acid test ratio	<u>0.77:1</u>	<u>0.79:1</u>
Solvency Ratio	Net income	₱ (2,609,512)	₱ 8,538,006
	Add: Depreciation	<u>26,632,109</u>	<u>24,936,675</u>
	Total	₱ 24,022,597	₱ 33,474,681
	Divide by: Total liabilities	<u>700,737,852</u>	<u>705,866,172</u>
	Solvency ratio	<u>0.03</u>	<u>0.05</u>
Net Debt-to-Equity Ratio	Total liabilities	₱ 700,737,852	₱ 705,866,172
	Less: Cash and cash equivalents	<u>83,189,000</u>	<u>69,346,315</u>
		<u>617,548,852</u>	<u>636,519,857</u>
	Divided by: Total Equity	<u>10,129,703</u>	<u>9,992,337</u>
	Debt-to-equity ratio	<u>60.96</u>	<u>63.70</u>
Debt-to-Equity Ratio	Total liabilities	₱ 700,737,852	₱ 705,866,172
	Divided by: Total Equity	<u>10,129,703</u>	<u>9,992,337</u>
	Debt-to-equity ratio	<u>69.18:1</u>	<u>70.64:1</u>
Asset-to-equity ratio	Total assets	₱ 710,867,555	₱ 715,858,509
	Divided by: Total equity	<u>10,129,703</u>	<u>9,992,337</u>
	Asset-to-equity ratio	<u>70.18:1</u>	<u>71.64:1</u>
Interest rate coverage ratio	Income before income tax	₱ (2,980,914)	₱ 12,296,313
	Add: Interest expense	<u>-</u>	<u>-</u>
	Total	₱ (2,980,914)	₱ 12,296,313
	Divided by: Interest expense	<u>-</u>	<u>-</u>
	Interest rate coverage ratio	<u>-</u>	<u>-</u>
Return on average equity	Net income	₱ (2,609,512)	₱ 8,538,006
	Divided by: Average equity	<u>10,061,020</u>	<u>3,054,511</u>
	Return on equity	<u>(2.59:1)</u>	<u>2.80:1</u>
Return on average assets	Net income	₱ (2,609,512)	₱ 8,538,006
	Divided by: Average assets	<u>713,363,032</u>	<u>710,506,819</u>
	Return on assets	<u>0.01:1</u>	<u>0.01:1</u>
Net profit margin	Net income	₱ (2,609,512)	₱ 8,538,006
	Net sales	<u>167,703,423</u>	<u>198,793,215</u>
	Net profit margin	<u>(0.02:1)</u>	<u>0.04:1</u>

**REPORT OF INDEPENDENT PUBLIC AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE
BASIC FINANCIAL STATEMENTS**

The Stockholders and the Board of Directors

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

35th Floor One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave.
Ortigas Center, Pasig City

We have examined the consolidated financial statements of **METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES** as of December 31, 2025 on which we have rendered the attached report dated April 23, 2026. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The applicable supplementary schedules of the Group as of December 31, 2025 and for the year ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

For the firm:


ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10777156, Issued Date: January 13, 2026, Makati City

BOA/PRC Reg. No. 0314 / P-004

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines

April 23, 2026

METRO ALLIANCE HOLDINGS AND EQUITIES CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

I	Supplemental schedules required by Revised SRC Rule Annex 68-J	
A	Financial Assets	<u>Attached</u>
B	Amounts receivables from directors, officers, employees, related parties and principal stockholders (other than related parties)	<u>Attached</u>
C	Amounts receivables and payable from/to related parties which are eliminated during consolidation process of financial statements	<u>Attached</u>
D	Intangible assets - other asset	<u>Attached</u>
E	Long-term debt	<u>Not applicable</u>
F	Indebtedness to related parties (Long-term loans from related parties)	<u>Attached</u>
G	Guarantees of securities of other issuers	<u>Not applicable</u>
H	Capital Stock	<u>Attached</u>
II	Map of the relationships of the Parent Company within the Parent Company	<u>Attached</u>
III	Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as required by Revised SRC Rule Annex 68-D	<u>Attached</u>
IV	Schedule of Financial Soundness Indicators as required by Revised SRC Rule Annex 68-E	<u>Attached</u>

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARES

I. SUPPLEMENTAL SCHEDULES REQUIRED BY REVISED SRC RULE ANNEX 68-J AS AT DECEMBER 31, 2024

SCHEDULE A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and rates	Amount shown in the financial position	Value based on market quotation at end of reporting period	Income received and accrued
<i>Financial assets at amortized cost</i>				
Cash	-	₱ 83,189,000	₱ 83,189,000	₱ 1,121,417
Trade and other receivables, net	-	117,981,267	117,981,267	-
Refundable deposits	-	8,644,383	8,644,383	-
Subtotal		<u>209,814,650</u>	<u>209,814,650</u>	<u>1,121,417</u>
<i>Financial assets at FVOCI</i>				
Waterfront Philippines, Inc	-	5,891,700	5,891,700	-
Taguig Lake City Development	-	12,500,000	12,500,000	-
Others	-	87,285	87,285	-
Subtotal		<u>18,478,985</u>	<u>18,478,985</u>	-
Total		<u>₱ 228,293,635</u>	<u>₱ 228,293,635</u>	<u>₱ 1,121,417</u>

SCHEDULE B. Amounts of Receivable from Directors, Officers, Employees Related Parties and Principal Stockholders (Other Than Related Parties)

Name and designation of debtor	Balance at beginning of period	Amounts (collected) /transferred	Provision for expected credit losses (ECL)	Amounts written-off	Current	Non-current	Balance at end of period
Polymax Worldwide Limited (special purpose entity)	₱ 352,090,391	-	-	-	-	352,090,391	352,090,391
The Wellex Parent Company, Inc	5,244,098	-	-	-	5,244,098	-	5,244,098
Metro Combined Logistics, Inc.	18,934	-	-	-	18,934	-	18,934
Others	31,373	-	-	-	31,373	-	31,373
Total	<u>₱ 357,384,796</u>				<u>5,294,405</u>	<u>352,090,391</u>	<u>357,384,796</u>

SCHEDULE C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected/ consolidated	Amounts written-off	Current	Non-current	Balance at end of period
Due to related party Metro Combined Logistics Solutions, Inc	₱ 40,500,000				40,500,000	-	<u>40,500,000</u>

SCHEDULE D. Intangible Assets – Other Assets

Description	Balance at beginning of period	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Balance at end of period
SAP Business One	3,857,038	-	(3,805,882)	-	-	51,156

SCHEDULE E. Long-term Debt

Title of issue	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt”	Amount shown under caption “Long term debt” in related financial position
----------------	--------------------------------	--	---

Not Applicable

SCHEDULE F. Indebtedness to Related Parties (Long Term Loans from Related Parties)

Name of related party	Balance at beginning of period	Balance at end of period
Philippine Estate Corporation	₱ 191,456,384	₱ 298,347,592

The Group issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of ₱263,000,345 including a 2% legal interest for the year 2020 and a 2% interest per annum until the maturity date of March 15, 2026.

The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2025 and 2024, the interest and other expenses incurred amounted to ₱45,891,207 and ₱5,891,208, respectively (Note 19).

SCHEDULE G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
---	---	---	---	---------------------

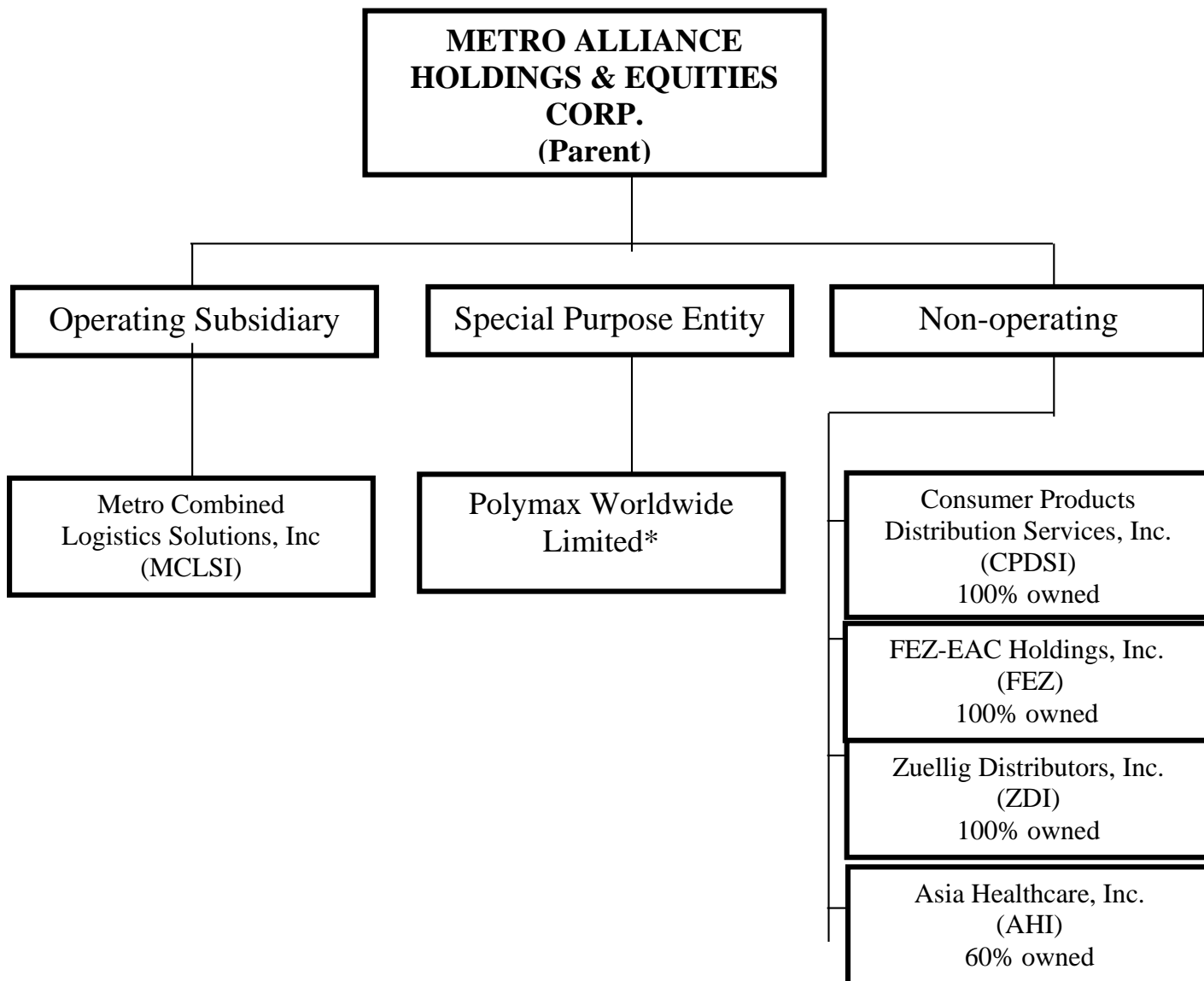
Not Applicable

SCHEDULE H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common - Class A	720,000,000	183,673,470	-	156,590,387	125,115	26,957,968
Common - Class B	480,000,000	122,448,979	-	85,139,552	22,001,000	15,308,427
Total	1,200,000,000	306,122,449	-	241,729,939	22,126,115	42,266,395

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARIES

II. MAP OF THE RELATIONSHIP OF THE PARENT COMPANY WITHIN THE PARENT COMPANY FOR THE YEAR ENDED DECEMBER 31, 2024



*Polymax Worldwide Limited was excluded from the consolidated financial statements since 2007 because the entity is no longer operating as a going concern and is in the process of liquidation.

METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION AND SUBSIDIARES

III. SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS REQUIRED BY SRC RULE ANNEX 68-D FOR THE YEAR ENDED DECEMBER 31, 2024

Items	2024	2023
Unappropriated Retained Earnings, beginning	₱ (378,327,161)	₱ (380,922,904)
Adjustments:		
Prior period adjustment	-	-
Unappropriated Retained Earnings, as adjusted, beginning	(378,327,161)	(380,922,904)
Net Income (Loss) based on the face of AFS	(2,609,512)	8,538,006
Less: Non-actual/unrealized income net of tax		
• Equity in net income/(loss) of associate/joint venture		
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
• Unrealized actuarial gain		
• Fair value adjustment (M2M gains)		
• Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain		
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
• Non-controlling interest in net income	1,739,647	5,942,263
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)		
• Adjustment due to deviation from PFRS/GAAP – loss		
• Loss on fair value adjustment of investment property (after tax)		
• Other unrealized loss or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	2,746,878	5,337,647
FMV gain/(loss) transferred to equity as a result of disposal of equity investment at FVOCI		
Gain/(loss) from disposal of financial assets at FVOCI		
Net Income Actual/Realized		
Unappropriated Retained Earnings, as adjusted, ending	₱ <u>(382,676,320)</u>	₱ <u>(378,327,161)</u>

METRO ALLIANCE HOLDINGS & EQUITIES CORP.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
December 31, 2025

	<u>2025</u>	<u>2024</u>
Total Audit Fees (exclusive of 12% VAT)	₱ 375,000	₱ 360,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Non-audit Fees	-	-
Total Audit and Non-Audit Fees	₱ <u>375,000</u>	₱ <u>360,000</u>

Audit and non-audit fees of other related entities

	<u>2025</u>	<u>2024</u>
Audit fees	₱ -	₱ -
Non-audit service fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit fees of other related entities	₱ <u>-</u>	₱ <u>-</u>



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: DONNA ENCARNADO

Receipt Date and Time: May 07, 2026 01:11:43 PM

Company Information

SEC Registration No.: PW00000296

Company Name: METRO ALLIANCE HOLDINGS & EQUITIES CORP.

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST105072026811315798

Document Type: Quarterly Report

Document Code: SEC_Form_17-Q

Period Covered: March 31, 2026

Submission Type: Original Filing

Remarks: None

Acceptance of this document is subject to review of forms and contents

Certification

I, Annabelle T. Abunda, Finance and Compliance Officer of Metro Alliance Holdings & Equities Corporation, with SEC registration number 296 with principal office at 35th Flr. One Corporate Center, Doña Julia Vargas, cor. Meralco Ave., Ortigas Center, Pasig City, on oath state:

- 1) That on behalf of Metro Alliance Holdings & Equities Corporation, I have caused this First (1st) Quarterly Report SEC Form 17-Q 2026 to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company, Metro Alliance Holdings & Equities Corporation, will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereto set my hands this MAY 07 2026 day of _____, 2026.



Annabelle T. Abunda
Affiant
TIN: 205-231-659

SUBSCRIBED AND SWORN to before me this MAY 07 2026 day of _____, 2026.

PASIG CITY

DOC NO. 188
PAGE NO. 39
BOOK NO. 40
SERIES OF 2026

NOTARY PUBLIC
EDUARDO B. SAHAO

Notary Public
For and in Pasig City and the Municipality of Pateros
Commission No. 122 (2025-2027) valid until 12/31/2027
MCLE Exemption No. VIII-BEP003234, until 04/14/28
Roll No. 46377; IBP LRN 02459; OR 535886; 06/21/2001
TIN 123-011-785; PTR 4018763AA; 01/09/26; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City, NCR, 1605 Philippines

COVER SHEET

P W 0 0 0 0 0 2 9 6

SEC Registration No.

M E T R O A L L I A N C E H O L D I N G S & E Q U I T I E S C O R P . & S U B S I D I A R I E S

(Company's Full Name)

3 5 T H F L O O R O N E C O R P O R A T E

C E N T E R , D O Ñ A J U L I A V A R G A S A V E .

M E R A L C O A V E . , O R T I G A S , P A S I G

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

Atty. Nestor S. Romulo

Contact Person

(632) 8706-7888

Contact Telephone No.

1 2

3 1

Fiscal Year

1 7 - Q

FORM TYPE

3rd Tuesday of July

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

811

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

1st Quarter Report: MAH

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 11
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the quarterly period ended ...**March 31, 2026**
2. Commission identification number...**PW00000296**
3. BIR Tax Identification No.....**000-130-411-000**.
4. **Metro Alliance Holdings & Equities Corp.**
Exact name of issuer as specified in its charter
5. **Metro, Manila Philippines**
Province, country or other jurisdiction of incorporation or organization
6. (SEC use Only)
Industry Classification Code:
7. **35/F One Corporate Centre, Doña Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig**
Address of issuer's principal office
8. **(632) 8706-7888**
Issuer's telephone number, including area code
9. **Not applicable**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

<u>Title of Each Class</u>	<u>No. of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Class A	183,673,470
Common Class B	122,448,979
Outstanding Debt	₱ 709,708,172

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

Yes [] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippines Stock Exchange

Common Class A and Class B

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

13. Aggregate market value of the voting stock held by non-affiliates: **Php60,682,096**

14. Not applicable

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached Consolidated Balance Sheets, Income Statements, Changes in Stockholders' Equity, Cash Flows and Notes to Interim Consolidated Financial Statements (Annex A.1 to 5).

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

Unaudited Income Statement

Income Statement	Amounts in Php		
	Jan.-Mar. 2026	Jan.-Mar. 2025	Jan.-Mar. 2024
Sales and services	₱83,585,955	₱43,628,465	₱46,811,798
Cost of sales and services	(38,100,114)	(34,119,723)	(40,154,976)
Gross profit	45,485,841	9,508,472	6,656,822
Expenses	(13,706,865)	(8,739,835)	(9,089,201)
Other income	6,228,946	7,009	3,486
Net Income Before Tax	38,007,922	775,916	(2,428,893)
Income tax expense	4,885,789	–	–
Net income	33,122,133	775,916	(2,428,893)
Attributable to:			
Equity Holders of the Parent Company	35,808,001	13,898	(1,671,512)
Non-controlling interest	(2,685,868)	762,018	(757,381)
	33,122,133	775,916	(2,428,893)
Earnings Per Share – Equity Holders Of the Parent Company	₱0.11697	₱0.00005	(₱0.0055)

Unaudited Balance Sheet

Balance Sheet	Amounts in Php		
	Mar. 31, 2026	Mar. 31, 2025	Dec. 31, 2025
Current assets	₱281,824,938	₱248,819,199	₱239,140,781
Noncurrent assets	471,350,620	464,844,400	471,726,774
Total Assets	753,175,558	713,663,599	710,867,555
Current liabilities	271,568,890	273,683,501	262,598,570
Noncurrent liabilities	438,139,282	428,708,896	438,139,282
Total Liabilities	709,708,172	702,392,397	700,737,852
Stockholder's Equity	43,467,386	11,271,202	10,129,703
Total Liabilities and Stockholder's Equity	₱753,175,558	₱713,663,599	₱710,867,555

The Group is exploring business opportunities and assessing collection program on its significant receivables from Polymax Worldwide Ltd. to finance its prospective projects. Collection will highly depend on whether a fruitful negotiation with Iranian partners will progress and it started with the simultaneous withdrawal of legal cases filed by NPCI, MAHEC/Polymax and NPCA against each other. As of report date, biggest contributor to the Group's revenue is its logistic arm, MCLSI, which has shown steady growth. The Group will reorganize its operations; evaluate its remaining assets; review all pending legal cases; and settle and resolve its outstanding issues with other regulatory government bodies. The Group will focus on traditionally stable industries or sunrise sectors in order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings.

During the first quarter of 2026, the Parent Company has entered into consultancy agreement with a real estate company to provide technical and consultancy services with regards to the salability of the latter's raw land and lots. This provided the Parent Company a significant revenue amounting to ₱47.5 million exclusive of taxes.

a) Key Performance Indicators

The Metro Alliance (MAH) and its majority-owned subsidiaries key performance indicators as follow:

Metro Alliance

1. Net income
2. Earnings per share – net income attributable to each share of common stock (net income / weighted number of shares outstanding)
3. Return on average equity – ability to generate returns on investment of stockholders (net income / average equity)
4. Debt to total asset ratio – the proportion to total assets financed by creditors (total debt / total assets)
5. Debt to Equity ratio – an indicator of which group has the greater representation in the assets of the company (total debt / equity)

Metro Alliance (Parent Company) financial statements registered unaudited net income of ₱38,619,272 for the 1st quarter of 2026 as compared to the same quarter of 2025 with net loss amounting to ₱767,234 or an increase in net income by ₱39,386,506 or 5133.57% mainly due to the significant revenue generated during the first quarter of 2026 from providing technical and consultancy services to a real estate company.

Comparative analysis of Metro Alliance's key performance indicators is as follows:

Performance indicator	March 31	
	2026	2025
Net Income / (Loss)	₱38,619,272	(₱767,234)
Income / (Loss) per share	0.126	(0.003)
Income / (Loss) on average equity	0.970	(2.963)
Debt to total assets	0.895	0.942
Debt to equity	8.495	16.195

MCLSI

1. Profitability
 - a. Gross profit margin – measures the profitability of revenues (services) in relation to the cost of services (gross profit / revenues)
 - b. Net profit margin – ability to generate surplus for stockholders (net income / sales)
 - c. Return on assets – ability to generate returns from assets (net income / assets)
 - d. Return on equity – ability to generate returns on investment of stockholders (net income / stockholders equity)
2. Liquidity ratios
 - a. Current ratio – capacity to meet current obligations out of its liquid assets (current assets/current liabilities)
 - b. Receivables turnover and days' sales in receivables – measures the ability to collect receivables (net credit sales / average trade receivables) (365 days / receivables turnover)

The decrease in MCLSI's gross profit resulted mainly due to discontinued contracts. With the decrease in operating income, net profit margin, return on assets and return on equity decreased. Current ratio increased due to the increase in accruals and other payables. In addition, turnover of receivables resulted to a lower collections compared to last year.

Comparative analysis of MCLSI's key performance indicators on March 31 are as follows:

Performance indicator	2026	2025
<u>Profitability</u>		
a. Gross profit margin	0.172	0.218
b. Net profit margin	(0.152)	0.036
c. Return on assets	(0.023)	0.006
d. Return on equity	(0.039)	0.011
<u>Liquidity</u>		
a. Current ratio	1.566	2.288
b. Receivables turnover	0.641	0.430
c. Days' sales in receivables	569.423	848.837

Consumer Products Distribution Services, Inc. (CPDSI), FEZ-EAC Holdings, Inc.(FEZ-EAC), Zuellig Distributors, Inc. (ZDI) and Asia Healthcare, Inc. (AHI)

Currently, CPDSI, FEZ-EAC, ZDI and AHI have no performance indicators because these are non-operating companies. Management is considering a rationalization plan to address the future of these non-operating subsidiaries.

b) Changes in Operating Results

Net Income and Earnings (Loss) Per Share

The Group registered a consolidated net income of ₱33,122,133 for the 1st quarter of 2026 as against net income of ₱775,916 for the 1st quarter of 2025 or an increase in net income by ₱33.9 million or 4368.78% due to generated revenue of the Parent Company during the first quarter of 2026 amounting to ₱47.5 million for providing technical and consultancy service to a real estate company. Income (Loss) per share attributable to equity holders of Parent Company are ₱0.11697 and ₱0.00005 for the 1st quarter of 2026 and 2025, respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group.

Sales and Services

The Group registered gross service revenue of ₱83.6 million and ₱43.6 million for the quarters ended March 31, 2026 and 2025. Revenue increased by ₱40 million or 91.74% due to the generated revenue of the Parent Company during the first quarter of 2026 amounting to ₱47.5 million for providing technical and consultancy service to a real estate company.

Cost of Sales and Services

Total cost of sales and services for the quarters ended March 31, 2026 and 2025 amounted to ₱38.1 million and ₱34.1 million, respectively or an increased by ₱4 million or 11.73% against the same quarter last year and also was due to the following net effect of expenses; decrease in personal cost by ₱2.9 million, increase in rent and utilities by ₱0.7 million, decrease in transportation expense by ₱0.5 million and increase in outside services by ₱5.7 million and increase other cost by ₱1 million.

Operating Expenses

Total operating expenses of the Group for the 1st quarter of 2026 amounted to ₱13.7 million as compared to ₱8.7 million for the 1st quarter of 2025 or an increase by ₱5 million or 57.47%. The increase was mainly attributable on the following: increase in professional fee by ₱4.1 million, decrease in personnel cost by ₱0.2 million, increase in communication and supplies by ₱0.8 million, increase in entertainment by ₱0.4 million, decrease in depreciation by ₱0.2 million and increase in remaining expenses by ₱0.1 million.

Other income

Other income for the quarters ended March 31, 2026 and 2025 amounted to ₱6,228,946 and ₱7,009, respectively. The account pertains to interest income from banks and time deposit and other income not arising from ordinary course of business. During the first quarter of 2026, the Parent Company recorded a reversal on allowance for impairment on input VAT amounting to ₱5.7 million due to the revenue recognized which resulted to an output VAT.

c) Changes in Financial Conditions

Assets

Cash and cash equivalents as of March 31, 2026 and 2025 amounted to ₱82.5 million and ₱73.3 million, respectively. Net cash flows from operating activities is ₱679,659, net cash flows from investing activities is ₱2,372 and net cash flows from financing activities is ₱15,789.

Receivables amounted to ₱159.8 million as of March 31, 2026 and ₱138.3 million as of March 31, 2025 (net of allowance for doubtful accounts) or an increase of ₱21.5 million or 15.55%. Movement in the accounts is mainly attributable to the increase in trade receivable by ₱21.4 million and increase in other receivables by ₱0.1 million.

Other current assets amounted to ₱39.5 million and ₱37.2 million as of March 31, 2026 and 2025, respectively (net of allowance for probable losses of ₱9.5 million and ₱15.1 million, respectively) or an increase of ₱2.3 million or 6.18%. The increase was due net effect of the following: decrease in input VAT by ₱5.4 million and increase in prepayments and others by ₱2.1 million and decrease in provision for allowance for impairment by ₱5.6 million.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱18.7 million and ₱18.5 million in March 31, 2026 and 2025, respectively. This account includes shares of stocks owned in publicly listed company and unquoted equity investment carried at cost. During the latter part of 2017, the Parent Company made an investment to a non-listed entity, whose primary activity is to engage in real estate development. The increase pertains to recognition of fair market value gain on restating the listed shares to its fair market value as of March 31, 2026.

Property and equipment amounted to ₱29.2 million and ₱27.9 million in March 31, 2026 and 2025, respectively. The Group has no outstanding contractual commitments to acquire certain property and equipment as of March 31, 2026 and 2025 and the Group carried out a review of the recoverable amounts of its property and equipment. The Group has determined that there is no indication that an impairment loss has occurred on its property and equipment.

Deferred tax assets in the 1st quarter of 2026 decrease by ₱1.9 million as compared to 1st quarter of 2025 due to recognition of tax benefit on future deductible expense.

Other non-current assets as of March 31, 2025 and 2024 amounted to ₱8.7 million and ₱9.2 million, respectively or a decrease by ₱0.5 million due to decrease in refundable deposits. This account consists of intangible asset pertaining to non-exclusive software license cost for use in MCSLI's warehouse management system and the non-current portion of refundable deposits.

Advances to related parties amounted to ₱351.1 million and ₱347.6 million (net of probable expected credit losses of ₱232.1 million and ₱229.2 million, respectively) as of March 31, 2026 and 2022, respectively, which represents advances to Polymax, the Group's unconsolidated special purpose entity incorporated in British Virgin Island solely for the purpose of acquiring the petrochemical plant of NPC Alliance Corporation (NPCA). Amount collected as of March 31, 2026 and 2025 are ₱969,849 and ₱65,080, respectively.

Liabilities

The Accounts payable and accrued expenses – current portion as of March 31, 2026 and 2025 amounted to ₱255.2 million and ₱258.5 million, respectively. The decrease by ₱3.3 million or 1.28% was due to increase in trade payables amounting to ₱5.5 million, decrease in accrued expenses by ₱6 million and decrease in other current liabilities by ₱2.8 million. Trade payables are noninterest bearing and have credit terms of 30 to 60 days. Accrued expense and other liabilities mainly include accruals for manufacturing and operating expenses, other taxes payable, advances from customers and provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered. *Accrued expenses – noncurrent portion* amounted to ₱123,438,803 which composed of management fee and reserve for contingency BIR.

Lease Liability is the liability recognized in relation to the adoption of PFRS 16. Current lease liability amounted to ₱15.9 million and ₱14.8 million as of March 31, 2026 and 2025, respectively. Noncurrent portion of Lease liability amounted to ₱2.7 million and ₱2 million as of March 31, 2026 and 2025, respectively.

The *Due to related parties - current* as of March 31, 2026 and 2025 amounted to ₱0.4 million and ₱0.4 million, respectively. *Due to related parties - noncurrent* as of March 31, 2026 and 2025 amounted to ₱298.3 million and ₱292.5 million, respectively. In 2020, The Group issued a 5-year promissory note to its affiliate, Philippine Estate Corporation, with a principal amount of ₱263,000,345, including a 2% legal interest for the year 2020 and a 2% interest per annum until the maturity date of March 15, 2026. The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

Accrued retirement benefit cost amounted to ₱13.7 million and ₱10.8 million as of March 31, 2026 and 2025, respectively. MAHEC and MCLSI has unfunded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date. There is no provision for retirement benefit for March 31, 2026 and 2025, respectively, as the management determined that current accrual is sufficient enough to cover

retirement benefits of remaining employees. The Group expects no contributions are to be made yet in the future years out of the defined benefit plan obligation. In 2020, the Board of Directors approved to write-off the remaining retirement benefit payable of the Parent Company since it has no longer have employees.

Summary of Material Trends, Events and Uncertainties

The accompanying consolidated financial statements have been prepared assuming that Group Company will continue as a going concern.

As of March 31, 2026 and 2025, the Group has significant advances to Polymax Worldwide Limited (Polymax), an unconsolidated special purpose entity incorporated in British Virgin Islands, amounting to ₱351.1 million and ₱347.6 million (net of probable expected credit losses of ₱232.1 million and ₱229.3 million, respectively) relating to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in the next section below. On the other hand, Polymax (jointly and severally with the Parent Company) has past due liabilities, including interest and penalties, amounting to ₱994.7 million, which were obtained to partially finance the acquisition of the petrochemical plant, resulting from the transfer of past due loans as discussed in the next paragraph.

In 2007, the Parent Company unilaterally transferred to Polymax two significant past due liabilities totaling ₱866.7 million as of December 31, 2006 that were obtained (jointly and severally with Polymax) to partially finance the acquisition of the petrochemical plant, and applied these against the Parent Company's advances to Polymax, in order to reflect the economic substance of the acquisition and related loan transactions. The remaining 20% of Polymax's interest in the petrochemical plant is for sale. The realization of the Parent Company's advances to Polymax (an unconsolidated special purpose entity starting in 2007) and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, depend on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPC Alliance Corporation (NPCA) and from the letter of comfort issued by the Parent Company's major stockholders in favor of the Parent Company.

The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. Management's plan is to infuse additional capital to address the going concern uncertainty.

Legal Cases

Below is the list of legal matters of the Group as of March 31, 2026, which are fully disclosed in Note 32:

- a) Metro Alliance vs. Commissioner of Internal Revenue - Assessment for deficiency withholding taxes for the year 1989, 1990 and 1991. As of March 31, 2026, the Company has not received any order of Execution relative to the case. Accordingly, the actual related obligation is not currently determinable but estimated provision for contingent liability was recognized on the books of the Parent Company.
- b) Metro Alliance and Philippine Estate Corporation vs. Philippine Trust Company, et al., Civil Case SCA#TG-05-2519, RTC Tagaytay City Branch 18 - Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, Annulment in Decrease in Interest Rates, Service Charge, Penalties and Notice of Sheriffs Sales plus Damages. As at March 31, 2026, the case is awaiting decision of the court.
- c) MAHEC, et.al. vs. Philippine Veterans Bank, et.al., Civil Case No. BCV-2011-175
This is an appeal by Philippine Veterans Bank (PVB) before the Court of Appeals of the Decision of the Regional Trial Court (RTC) Br. 19 of Bacoor, Cavite. On January 16, 2026, MAHEC's legal counsel received PVB's Appellant's Brief and MAHEC's legal counsel submitted or filed the Appellee's Brief on March 6, 2026. As of March 31, 2026, this case is awaiting decision of the court.
- d) MAHEC, POLYMAX & WELLEX vs. Phil. Veterans Bank., et al., Civil Case #08-555, RTC Makati Branch 145 now SC GR 2405495 and 240513 - Civil Action with Damages to Nullify the Foreclosure of Property. As of March 31, 2026, MAHEC's legal counsel is monitoring the following pending matters: (a) the Registry of Deeds' confirmation that all collaterals or mortgages securing the subject loan have been released and discharged; and (b) Zen Sen Realty's formal written notice on Wellex, stating tha Wellex can already freely occupy and exercise acts of dominion on the Pasig Property.
- e) Philippine Veterans Bank vs. Hon Rainald C. Paggao, et.al CA G.R. No. SP No. 185926, Court of Appeals, Manila Seventeenth Division
Petition for Certiorari and Prohibition (With Urgent Prayer for the Issuance of a Temporary Restraining

Order and Writ of Preliminary Injunction and/or Restraining Order and Writ of Preliminary Injunction and/or Other Injunctive Remedies). As of March 31, 2026, the petition is still pending resolution.

f) Metro Combined Logistics Solutions, Inc. (MCLSI) et.al. vs. Adolfo Escote Dela Torre III, et.al., NLRC LAC 04-01185-24, NLRC NCR Case No. 04-00291-23

Complaint filed by MCLSI's two (2) previous project employees for illegal dismissal with non-payment of service incentive leave, 13th month pay, separation pay and claims for moral and exemplary damages and attorney's fees. MCLSI received the Entry of Judgment and will proceed with execution proceedings but has filed last April 21, 2025 for petition for certiorari before the Court of Appeals to elevate the decision and resolutions of the NLRC. A resolution dated October 2, 2025 was issued by the CA, declaring that the case has now been submitted for resolution.

Simultaneously, as the case before the labor tribunals became final and executory, several conferences were held before the Labor Arbiter for the payment of the judgment award to complainants. MCLSI paid the recomputed judgment award to one of the complainants during one of the conferences and complainant executed a waiver and quit claim noting that the same will be subject to the results of the Petition before the CA. On the other hand, no payment was made to the other complainant due to his liability to the company is higher than the recomputed judgment award. Eventually, MCLSI was informed of the death of the latter complainant. Assuming that MCLSI secures a win the CA, it will initiate restitution proceedings for the amounts it will be compelled to pay before the NLRC.

g) Metro Combined Logistics Solutions Inc. (MCLSI) vs. Freight Management Worldwide and MCC Transport Philippines Inc., R-MKT-19-01658-CV;

For the collection of a sum of money and damages. Counsel for FMW submitted a written motion to substitute a witness, however, this was objected to by MCLSI as well as by counsel for MCC. Ultimately, the court resolved to deny this motion, and FMW formally rested its case on 13 February 2024. On 23 July 2024, defendant MCC Transport formally offered its evidence and concluded the presentation of its witness. As the undersigned deemed it unnecessary to present any rebuttal evidence, the case was submitted for decision. On October 15, 2025, after much discussion, the parties were able to enter into a Settlement Agreement, whereby FMV will pay MCLSI the total amount of ₱2.8 million.

h) Nutri-Asia, Inc., vs. Metro Combined Logistics Solutions, Inc. (MCLSI), PDRCI Case No.2024-164;

MCLSI received a notice of arbitration dated 04 December 2024 filed by NAI before the Philippine Dispute Resolution Center, Inc. (PDRCI). On 28 January 2025, MCLSI received the order to respond to the issue by the PDRCI, directing MCLSI to communicate its response to NAI's Notice of Arbitration. NAI claims for a sum of money for unreturned and/or unaccounted finished goods, failure to observe first-expiration-first-out (FEFO) inventory policy and overpayment for use of air conditioning units in the total amount of ₱108.2 million pesos which MCLSI disputed such claims and provide its counterclaims against NAI amounting to ₱54.6 million. As of the filing of this report, the arbitration is close to completion, with the parties already filed their final Memoranda last February 27, 2026. The tribunal is expected to render its decision soon thereafter.

i) There are also other pending minor legal cases against the Parent Company. Based on the facts of these cases, management believes that its positions have legal merits and the resolution thereof will not materially affect the Parent Company's financial position and result of operations.

Events that will Trigger Direct Contingent or Financial Obligation

No events that will trigger contingent or direct financial obligation.

Material Off-balance Sheet Transactions, Arrangements, Obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of Metro Alliance with unconsolidated entities or other persons created during the reporting period. Completed transactions in connection with our investment in the petrochemical project were fully disclosed in the audited consolidated financial statements.

Commitment for Capital Expenditures

Since CDPSI has ceased operations and MVC ceased to be a subsidiary of the Parent Company, the Group has no commitment for capital expenditures.

Any Known Trends, Events of Uncertainties (Impact On Net Sales / Net Income)

Since CPDSI, AHI, FEZ-EAC and ZDI have ceased commercial operations and MCLSI is the only operating subsidiary among the Group, sales rely solely on MCLSI's results of operations.

The Group registered a consolidated net income ₱33.1 million for the 1st quarter of 2026 as against net loss of ₱0.8 million for the 1st quarter of 2025 or an increase in net income by ₱33.9 million or 423.75% due to the revenue recorded by the Parent Company amounting to ₱47.5 million for providing technical and consultancy service to a real estate company. Income (Loss) per share attributable to equity holders of Parent Company are ₱0.11697 and ₱0.00005 for the 1st quarter of 2026 and 2025, respectively. Since certain subsidiaries have ceased operations, MCLSI is the only subsidiary that contributed to the revenue of the Group with Parent Company contributed during the first quarter.

The Group registered gross service revenue of ₱83.6 million and ₱43.6 million for the quarters ended March 31, 2026 and 2025. Revenue decrease by ₱40 million or 91.74%.

Significant Element of Income or Loss That Did Not Arise from Continuing Operations

There is no significant element of income or loss that did not arise from continuing operations.

Material Changes on Line Items in the Financial Statements

Material changes on line items in the financial statements are presented under the captions "Changes in Financial Condition" and "Changes in Operating Results" above.

The Group adopted PFRS 16 on the year 2019 which reported a Right-of-Use Asset and Lease Liability (Note16 and 19) and PFRS 9 on the year 2021 for the recognition of Probable of Estimated Credit Losses.

Effect of Seasonal Changes in the Financial Condition or Results of Operations of the Corporation

The financial condition or results of operations is not affected by any seasonal change.

PART II – OTHER INFORMATION**(1) Market Information**

The principal market of Metro Alliance Holdings & Equities Corp.'s common equity is the Philippine Stock Exchange (PSE) where it was listed 1947. The high and low sales prices by quarter for the last three (3) years are as follows:

		Class A		Class B	
		High	Low	High	Low
2026	First Quarter	0.000	0.000	0.000	0.00
2025	First Quarter	0.680	0.680	0.780	0.770
	Second Quarter	0.380	0.380	0.980	0.980
	Third Quarter	0.670	0.670	0.910	0.790
	Fourth Quarter	0.450	0.450	0.98	0.98
2024	First Quarter	0.740	0.600	0.510	0.510
	Second Quarter	0.405	0.385	0.520	0.520
	Third Quarter	0.485	0.465	0.395	0.390
	Fourth Quarter	0.830	0.830	0.850	0.850
2023	First Quarter	0.840	0.650	0.840	0.650
	Second Quarter	0.680	0.510	0.660	0.660
	Third Quarter	0.520	0.520	0.500	0.500
	Fourth Quarter	0.455	0.455	0.500	0.500

The high, low and close market prices are ₱0.37, ₱0.37 and ₱0.37, respectively for Class A shares as of April 28, 2026, the last practicable trading date. While for Class B shares, the high, low and close market price are ₱0.70, ₱0.70 and ₱0.70, respectively as of April 24, 2026, the last practicable trading date

(2) Holders

There are 306,122,449 shares outstanding: 183,673,470 shares are Class "A" and 122,448,979 shares are Class "B". As of March 31, 2026, there are 628 holders of Class "A" shares and 413 holders of Class "B" shares.

**List of Top 20 Stockholders
As of March 31, 2026**

	Stockholder's Name	Number of Shares			Percentage
		Class A	Class B	Total	Total
1	PCD NOMINEE CORPORATION (FILIPINO)	43,379,738	30,601,963	73,991,568	24.171
2	CRESTON GLOBAL LIMITED		56,378,388	56,378,388	18.417
3	CHESA HOLDINGS INC.	40,500,000		40,500,000	13.230
4	PACIFIC WIDE REALTY & DEVELOPMENT CORP.	31,498,000		31,498,000	10.289
5	FORUM HOLDINGS CORPORATION	14,442,356	13,432,644	27,875,000	9.106
6	PACIFIC CONCORDE CORPORATION	6,329,500	9,503,908	15,833,408	5.172
7	REXLON REALTY GROUP, INC.	12,200,000	2,673,112	14,873,112	4.859
8	CHARTERED COMMODITIES CORP.	11,296,000		11,296,000	3.690
9	MIZPAH HOLDINGS, INC.	10,128,700		10,128,700	3.309
10	WILLIAM GATCHALIAN	2,091,000	1,481,500	3,572,500	1.167
11	PACIFIC REHOUSE CORP.	1,258,000	1,670,000	2,928,000	0.956
12	FORUM HOLDINGS CORPORATION	1,934,500		1,934,500	0.632
13	PCD NOMINEE CORPORATION (NON-FILIPINO)		1,597,786	1,597,786	0.522
14	TIN FU OR TRAJANO		820,000	820,000	0.268
15	CTBC TA# 5-C184: ZUELLIG CORP.	684,829		684,929	0.224
16	VICTOR GAN SY	400,000	200,000	600,000	0.196
17	W. DUMERMUTH	472,600		472,600	0.154
18	VICTOR G. SY	178,000	290,000	468,000	0.153
19	AB CAPITAL & INVESTMENT CORPORATION	162,000	268,000	430,000	0.140
20	MARY ANGUS BROWN	309,910		309,910	0.101

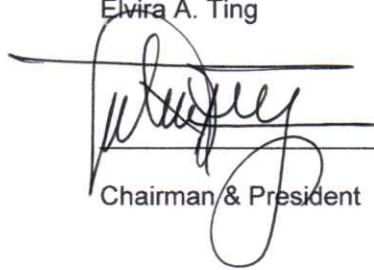
SIGNATURES

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

Registrant: **METRO ALLIANCE HOLDINGS & EQUITIES CORP.**

Issuer: Elvira A. Ting

Signature

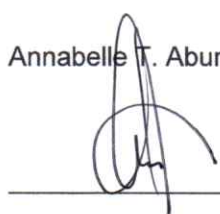


Title

Chairman & President

Annabelle T. Abunda

Signature



Title

Finance and Compliance Officer

Date

MAY 07 2026

METRO ALLIANCE HOLDINGS & EQUITIES CORP. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (In Php)

“Annex A.1”

		31-Mar-26 Unaudited	31-Mar-25 Unaudited	31-Dec-25 Audited
ASSETS				
Current Assets				
Cash	11	₱ 82,527,502	73,298,280	₱ 83,189,000
Trade and other receivables	12	159,754,626	138,284,028	117,981,267
Other current assets	13	39,542,810	37,236,891	37,970,514
Total Current Assets		281,824,938	248,819,199	239,140,781
Noncurrent Assets				
Advances to Related Parties	14	351,120,542	347,566,100	352,090,391
Financial Assets at fair value through other comprehensive income	15	18,694,535	18,478,985	18,478,985
Property and equipment – net	16	29,202,085	27,890,468	28,809,382
Deferred tax assets		63,652,264	61,692,630	63,652,477
Other noncurrent assets	17	8,681,194	9,216,217	8,695,539
Total Noncurrent Assets		471,350,620	464,844,400	471,726,774
TOTAL ASSETS		753,175,558	713,663,599	710,867,555
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	18	255,248,684	258,508,074	246,294,153
Lease Liability, current portion	19	15,899,696	14,774,505	15,899,696
Due to related parties	20	420,510	400,922	404,721
Total Current Liabilities		271,568,890	273,683,501	262,598,570
Noncurrent Liabilities				
Accrued expenses, non-current portion	18	123,438,803	123,438,803	123,438,803
Lease liability, non-current portion	19	2,692,925	1,966,440	2,692,925
Due to related parties, non-current portion	20	298,347,592	292,456,384	298,347,592
Accrued retirement benefit costs	28	13,659,962	10,847,269	13,659,962
Total Noncurrent Liabilities		438,139,282	428,708,896	438,139,282
Total Liabilities		709,708,172	702,392,397	700,737,852
Stockholders' Equity				
Equity attributable to equity holders of the Parent Company				
Capital stock		306,122,449	306,122,449	306,122,449
Additional paid-in capital		3,571,923	3,571,923	3,571,923
Deficit		(346,868,319)	(378,313,263)	(382,676,320)
Remeasurement gain on retirement plan		8,081,156	6,936,753	8,081,156
Fair value reserve		2,423,572	2,208,021	2,208,023
		(26,669,219)	(59,474,117)	(62,692,769)
Non-controlling interests		70,136,605	70,745,319	72,822,472
Total Stockholders' Equity		43,467,386	11,271,202	10,129,703
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		₱753,175,558	₱713,663,599	₱710,867,555

(The accompanying notes are integral part of these financial statements)

METRO ALLIANCE HOLDINGS & EQUITIES CORP. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME (In Php)

“Annex A.2”

		Unaudited Jan. - Mar. 2026	Unaudited Jan. - Mar. 2025	Audited Dec 31 2025
SALE OF SERVICES	24	₱83,585,955	₱43,628,465	₱167,703,423
COST OF SERVICES	25	38,100,114	34,119,723	124,088,258
GROSS PROFIT		45,485,841	9,508,472	43,615,165
OTHER INCOME (EXPENSES) – NET	26	6,228,946	7,009	176,522
GENERAL AND ADMINISTRATIVE EXPENSES	27	(13,706,865)	(8,739,835)	(46,772,601)
INCOME BEFORE TAX		38,007,922	775,916	(2,980,914)
INCOME TAX (EXPENSE) / BENEFIT		4,885,789	–	371,402
NET INCOME		33,122,133	775,916	(2,609,512)
Net income (loss) attributable to:				
Equity holders of the Parent Company		35,808,001	13,898	(4,349,159)
Non-controlling interest		(2,685,868)	762,018	1,739,647
		33,122,133	775,916	(2,609,512)
Basic income (loss) per share				
Income for the year attributable to equity holders of the Parent Company		₱0.11697	₱0.00005	(₱0.0142)

**Based on the weighted average number of shares of 306,122,449*

(The accompanying notes are integral part of these financial statements)

METRO ALLIANCE HOLDINGS & EQUITIES CORP. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

“Annex A.3”

	Unaudited Mar 31 2026	Unaudited Mar 31 2025	Audited Dec 31 2025
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY			
Capital Stock - ₱1 par value	₱306,122,449	₱306,122,449	₱306,122,449
Common shares			
Class “A”			
Authorized - 720,000,000 shares			
Issued and outstanding - 183,673,470 shares			
Class “B”			
Authorized - 480,000,000 shares			
Issued and outstanding - 122,449,979			
Additional Paid-in Capital	3,571,923	3,571,923	3,571,923
Deficit			
Balance at beginning of the year	(382,676,320)	(378,327,161)	(378,327,161)
Net income (loss)	35,808,001	13,898	(4,349,159)
Balance at end of the period	(346,868,319)	(378,313,263)	(382,676,320)
Other Reserves:			
Revaluation reserve on available-for-sale financial assets	2,423,572	2,208,021	2,208,023
Remeasurement Gain (Loss) on Retirement Plan	8,081,156	6,936,753	8,081,156
	10,504,728	9,144,774	10,289,179
EQUITY ATTRIBUTABLE TO HOLDERS OF PARENT COMPANY	(26,669,219)	(59,474,117)	(62,692,769)
MINORITY INTERESTS	70,136,605	70,745,319	72,822,472
TOTAL STOCKHOLDERS' EQUITY	₱43,467,386	₱11,271,202	₱10,129,703

(The accompanying notes are integral part of these financial statements)

METRO ALLIANCE HOLDINGS & EQUITIES CORP. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

“Annex A.4”

	Unaudited Jan. - Mar. 2026	Unaudited Jan. - Mar. 2025	Audited Dec 31, 2025
CASH FROM OPERATING ACTIVITIES			
Income before income tax	₱38,007,922	₱775,916	(2,980,914)
Adjustments for:			
Provision for expected credit losses on advances	–	–	5,748,799
Recovery on allowance for impairment of input tax	(5,700,000)	–	–
Provision for impairment on advances	69,392	88,824	1,912,356
Amortization of intangible assets	4,910	242,381	286,855
Depreciation	1,098,810	1,286,391	26,632,109
Retirement benefit expense	–	–	5,056,620
Interest income	(528,946)	(7,009)	(1,121,417)
Operating income before working capital changes	32,952,088	2,386,503	35,534,408
Changes in assets and liabilities:			
Trade and other receivables, net	(41,028,540)	12,060,739	32,363,500
Other current assets	(1,572,296)	(9,790,228)	(10,152,448)
Other non-current assets	14,558	3,141,487	1,657,844
Accounts payable and accrued expenses	8,954,531	(3,485,767)	(15,699,688)
Net Cash from Operating Activities	(679,659)	4,312,734	43,703,616
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received from:			
Bank deposits	528,946	7,009	1,121,417
Proceeds from:			
Collection of advances to a related party	969,849	65,080	–
Acquisition of:			
Additional advances to a related party	–	–	(12,031,543)
Property and equipment	(1,496,423)	(444,848)	(1,031,019)
Net Cash from Investing Activities	2,372	(372,761)	(13,062,562)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	–	–	(23,826,785)
Advances of related parties	15,789	11,992	5,906,999
Net Cash from Financing Activities	15,789	11,992	(17,919,786)
NET INCREASE (DECREASE) IN CASH	(661,498)	3,951,965	13,842,685
CASH, Beginning	83,189,000	69,346,315	69,346,315
CASH, End	₱82,527,502	₱73,298,280	₱83,189,000

*See Notes to Consolidated Financial Statements

1. CORPORATE INFORMATION

Metro Alliance Holdings and Equities Corporation (MAHEC or the Parent Company), is incorporated in the Philippines. The Parent Company and its subsidiaries (collectively referred to as “the Group”) are involved in contract logistics. Certain subsidiaries previously engaged in the importation and distribution of polypropylene resin and pharmacy management have ceased operations.

In 2015, the SEC approved the amendment made to Article III of the Group’s Articles of Incorporation in regard to the change of Company’s official business address from 22nd Floor Citibank Tower, 8741 Paseo de Roxas, Makati City to 35th Floor One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City.

On June 4, 2018, the Philippine Stock Exchange has resolved to grant the Parent Company’s request to lift the trading suspension of its shares after a careful consideration of the facts and circumstances of the Parent Company’s case and a comprehensive review of the Parent Company’s disclosures and representations vis-à-vis the requirements under the Disclosure Rules. The Exchange considered, among others: (i) the Parent Company’s compliance with the disclosure requirements of the Exchange, thus addressing the grounds and reasons why the Exchange imposed the trading suspension on May 21, 2007; and (ii) the SEC’s decision setting aside the Order of Revocation on the Parent Company’s registration and permit to sell securities. The Exchange has likewise noted the Parent Company’s representations regarding its business plans, including its capital build-up program.

On September 27, 2024, the Company filed an Amended By-Laws to change the date of annual meeting of stockholders from any day not a Sunday or legal holiday during the month to May to every 3rd Tuesday of July of each year. The Amended By-Laws was approved by the Securities and Exchange Commission last January 31, 2025.

2. STATUS OF OPERATION

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Group Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

As of March 31, 2026 and 2025, the Parent Company has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands, amounting to ₱351.1 million and ₱347.6 million, respectively, relating to the acquisition of the petrochemical plant of Bataan Polyethylene Corporation (BPC) involving a series of acquisition transactions described in the next section below. On the other hand, Polymax (jointly and severally with the Parent Company) has past due liabilities, including accrued interest and penalties, amounting to ₱994.7 million for both years, which were obtained to partially finance the acquisition of the petrochemical plant, resulting from the transfer of past due loans as discussed in the next paragraph.

In 2007, the Parent Company unilaterally transferred to Polymax two significant past due liabilities totaling ₱866.7 million as of December 31, 2006 that were obtained (jointly and severally with Polymax) to partially finance the acquisition of the petrochemical plant and applied these against the Parent Company’s advances to Polymax, in order to reflect the economic substance of the acquisition and related loan transactions.

As explained in Note 15, the remaining 20% of Polymax’s interest in the petrochemical plant is for sale. The realization of the Parent Company’s advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, depend on whether sufficient cash flows can be generated from the sale Polymax’s remaining 20% interest in NPC Alliance Corporation (NPCA).

Management Plan to Address Going Concern Uncertainties

As of March 31, 2026, the Parent Company, has significant advances to Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in British Virgin Islands in connection to the acquisition of the petrochemical plant. On the other hand, Polymax still holds 20% interest in NPC Alliance Corporation (NPCAC) as of March 31, 2025. While this investment is still realizable at substantially higher value than the stated in the books, sufficient provision for possible loss have already been recorded in Polymax's financial statements. Over the past years, it has been determined that the present global petrochemical market conditions have had a dampening effect on the viability of the polyethylene business, especially when coupled with the difficulty in sourcing ethylene feedstock. This, coupled with the perceived inability of our Iranian partners to manage the business properly, has resulted in the closure of the Bataan polyethylene plant. In order to protect the Parent Company's interests, the Parent Company filed legal suits against its partners in NPCAC in order to establish full accountability.

In a recent breakthrough, the parties have agreed to work for a global settlement agreement and as such all cases filed against each other have been amicably and voluntarily withdrawn last January 17, 2025. This development will allow the Group to focus more on business planning and development moving forward. Despite the shutdown of the polyethylene plant, adequate system maintenance measures are kept in place by NPCAC management in order to prevent the physical corrosion of machinery and equipment. Discussions to determine fate of the plant assets, notably still intact and in good condition, are currently underway such that a proposed business action for NPCAC can be implemented towards the latter part of 2026.

MAHEC's remaining operating subsidiary, Metro Combined Logistics Solutions, Inc. (MCLSI), continues to operate profitably albeit at a lower rate. The pandemic, however, has forced the company to reevaluate its operational costs in order to remain competitive in the logistics industry, with satisfactory result. Furthermore, MCLSI management has tightened its audit and control measures in order to streamline operational lapses. During 2024, MCLSI embarked on a software upgrade program in order to attract a wider array of clients, and MCLSI expects to continue the pace of software modernization in the next following years to protect initial gains. A capital build-up program is also under study to support the acquisition of new warehouse locations that would be crucial in providing an accessible field network attractive to new clientele. As a means of diversification, MCLSI is also exploring business opportunities in the transport field, including computer app solutions, warehousing and cold storage; in medical distribution and pharmaceutical business logistics.

Actions of the Company

The Group has remained devoted to regain its status as going concern. In line with this, the Group reiterate several actions that were mentioned in previous periods. The Group hope that these measures will conserve the Group's resources and build confidence for its business direction:

- a) Commitment by the majority shareholders of the Parent Company to guaranty the recoverable value of the significant receivable from Polymax in its books in order that the Parent Company's equity be preserved;
- b) Pressing the majority shareholders of NPCA to write down the obligation of NPCAC to its principal shareholders to pave the way for restructured financial statements;
- c) Increasing the number of Board Directors from 7 to 9 in order to pave the way for a broader representation of stakeholders;
- d) Removing the "A" and "B" classification of the Parent Company shares to integrate common shares into just one class;
- e) Working out a stock rights offer for take advantage of unissued shares from our authorized capital stock.

In order to raise capital to finance its projected plans and investment in new ventures throughout the calendar year 2026, the Company will offer the remaining unsubscribed shares to existing stockholders, and gradually recovering its receivable from Polymax.

Realization of Outstanding Receivables from Polymax Worldwide in the Amount of ₱351,120,542 as of March 31, 2026

With the withdrawal of legal cases surrounding the polyethylene plant, the recovery of this receivable is resoundingly clearer. Moreover, if ever the negotiations with the Iranians will stall, there are other alternatives to address the issue. In order that these outstanding receivables, be fully and immediately

recovered, a payment via *dacion* of the remaining 20% NPCA shares held by Polymax in NPA Alliance could be made to Metro Alliance, thus, making the Parent Company the direct shareholders of NPCAC. As of March 31, 2026, Polymax continuously provided full financial support to Metro Alliance for its working capital requirements by offsetting from its existing advances from Metro Alliance.

Manpower Requirements

The Group does not expect significant changes in the number of employees as it is still in the stage of exploring new business opportunities. Manpower will be outsourced if needed.

Capital Asset Acquisition

The Group will make purchases of equipment and machines in the future if needed especially when investment in mining industry will materialize.

Despite the global effects of the Ukraine War and Palestinian Conflict and uncertainty and disputes brought about by the American tariff increases, the Group is cautiously positive, hoping that sustained economic growth is forthcoming.

Acquisition Transactions

On December 4, 2003, the Parent Company entered into a Memorandum of Agreement (MOA) with Polymax, whereby the Parent Company confirmed the designation of Polymax as the acquiring company in the proposed acquisition of the senior secured debt papers of BPC from International Finance Corporation (IFC). Under the MOA, the Parent Company and Polymax agreed that (a) the acquisition of the secured debt paper would be for the account and benefit of the Parent Company; (b) the funding for the acquisition would be provided and arranged by the Parent Company; and (c) the exercise of creditor rights arising from the secured debts via foreclosure and takeover of the assets of BPC would be directed by and for the account and benefit of the Parent Company. In addition, the Parent Company would make certain advances to Polymax.

On December 19, 2003, Polymax and IFC entered into an Assignment and Transfer Agreement (the Agreement) for the purchase by the former of the senior secured debt papers of BPC. The Parent Company

advanced to Polymax the initial deposit of US\$5 million, which was remitted to IFC for the assignment payment, pursuant to the terms of the Agreement. On February 11, 2004, IFC confirmed that it has received the full payment for the assignment of the senior secured debt papers of BPC.

To partially finance the Parent Company's advances relating to the Petrochemical Project, the Parent Company obtained short-term loans from local banks. With the delay in the completion of the activities and the conditions required for the Petrochemical Project, the Parent Company was unable to pay the bank loans on maturity dates. As of December 31, 2006, the amounts payable to the banks totaled ₱866.7million, consisting of the outstanding principal balance of ₱378.3million and finance charges of ₱488.4million. In 2007, these past due liabilities were unilaterally transferred to and applied against the advances made to Polymax.

Pursuant to the Parent Company's plan of acquiring full control of BPC, instead of exercising creditor rights, the Parent Company, on April 16, 2004, entered into a Share Purchase Agreement (SPA) with BPC, Tybalt Investment Limited (TIL), BP Holdings International B.V. (BPHI) and Petronas Philippines, Inc. (PPI), with TIL as the purchaser of the 83% interest of the foreign shareholders of BPC. As agreed by the parties, the SPA is to take effect as of March 31, 2004, subject to closing conditions, as defined in the SPA, which the parties have to comply with within a period of 60 days or later if the conditions are not met. On July 7, 2005, Polymax and BPC executed a Deed of Conveyance, transferring to Polymax under an asset for share swap, the petrochemical plant of BPC in exchange for 85million common shares of Polymax with par value of US\$1 per share, or a total par value of US\$85million.

On July 20, 2005, the Parent Company, Polymax and NPC International Limited (NPCI) entered into an SPA which provided that, subject to certain conditions, including the transfer of the petrochemical plant of BPC free from encumbrances, NPCI will acquire 60% of the issued share capital of NPCA from Polymax.

On August 9, 2005, Polymax and NPCA executed a Deed of Conveyance, transferring to NPCA, under an asset for share swap, the same petrochemical plant in exchange for 4.8million shares of common stock of NPCA with a total par value of ₱4.8billion, resulting in 100% ownership interest of Polymax in NPCA.

On November 15, 2005, BPC and Polymax executed a Deed of Assignment whereby BPC transferred and conveyed to Polymax all its rights and interest to Polymax's 85 million shares of common stock, with a total value of US\$85million, in exchange for the discharge of a portion of BPC's secured debt, which was acquired by Polymax from IFC, up to the extent of the value of the shares transferred. Polymax retired the said shares 10 days from the date the Deed of Assignment.

On December 16, 2005, Polymax, NPCI, Petrochemical Industries Investment Company (PIIC) and the Parent Company entered into an amended SPA whereby NPCI and PIIC will purchase 40% and 20% of NPCA's shares of common stock, respectively, from Polymax. In addition to the conditions set forth in the original SPA, the amended SPA also involves advances to be provided by NPCI amounting to US\$15 million representing an advance payment which may be used to fund the bona fide third-party costs of NPCA or BPC for the recommissioning, operation and maintenance of the petrochemical plant or such other third-party cost or expenses, taxes or duties as agreed between Polymax and NPCI.

On the same date, the Parent Company, NPCI and PIIC entered into a Guarantee and Indemnity agreement whereby the Parent Company irrevocably and unconditionally guaranteed the prompt performance and observance by Polymax and the payment on demand by Polymax of all moneys, obligations and liabilities, which are now or at any time after the execution of the agreement become due from or owing or incurred by Polymax under or in connection with any of the SPA and the Shareholders' Agreement. The Parent Company also guaranteed that it shall be liable for Polymax's obligations, as if it were a principal debtor, if Polymax's obligations are no longer recoverable from Polymax.

On March 18, 2006, Polymax, NPCI, PIIC and the Parent Company entered into an Agreement of Variation (March 2006 Variation Agreement) to vary and amend the terms of the "Amended and Restated Share Purchase Agreement (ARSPA) and the Shareholders' Agreement" entered on December 16, 2005. Under the March 2006 Variation Agreement, completion of the conditions and conditions subsequent set forth in the ARSPA was extended to April 30, 2006. Moreover, additional conditions that Polymax needs to satisfy prior to completion were agreed upon. On the same date, Polymax and NPCI executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to NPCI all the rights, title and interest in 19,090,000 NPCA shares of common stock, equivalent to 40% ownership interest, for a consideration of ₱1.91billion.

On September 11, 2006, Polymax, NPCI, PIIC, the Parent Company and NPCA entered into another Agreement of Variation (September 2006 Variation Agreement) to further vary and amend the terms of the ARSPA and the Shareholders' Agreement (both initially amended and varied by the March 2006 Variation Agreement). Polymax, in accordance with its obligations under the ARSPA, had notified NPCI and PIIC that it is aware that certain conditions will not be fulfilled by April 30, 2006. As a result, the parties agreed to transfer to PIIC the 9,545,000 NPCA shares of common stock prior to completion, while certain conditions will become conditions subsequent to be completed on December 31, 2006.

On September 20, 2006, Polymax and PIIC executed a Deed of Absolute Sale whereby Polymax sold, transferred and conveyed to PIIC all the rights, title and interest in 9,545,000 NPCA shares of common stock, equivalent to 20% ownership interest, for a consideration of ₱954.5million.

On December 31, 2006, the ARSPA Variation Agreement expired with the conditions subsequent remaining unsettled. Nevertheless, NPCI and PCII took control of the petrochemical plant resulting in a dispute with the Parent Company and Polymax, who considered the sale of Polymax's 40% and 20% interest in the petrochemical plant to NPCI and PCII, respectively, as null and void.

On August 21, 2007, the petrochemical plant started commercial operations under NPCI and PIIC. Subsequently on August 27, 2013, the Parent Company and Polymax entered into a settlement agreement with NPCI, PIIC and NAC to resolve, fully and finally, the dispute arising from the uncompleted acquisition transactions described above. Under the agreement, NPCI shall, among others, pay Polymax the remaining balance of the purchase price of the 60% NPCA shares net of deductions agreed by the parties. Simultaneous with the execution of the agreement, Polymax shall also sell to NPCI an additional 20% of Polymax's interest in NPCA from the remaining 40% equity holding in NPCA at US\$8million or its equivalent in Philippine peso. In September 2013 and August 2014, the remaining balance due to Polymax was paid by NPCI and the 20% interest of Polymax in NPCA was sold to NPCI, respectively, in accordance with the agreement.

As a result of the foregoing settlement, the arbitration tribunal issued on October 2, 2014 an order for withdrawal of the arbitration cases (under the United Nations Commission on International Trade Law Rules

of Arbitration), which were earlier filed by the parties due to the dispute arising from their various agreements.

NPCA's Board of Directors has approved last March 16, 2016 a temporary cessation of the operations and production activities of its manufacturing plant until further notice due to continued losses.

In January 17, 2025, the parties have agreed to work for a global settlement agreement and as such, all cases filed against each other have been amicably and voluntarily withdrawn.

Due to the recent event, the Iran and Israel war, the discussion on the settlement agreement was postponed until the tension or the war is over.

3. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the measurement bases specified by Philippine Financial Reporting Standards (PFRS) for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

Going Concern Assumption

The preparation of the accompanying condensed consolidated financial statements of the Group is based on the premise that the Group operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

Functional and presentation currency

The consolidated financial statements are prepared in Philippine Peso (₱), which is the Group's functional and presentation currency.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

All values are presented in absolute amounts and are rounded off to the nearest peso except when otherwise indicated.

Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company, Metro Alliance Holdings and Equities Corp., and the following subsidiaries, after the elimination of intercompany transactions, as at March 31:

	Percentage of Ownership	
	2026	2025
Operating subsidiaries:		
Metro Combined Logistics Solutions, Inc. (MCLSI) (formerly GAC Logistics, Inc.)	51%	51%
Non-operating subsidiaries:		
Consumer Products Distribution Services, Inc. (CPDSI)	100%	100%
FEZ-EAC Holdings, Inc. (FEZ-EAC)	100%	100%
Zuellig Distributors, Inc. (ZDI)	100%	100%
Asia Healthcare, Inc. (AHI)	60%	60%

The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Investment in subsidiary

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Non-controlling interests

Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Transactions with non-controlling interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

Loss of control and disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over the subsidiary, it:

- derecognizes the assets, including goodwill, and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative transaction differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of the any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in OCI to profit or loss retained earnings, as appropriate.

Use of judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group's consolidated financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision 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.

The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in Note 5.

Adoption of new and revised accounting standards

The accounting policies adopted in the preparation of the Company's separate financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations. The adoption of these new and amended standards and interpretations did not have significant impact on the Company's separate financial statements unless otherwise stated.

Effective beginning on or after January 1, 2025

Amendment to PFRS 16 – Leases on sale and leaseback – These amendments include requirements for sale and leaseback transactions in PFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 – Non-current liabilities with covenants – These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 - Supplier finance – These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments are not expected to have a significant impact on the preparation of financial statements.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company separate does not expect that the future adoption of the said pronouncements will have a significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability – An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments are not expected to have a significant impact on the preparation of financial statements.

Effective beginning on or after January 1, 2026

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

The Company is currently assessing the impact of adopting these standards on its separate financial statements.

Effective beginning on or after January 1, 2027

PFRS 18, Presentation and Disclosure in Financial Statements

The new standard impacts the classification of profit or loss items (i.e. into operating, investing, and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e. operating profit, and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures.

The Company is currently assessing the impact of adopting this standard on its financial statements.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council (FRSC) deferred the original effective date of January 1, 2026 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the financial statements in the year of adoption, if applicable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

Financial assets and financial 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 settlement 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.

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 fair value through other comprehensive income (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.

As of March 31, 2026 and 2025, the Group does not have financial assets and liabilities measured at FVPL.

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 of March 31, 2026 and 2025, the Group's cash, trade and other receivables, advances to related parties, refundable deposits and investment in debt securities are included under this category.

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

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income. As at March 31, 2026 and 2025, the Group has no financial assets at FVPL.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI 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 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.

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

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. 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. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of March 31, 2026 and 2025, the Group's equity investments at FVOCI are included under this category.

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.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. 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 of March 31, 2026 and 2025, the Group's accounts payable and accrued expenses, lease liability and due to related parties are included 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.

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 OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

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.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of financial assets at amortized cost and FVOCI

The Group records an allowance for “expected credit loss” (ECL). ECL is 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 loan receivables, the Group has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs 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.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

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 value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

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 financial instrument

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 currently enforceable legal right to offset the recognized amounts and there is an 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.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- Cash on hand and in banks unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as noncurrent.

Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

Fair value measurement

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or 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 economic interest.

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 financial statement 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 prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 6, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines require different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Cash

Cash includes cash funds, undeposited cash collections and customers' checks. Cash funds are set aside for current purposes such as petty cash fund. Cash in banks include demand deposits which are unrestricted as to withdrawal.

Cash is valued at face value. Cash in foreign currency is valued at the current exchange rate.

The Group recognized cash as current asset when it is not restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Trade and other receivables, net

Trade and other receivables are amounts due from clients for services performed in the ordinary course of business, if collection is expected in one year or less (or in the normal operating cycle of the business longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are measured at the transaction price determined under PFRS 15 (*refer to the accounting policies for Revenue from contract with customers*). Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

Other current assets, net

Other assets are recognized when the Group expects to receive future economic benefit from the other party, and the amount can be measured reliably. Other assets are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, other assets are classified as noncurrent assets.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period 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 an additional cost of property and equipment.

Depreciation and amortization of property and equipment commences once the fixed assets are available for use and is calculated on a straight-line basis over the following estimated useful lives:

Particulars	Number of Years
Leasehold improvements	5 years or lease term, whichever is shorter
Machinery and equipment	3 to 5
Office furniture, fixtures and equipment	3 to 5
Right-of-use assets	2 to 5

Depreciation is computed on the straight-line basis over the estimated useful lives of the depreciable assets. Further, amortization of right-of-use assets is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives being the lesser of the remaining lease term and the life of the asset.

The remaining useful lives, residual values and depreciation and amortization method are reviewed periodically to ensure that the periods, estimated residual values and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

When an asset is sold or retired, its cost and related accumulated depreciation and amortization and any impairment in value are eliminated from the accounts. Any gain or loss resulting from its disposal is credited to or charged against current operations.

Intangible assets

Intangible assets pertaining to software license costs that are acquired separately are initially carried at cost. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortization and impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, which do not exceed three years.

The remaining useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of non-financial asset

The carrying values of property and equipment and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. 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 of continuing operations are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such

reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Accounts payable and accrued expenses

Accounts payable and accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced, or formally agreed with supplier including amounts due to employees. It is necessary to estimate the amount of accruals; however, the uncertainty is generally much less than for provision.

Equity

Share capital

Share capital is determined using the nominal value of shares that have been issued.

Additional paid-in capital

Additional paid-in capital includes any premiums received on the initial issuance of share capital. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net

Retained earnings (deficit)

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has debit balance, it is called "deficit", and presented as a deduction from equity of tax, from the proceeds.

Revenue recognition

Revenue from contract with customers

Revenue from contract with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services. The Group applies this standard with its revenue arrangements on the holding business interests in companies engaged in the manufacture of chemicals, petrochemical and contract logistics.

To determine whether to recognize revenue, the Group follows a five-step process:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following gating criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract; and,
- collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Company performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 5.

Revenue includes only the gross inflow of the economic benefits received and receivable by the Group on its own account. Amounts collected on behalf of third parties, such as reimbursable transactions are not economic benefits to the Group and do not result in increase in equity; therefore, they are excluded from revenue.

- Logistics and other services is recognized when the related services are rendered.
- Dividend income is recognized when the right to receive the payment is established.
- Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.
- Other income is recognized when earned.

Contract balances

Receivable from Customers

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Cost to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Cost and expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized in profit or loss in the separate statements of comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditures produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Cost of services - include direct material costs, personnel expenses, depreciation, utilities and other service-related costs. These are recognized when the services are used or the expenses are incurred.

General and administrative expenses - Expenses incurred in the direction and general administration of day-to-day operation of the Group are generally recognized when the services are used or the expenses incurred.

Leases

At inception of a contract, an entity shall assess whether the 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.

The Group assesses whether the contract meets three key evaluations which are whether:

- a. the contract contains an *identified asset*, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group,
- b. the Group has the *right to obtain substantially all of the economic benefits* from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- c. the Group has the *right to direct the use* of the identified asset throughout the period of use.

The Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a lessor

Lease payment received is recognized as income in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use asset

At the initial application date, the Group recognizes a right-of-use asset on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the initial application date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Retirement benefits cost

Employee benefits are all forms of considerations given by the Group in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

Retirement benefits

The Group does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a defined benefit plan. A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group.

The Group provides for estimated retirement benefits to be paid under Republic Act (RA) No. 7641 to its permanent employee. The amount of retirement benefits is dependent on such factors as years of service and compensation.

Income tax

Current income tax

Current income tax assets and liabilities for the current period is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carry over (NOLCO), and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits from MCIT and NOLCO and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences 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).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable 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 in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

Value Added Taxes (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

For acquisition of capital goods over ₱1,000,000, the VAT is deferred and amortized over the useful life of the related capital goods or 60 months, whichever is shorter, commencing on the date of the acquisition.

For sale of real estates including house and lots and other residential dwellings with a selling price of not more than ₱3,199,200, a tax exemption applies.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Company. Input tax pertains to the 12% VAT paid or payable by the Company in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'accounts and other payables' in the statements of financial position.

Related party transactions and relationship

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Group and close members of the family of any individuals owning directly or indirectly a significant voting power of the Group that gives them significant influence in the financial and operating policy decisions of the Group are also considered to be related parties.

An entity is related to the Group if any of the following conditions apply:

- The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is 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. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

Earnings per share (EPS) attributable to equity holders

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Group has no dilutive potential common shares outstanding.

Provisions

Provisions are recognized only when the Group has (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a Group asset but only when the receipt of the reimbursement is virtually certain.

Contingencies

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

Events after the reporting date

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with PFRS requires the Group's management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated 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

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Going concern

As of March 31, 2026 and 2025, the Group's management has made an assessment on the Group's ability to continue as a going concern in the current evolving environment especially on the impact of COVID-19 pandemic and is satisfied that the Group has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Determination of functional currency

The consolidated financial statements are presented in the Philippine Peso, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

Classifying financial instruments

The Group manages its financial assets based on business models that maintain adequate liquidity level and preserve capital requirements, while maintaining a strategic portfolio of financial assets for accrual and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

Assessing significant influence and control over investee.

The Group determines that it has control over its subsidiaries by considering, among others, its 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 following are also considered:

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

Consolidation of SPE

An entity is considered a SPE and included in consolidation even in cases when the Group owns less than one-half or none of the SPE's equity, when the substance of the relationship between the Group and the SPE indicates that the SPE is controlled by the Group. While the Group has no ownership interest in Polymax, this SPE was included in the 2006 consolidated financial statements and prior years. However, in 2007 up to the current year, the SPE was no longer consolidated because it had ceased operating as a going concern.

Revenue recognition from contracts with customers

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the (a) identification of the contract for sale of services that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; and (c) determining the timing of satisfaction of the performance obligation.

Identification of the contract

The Group's primary document for a contract with a customer is a signed contract. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for its services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Determining performance obligation

With respect to its business, the Group concluded that the transfer of services in each contract constitute a performance obligation. In particular, the promised services in contracts for holding interests in companies engaged in the manufacture of chemicals, petrochemical and contract logistics mainly include holding stock or membership interests in other companies. Generally, the Group is responsible for all of these services and the overall management of the project. Although these services are capable of being distinct in the context contract.

The Group uses those services as inputs and provides a significant service of integrating them into a combined output.

Determining the timing of satisfaction of the performance obligation

The Group concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for a recognition over a period of time:

- (a) The customer receives and consumes the benefits of the goods or services as they are provided by the Group;
- (b) the Group's performance does not create an asset with an alternative use and;
- (c) the goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

The promised services are specifically identified in the contract. In addition, the customer is contractually obliged to make payments to the seller upon performance of services.

Determination whether an agreement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting for lease commitments

Group as a lessor

Lease payment received is recognized as income in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

The rent income recognized for the years ended March 31, 2026 and 2025 amounted to ₱6,488,393, and ₱7,174,516, respectively (Note 31).

Group as a lessee

The Group entered into several lease agreements covering its office premises and warehouses. Terms of the lease agreements range from 1 year to 5 years under renewable options. Other leases entered into include clauses to enable upward revision of the rental charged on an annual basis - based on prevailing market rates.

In 2022, the Company entered into lease agreements with terms of 2 years, ending in February 28, 2024 and April 14, 2024, under renewable options.

In 2023, the Group entered into lease agreements with terms of 1 year, ending December 31, 2023, January 31, 2024 and February 28, 2024, under renewable options.

In 2024, The Group entered into lease agreements with term of 1 year ending May 31, 2025 and 2 years ending January 31, 2026 and March 31, 2026.

In 2025, The Group entered into lease agreements with term of 2 years ending January 31, 2026 and March 31, 2026.

Following the adoption of PFRS 16, the Group recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

Leases are further disclosed in Notes 19 and 31.

Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

Estimates and assumptions

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

The 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.

Fair value of financial instruments

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 11 to the financial statements.

Impairment of equity investments

The Group treats equity financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Group treats “significant” generally as a decline of 20% or more below of the original cost of the investment, and “prolonged” as period longer than 12 months. In addition, the Group evaluates other factors for equity investments with no quoted bid prices such as changes in the issuer’s industry and sector performances, legal and regulatory framework, technology, and other factors that affect the recoverability of the investments.

Assessing ECL on financial assets

The Group applies the general approach in measuring the ECL. For cash in banks the Group assessed that cash is deposited with reputable banks that possess good credit ratings. For loan receivable, accrued interest receivable, advances to contractors and related parties, the Group considers the financial capacity of the counterparty. No ECL was recognized in 1st quarter of 2026 and 2025. The carrying amounts of the Group’s financial assets are as follows:

	2026	2025
Cash and cash equivalents	₱82,527,502	₱73,298,280
Receivables	159,754,626	138,284,028
Advances to related parties	351,120,542	347,566,100
Refundable deposits	8,634,949	8,726,244
	₱602,037,619	₱567,874,652

Estimating allowance for probable losses

The Group reviews the carrying amounts of receivables, creditable withholding and input taxes (under other current assets) and advances to Polymax at each balance sheet date and reduces the balance of these assets to their estimated recoverable amounts.

Receivables (net of allowance for doubtful accounts of ₱150,192,625 and ₱149,900,442 as of March 31, 2026 and 2025) amounted to ₱159,754,626 and ₱138,284,028 as of March 31, 2026 and 2025, respectively (see Note 12).

The carrying amount of other current assets amounted to ₱39,542,810 and ₱37,236,891 as of March 31, 2026 and 2025, respectively as discussed in Note 13.

In March 31, 2026 and 2025, impairment loss, mainly pertaining to creditable withholding and input taxes, amounted to ₱9,525,391 and ₱15,115,221, respectively, as shown also in Note 13.

Estimating allowance for credit losses of advances

Advances to Polymax amounting to ₱351,120,542 and ₱347,566,100 as of March 31, 2026 and 2025, respectively, constitute 46.62% and 48.70% of the Group's total assets as of March 31, 2026 and 2025, respectively. The realization of the Parent Company's advances to Polymax and the settlement of the past due liabilities carried in the books of Polymax, for which the Parent Company is jointly and severally liable, is dependent on whether sufficient cash flows can be generated from the sale of Polymax's remaining 20% interest in NPCA and from the letter of comfort issued by the Parent Company's major stockholders in favor of the Parent Company, as discussed in Note 14.

Provision for estimated credit losses on advances to related party was recognized in compliance with the requirements of PFRS 9.

Allowance for estimated credit losses on advances to subsidiaries amounted to ₱177,954,487 and ₱177,954,487 for the first quarter 2026 and 2025, respectively. No write-off and recoveries were recognized by the Company as of March 31, 2026 and 2025.

Estimating useful lives and residual values of property and equipment and intangible assets

The Group estimates the useful lives and residual values of its property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives and residual values based on factors that include asset utilization, internal technical evaluation, technological changes, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property and equipment and intangible assets would increase depreciation and amortization expenses, while an increase in the estimated useful lives would decrease depreciation and amortization expenses.

There has been no change in the Group's estimate of the useful lives and residual values of its property and equipment in the first quarter of 2026 and 2025.

Estimating useful lives and residual values of property and equipment and intangible assets

The Group estimates the useful lives and residual values of its property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives and residual values based on factors that include asset utilization, internal technical evaluation, technological changes, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property and equipment and intangible assets would increase depreciation and amortization expenses, while an increase in the estimated useful lives would decrease depreciation and amortization expenses.

There has been no change in the Group's estimate of the useful lives and residual values of its property and equipment in the first quarter of 2026 and 2025.

Evaluation of impairment of noncurrent non-financial assets

The Group assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual asset or, if it is not possible, for the cash generating unit to which the asset belongs.

Management believes that there was no indication of impairment on property and equipment as of March 31, 2026 and 2025. As of March 31, 2026 and 2025, property and equipment, net of accumulated depreciation, amounted to ₱29,202,085 and ₱27,890,468, respectively, (Note 16).

Incremental borrowing rate of lease liability

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The incremental borrowing rate is determined by the Group on the commencement date of the lease. As a result, it incorporates the impact of significant economic events and other changes in circumstances arising between lease inception and commencement.

This incremental rate is used to measure the lease liability at the present value of lease payments that are not paid at the end of lease term. In the first quarter of 2026 and 2025, the Group's determined incremental rates used to compute the carrying value of lease liability amounting to a total of ₱16,412,512 and ₱13,136,528 is ranging from 3% to 5% (Note 19).

Assessing realizability of deferred tax assets

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the amount 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. The amount of deferred tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Retirement benefits

The determination of the obligation and cost of retirement benefits is dependent on certain assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 28 to the consolidated financial statements and include, among others, discount rates, salary increase rates and expected rates of return on plan assets. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, will generally affect the recognized expense and recorded obligation in such future periods. 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 retirement obligations.

Accrued retirement benefits costs amounted to ₱13,659,962 and ₱10,847,269 as of March 31, 2026 and 2025, respectively.

Provision and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 4.

The Group is currently involved in various legal proceedings, which are normal to its business as discussed in Note 32. The Group's estimate of the probable costs for these proceedings and resolution of these claims have been developed in consultation with outside counsel handling the prosecution and defense of these cases and is based upon an analysis of potential results. The Group does not believe that these legal proceedings will have a material adverse effect on its consolidated financial statements. It is possible, however, that changes in estimates relating to these proceedings may materially affect results of operations.

6. BUSINESS COMBINATION

The Parent Company, Metro Alliance Holdings and Equities Corp., acquired the subsidiaries and are accounted using the acquisition method. The following subsidiaries are as follows:

Operating subsidiaries

Metro Combined Logistics Solutions, Inc. (MCLSI) (Formerly GAC Logistics, Inc. (GACL))

MCLSI is 51% owned by the Parent Company, by virtue of a joint venture agreement with Gulf Agency Company (GAC) which owns the other 49%. MCLSI was registered with the Securities and Exchange Commission on September 30, 1998. MCLSI is primarily engaged in carrying on all or part of the business of contract logistics and supply chain management services, including third party warehousing and distribution, consultancy and project management and value-added services to customers throughout the Philippines. MCLSI's business is steadily growing with the entry of new principals and additional businesses from its existing principals.

Non-operating subsidiaries

Consumer Products Distribution Services, Inc. (CPDSI)

CPDSI is a wholly owned subsidiary of the Parent Company. It was first incorporated on November 11, 1993 as Metro Drug Distribution, Inc. (MDDI). On November 7, 1997, the Securities and Exchange Commission approved the renaming of MDDI to CPDSI. Prior to 2002, CPDSI was involved in providing logistics and administrative services in connection with the sale and distribution of principals' products. The last service agreement expired in 2002. In January 2002, CPDSI shifted into the business of importation and toll manufacturing of propylene and distribution of polypropylene in the local market. In April 2003, CPDSI ceased its polypropylene business operations due to the substantial increase in prices of imported raw materials. Management intends to continue pursuing the petrochemical business. Currently, CPDSI has no business operations.

FEZ-EAC Holdings, Inc.

FEZ-EAC Holdings, Inc. became a wholly owned subsidiary of the Parent Company on November 11, 2002. It was incorporated on February 3, 1994. It ceased operations at the end of 2001 following the expiration of the third -party logistics contract of its subsidiary with Phillip Morris Philippines, Inc.

Zuellig Distributors, Inc.

Zuellig Distributors, Inc. is a wholly owned subsidiary of the Parent Company. It ceased operations on June 30, 1999 following the expiration of its exclusive distribution agreement with its single principal. It was incorporated on October 18, 1985.

Asia Healthcare, Inc.

Asia Healthcare, Inc. is 60% owned by the Parent Company. AHI was first incorporated on July 2, 1918. In August 2000, the Parent Company invested in AHI. However, in 2002, it ceased operations due to heavy losses. The low volume and minimal margin on the sales of pharmaceutical products have not been sufficient to cover the costs of the services and products provided by AHI. Consequently, AHI was constrained to terminate contracts with its clients and cease its business operations. On December 17, 2002, AHI filed a voluntary petition for insolvency with the Pasig City Regional Trial Court (RTC). On February 27, 2003, the Pasig City RTC declared AHI as insolvent.

Management is considering a rationalization plan to address the future of these non-operating subsidiaries.

7. SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

In determining whether an NCI is material to the Parent Company, management employs both quantitative and qualitative factors to evaluate the nature of, and risks associated with, the Parent Company's interests in these entities, and the effects of those interests on the Parent Company's financial position. Factors considered include, but not limited to, carrying value of the subsidiary's NCI relative to the NCI recognized in the Parent Company's consolidated financial statements, the subsidiary's contribution to the Parent Company's consolidated revenues and net income, and other relevant qualitative risks associated with the subsidiary's nature, purpose and size of activities.

Based on management's assessment, the Group has concluded that MCLSI is considered a subsidiary with NCI that is material to the Parent Company.

The ability of the subsidiary to pay dividends or make other distributions or payments to their shareholders (including the Parent Company) is subject to applicable law and other restrictions contained in financing agreements, shareholder agreements and other agreements that prohibit or limit the payment of dividends or other transfers of funds.

The summarized financial information of MCLSI is presented below, before inter-company eliminations but after consolidation adjustments for goodwill, other fair value adjustments on acquisitions and adjustments required to apply uniform accounting policies at group level.

Particulars	March 31, 2026	March 31, 2025
Equity shared held by NCI	49%	49%
Summarized Statements of Financial Position:		
Current Assets	125,065,638	206,704,576
Non-current assets	112,847,149	41,142,701
Total Assets	237,912,787	247,847,277
Current liabilities	79,838,681	90,354,639
Non-current liabilities	16,352,887	12,813,710
Total Liabilities	96,191,568	103,168,349
Total Equity	141,721,219	144,678,928
Equity attributable to Parent Company shareholders	72,277,822	73,786,253
Equity attributable to NCI	69,443,397	70,892,675
Summarized Statements of Comprehensive Income:		
Revenues	36,085,955	43,628,465
Net income (loss)	(5,481,363)	1,555,138
Income attributable to Parent Company shareholders	(2,795,495)	793,120
Income attributable to NCI	(2,685,868)	762,018
Dividends declared to NCI	-	-
Dividends paid to NCI	-	-

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are composed of cash and cash equivalents, receivable and payables. The main purpose of these financial instruments is to raise finances for the Group's operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Group's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

Objectives and policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group is cash. This financial instrument is used mainly for working capital management purposes. Trade-related financial assets and financial liabilities of the Group such as trade and other receivables and trade and other payables, excluding statutory liabilities, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Interest Rate Risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt. As of March 31, 2026 and 2025, the Group has no significant interest rate risk exposures since the interest rates are fixed up to the date of maturity.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below shows the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management as of March 31:

	2026			
	On Demand	Within 1 Year	More than 1 Year	Total
Financial Assets at amortized cost:				
Cash (excluding cash on hand)	₱82,415,450	₱-	₱-	₱82,415,450
Trade and other receivables	-	159,754,626	-	159,754,626
Advances to related parties	-	-	351,120,542	351,120,542
Refundable deposits	-	377,208	8,257,741	8,634,949
	82,415,450	160,131,834	359,378,283	601,925,567
Financial Assets at FVOCI	-	-	18,694,535	18,694,535
Total	82,415,450	160,131,834	378,072,818	620,620,102
Financial Liabilities:				
Account payables and accrued expenses*	-	235,650,606	123,438,803	359,089,409
Lease liability	-	15,899,696	-	15,899,696
Due to related parties	-	420,510	298,347,592	298,768,102
Total	-	251,970,812	421,786,395	673,757,207
Net Position	₱82,415,450	(₱91,838,978)	(₱43,713,577)	(₱53,137,105)

*excluding government liabilities

	2025			
	On Demand	Within 1 Year	More than 1 Year	Total
Financial Assets at amortized cost:				
Cash (excluding cash on hand)	₱73,166,228	₱-	₱-	₱73,166,228
Trade and other receivables	-	138,284,028	-	138,284,028
Advances to related parties	-	-	347,566,100	347,566,100
Refundable deposits	-	124,898	8,601,346	8,726,244
	73,166,228	138,408,926	356,167,446	567,742,600
Financial Assets at FVOCI	-	-	18,478,985	18,478,985
Total	73,166,228	138,408,926	374,646,431	586,221,585

Financial Liabilities:

Account payables and accrued expenses*	-	236,137,897	123,438,803	359,576,700
Lease liability	-	14,774,505	-	14,774,505
Due to related parties	-	400,922	292,456,384	292,857,306
Total	-	251,313,324	415,895,187	667,208,511

Net Position	₱73,166,228	(₱112,904,398)	(₱41,248,756)	(₱80,986,926)
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*excluding government liabilities

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements).

As at March 31, 2026 and 2025, the Group has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired.

- a. Financial information on the Group's maximum exposure to credit risk as of March 31, without considering the effects of collaterals and other risk mitigation techniques are presented below.

	2026	2025
Cash and cash equivalents	₱82,527,502	₱73,298,280
Receivables	159,754,626	138,284,028
Advances to related parties	351,120,542	347,566,100
Refundable deposits	8,634,949	8,726,244
	₱602,037,619	₱567,874,652

The Group does not hold any collateral as security or other credit enhancements attached to its financial assets.

The credit risk for is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties. The Group does not execute any credit guarantee in favor of any counterparty.

- b. Credit quality per class of financial assets

Description of the credit quality grades used by the Group follows:

Financial assets at FVOCI

High grade - Counterparties that are consistently profitable, have strong fundamentals and pays out dividends.

Standard grade - Counterparties that recently turned profitable and have the potential of becoming a high-grade Group. These counterparties have sound fundamentals.

Substandard grade - Counterparties that are not yet profitable, speculative in nature but have the potential to turn around fundamentally.

Financial assets at amortized cost

High grade - High probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - Collections are probable due to the reputation and the financial ability of the counterparty to pay.

Substandard grade - The counterparty shows probability of impairment based on historical trends.

The following table show a comparison of the credit quality of the Group's financial assets by class as at the reporting date as of March 31:

2026				
	Neither past due nor impaired		Past Due but not impaired	Total
	High Grade	Standard Grade		
Financial Assets at amortized cost				
Cash excluding cash on hand	₱82,415,450	₱-	₱-	₱82,415,450
Trade Receivables (gross)	-	116,491,793	-	116,491,793
Other Receivables (gross)	-	-	49,207,784	49,207,784
Advances to related parties	-	351,120,542	232,147,339	583,267,881
Refundable Deposit	8,634,949	-	-	8,634,949
Subtotal	91,050,399	467,612,335	281,355,123	840,017,857
Financial Assets at FVOCI	18,694,535	-	-	18,694,535
Total	₱109,744,934	₱467,612,335	₱281,355,123	₱858,712,392
2025				
	Neither past due nor impaired		Past Due but not impaired	Total
	High Grade	Standard Grade		
Financial Assets at amortized cost				
Cash excluding cash on hand	₱73,166,228	₱-	₱-	₱73,166,228
Trade Receivables (gross)	-	95,112,894	-	95,112,894
Other Receivables (gross)	-	-	49,206,555	49,206,555
Advances to related parties	-	347,566,100	229,233,748	576,799,848
Refundable Deposit	8,726,244	-	-	8,726,244
Subtotal	81,892,472	442,678,994	278,440,303	803,011,769
Financial Assets at FVOCI	18,478,985	-	-	18,478,985
Total	₱100,371,457	₱442,678,994	₱278,440,303	₱821,490,754

The credit quality of receivables is managed by the Group using internal credit quality ratings. High and medium grade accounts consist of receivables from debtors with good financial standing and with relatively low defaults.

The Group constantly monitors the receivables from these customers in order to identify any adverse changes in credit quality. The allowance for doubtful accounts is provided for those receivables that have been identified as individually impaired.

9. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Group considers its equity as capital.

The Group monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below as of March 31:

	2026	2025
Total liabilities	₱709,708,172	₱702,392,397
Total equity	43,467,386	11,271,202
Debt-to-equity ratio	16.33:1	62.32:1

The Group has remained steadfast to regain its equity funding. Several actions were taken to conserve and manage the capital structure (Note 2).

10. FAIR VALUE MEASUREMENT

Carrying amounts and fair values by category

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments for the quarters ended March 31:

	2026		2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at amortized cost				
Cash (excluding cash on hand)	₱82,415,450	₱82,415,450	₱73,166,228	₱73,166,228
Trade and other receivables	159,754,626	159,754,626	138,284,028	138,284,028
Advances to related party	351,120,542	351,120,542	347,566,100	347,566,100
Refundable deposits	8,634,949	8,634,949	8,726,244	8,726,244
Subtotal	601,925,567	601,925,567	567,742,600	567,742,600
Financial Assets at FVOCI	18,694,535	18,694,535	18,478,985	18,478,985
Total	620,620,102	620,620,102	586,221,585	586,221,585
Financial Liabilities				
Accounts payable and Accrued expense	359,089,409	359,089,409	359,576,700	359,576,700
Lease Liability	18,592,621	18,592,621	16,740,945	16,740,945
Due to related parties	298,768,102	298,768,102	292,857,306	292,857,306
Total	₱676,450,132	₱676,450,132	₱669,174,951	₱669,174,951

*excluding government liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Current financial assets and liabilities

Due to the short-term nature of the transactions, the carrying values of cash, receivables, refundable deposits, accounts payable and accrued expenses, due to related parties and current portion of long-term debt approximate their fair values.

Financial assets at FVOCI

The fair values of publicly traded instruments and similar investments are based on quoted bid prices. Unquoted equity securities are carried at cost, subject to impairment.

Financial assets at amortized cost

The carrying value of debt investment approximates the fair value, which is determined to be the present value of future cash flows using the prevailing market rate as the discount rate.

Due from/to related parties. The carrying amounts of these related party transactions approximate their fair values.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy Group's financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the fair value hierarchy of the Group's financial assets and liabilities, which are measured at fair value or requires disclosure as prescribed by other PFRS, as at March 31:

	2026		2025	
	Level 1	Level 3	Level 1	Level 3
Financial assets at amortized cost				
Cash	₱82,527,502	₱-	₱73,298,280	₱-
Trade and other receivables, net	-	159,754,626	-	138,284,028
Refundable deposits	-	8,634,949	-	8,726,244
Subtotal	82,527,502	168,389,575	73,298,280	147,010,272
Financial assets at FVOCI	18,694,535	-	18,478,985	-
Total	101,222,037	168,389,575	91,777,265	147,010,272
Financial liabilities				
Accounts payable and accrued expenses	-	378,687,487	-	381,946,877
Lease liability	-	18,592,621	-	16,740,945
Due to related parties	-	298,347,592	-	292,857,306
Total	₱-	₱695,627,700	₱-	₱691,545,128

As at March 31, 2026 and 2025, there are no financial assets or financial liabilities measured at fair value. There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in first quarter 2026 and 2025.

Financial instruments not measured at fair value for which fair value is disclosed

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

11. CASH

Details of cash are as follows as of March 31:

	2026	2025
Cash on hand	₱112,052	₱132,052
Cash in banks	82,415,450	73,166,228
	₱82,527,502	₱73,298,280

Cash in banks earn interest at the respective bank deposit rates. Cash under time deposit earns interest from 4.1% up to 4.25%. Interest income from banks and in time deposit amounted to ₱528,946 and ₱3,486 as of March 31, 2026 and 2025, respectively.

12. TRADE AND OTHER RECEIVABLES

Details of receivables are as follows as of March 31:

	2026	2025
Notes receivables	₱144,247,683	₱143,865,021
Trade receivables	116,491,793	95,112,894
Due from affiliates	5,294,395	5,308,706
Others receivables	43,913,380	43,897,849
	309,947,251	288,184,470
Less allowance for probable loss	(150,192,625)	(149,900,442)
	₱159,754,626	₱138,284,028

Trade receivables are non-interest bearing and are generally on 30 to 60 days' credit terms. The notes receivable bear interest at 3.5% per annum and are payable in 365 days on demand, subject to renewal upon mutual consent. Notes receivable are considered impaired and covered with allowance for probable losses.

Due from related parties are noninterest bearing and have no fixed repayment terms.

Other receivables pertain to advances subject for liquidation.

The movements in the allowance for probable losses follow:

	2026	2025
Balance at beginning of year	₱150,192,625	₱149,644,558
Reversal of allowance	—	—
Provision for the year	—	255,884
Write-off during the year	—	—
Balance at end of year	₱150,192,625	₱149,900,442

13. OTHER CURRENT ASSETS, NET

Details are as follows as of March 31:

	2026	2025
Creditable withholding taxes	₱9,300,295	₱9,300,295
Input taxes	6,407,179	11,801,557
Refundable deposits	119,317	174,898
Prepayments and others	33,241,410	31,075,362
	49,068,201	52,352,112
Less: allowance for probable losses	9,525,391	15,115,221
	₱39,542,810	₱37,236,891

Input tax is the 12% value added tax (VAT) on purchase of goods or services in the course of its trade or business. At the end of each taxable period, input tax can be applied against output tax.

Prior year's excess credits represent excess tax payments and credits over tax liabilities of the immediately preceding taxable period which may be refunded, converted to tax credit certificates, or carried over to the next taxable year.

Security deposits represent noninterest-bearing deposits made on lease and are usually refundable after the end of contract or services less any charges. Construction bonds represent noninterest-bearing bonds

that are used to secure against damages during construction and will be refundable after the end of construction, net of any charges.

14. ADVANCES TO RELATED PARTIES

Advances amounting to ₱351,120,542 and ₱347,566,100, which constitutes 46.62% and 48.70% of the Group's total assets as of March 31, 2026 and 2025, respectively, represents advances to Polymax, the Parent Company's special purpose entity incorporated in British Virgin Islands solely for the purpose of acquiring the petrochemical plant of NPCA as discussed in Note 2.

On March 18 and September 20, 2006, Polymax's interest in NPCA of 40% and 20%, respectively, was sold. Another 20% of the remaining interest of Polymax in NPCA was sold in late 2014, bringing down Polymax's interest in NPCA to 20% as of December 31, 2014.

The remaining 20% interest of Polymax in NPCA is for sale. In this regard and to ensure the recoverability of the Parent Company's advances to Polymax, the Parent Company's major stockholders issued a letter of comfort in favor of the Parent Company on September 30, 2014. To reiterate assurance of the collectability of the Parent Company's advances to Polymax, comfort letters dated March 9, 2022 and March 21, 2021 were issued by the major stockholders of the Parent Company.

For the quarters ended March 31, 2026 and 2025, the Company made additional collections of the advances from Polymax amounting to ₱969,849 and ₱65,079, respectively.

Provision for estimated credit losses on Advances to Polymax was recognized in compliance with the requirements of PFRS 9. Provision for estimated credit losses for the advances amounted to ₱232,147,339 and ₱229,233,748 respectively, as of March 31, 2026 and 2025.

Reclassification of Advances to Polymax

In 2021, the account was reclassified from Asset Held for Sale due to its nature of account. The reclassification has no effect in the consolidated retained earnings or cumulative deficit.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of March 31, the account consists of:

	2026	2025
At acquisition cost	₱16,270,963	₱16,270,964
Cumulative fair value gain (loss) – in equity	2,423,572	2,208,021
Total	₱18,694,535	₱18,478,985

The investment in securities consists of investment in shares of stock of a publicly listed Group whose fair value is based on published prices on Philippine Stock Exchange; and unquoted equity investment carried at cost.

16. PROPERTY AND EQUIPMENT, NET

As of March 31, this account consists of the following:

March 31, 2026	Leasehold Improvements	Machinery and Equipment	Office Furniture, Fixtures and Equipment	IT Infrastructures	Right-Of-Use Asset	Total
Cost						
Balances at beginning of year	₱9,597,308	₱43,225,144	₱22,897,648	₱296,139	₱108,331,601	₱184,347,840
Additions/(Disposals)	368,705	698,908	428,810	-	-	1,496,423
Balances at end of year	9,966,013	43,924,052	23,326,458	296,139	108,331,601	185,844,263
Accumulated Depreciation						
Balances at beginning of year	8,797,182	38,642,797	22,897,648	296,139	84,904,692	155,538,458
Depreciation	154,091	733,707	211,012	-	-	1,098,810
Additions/(Disposals)	-	-	4,910	-	-	4,910
Balances at end	8,951,273	39,376,504	23,113,570	296,139	84,904,692	156,642,178
Net book value	₱1,014,740	₱4,547,548	₱212,888	₱-	₱23,426,909	₱29,202,085
March 31, 2025						
	Leasehold Improvements	Machinery and Equipment	Office Furniture, Fixtures and Equipment	IT Infrastructures	Right-Of-Use Asset	Total
Cost						
Balances at beginning of year	₱9,412,307	₱43,225,144	₱22,051,630	₱296,139	₱82,653,140	₱157,638,360
Additions/(Disposals)	-	-	444,848	-	-	444,848
Balances at end of year	9,412,307	43,225,144	22,496,478	296,139	82,653,140	158,083,208
Accumulated Depreciation						
Balances at beginning of year	7,966,715	35,703,798	22,051,630	296,139	62,888,067	128,906,349
Depreciation	294,005	724,157	268,229	-	-	1,286,391
Additions/(Disposals)	-	-	-	-	-	-
Balances at end	8,260,720	36,427,955	22,319,859	296,139	62,888,067	130,192,740
Net book value	₱1,151,587	₱6,797,189	₱176,619	₱-	₱19,765,073	₱27,890,468

The Group elected to use the cost model in accounting for property and equipment. They also believed that the carrying amount of its property and equipment during the year are not impaired.

None of the properties were pledged or mortgaged as collateral to secure any of the Company's loans.

Depreciation expense is recognized under cost of services and general and administrative expense. To wit:

	2026	2025
Cost of services	₱-	₱-
General and administrative expenses	1,098,810	1,286,391
	₱1,098,810	₱1,286,391

17. OTHER NONCURRENT ASSETS

As of March 31, this account composed of the following:

	2026	2025
Refundable deposits – non-current portion	₱8,634,949	₱8,726,244
Intangible assets	46,245	489,973
Total	₱8,681,194	₱9,216,217

Intangible assets pertain to non-exclusive software license costs for use in MCLSI's warehouse management system.

The carrying amount of intangible assets as of March 31, 2026 is as follows:

<u>Particulars</u>	<u>Beginning Balances</u>	<u>Additions/ Provisions</u>	<u>Disposals/ Adjustments</u>	<u>Ending Balances</u>
Cost:				
Software	₱3,310,365	₱-	₱-	₱3,310,365
Accumulated Amortization:				
Software	₱3,259,209	₱4,911	₱-	₱3,264,120
Carrying amount	₱51,156			₱46,245

The carrying amount of intangible assets as of March 31, 2025 is as follows:

<u>Particulars</u>	<u>Beginning Balances</u>	<u>Additions/ Provisions</u>	<u>Disposals/ Adjustments</u>	<u>Ending Balances</u>
Cost:				
Software	₱6,829,389	₱-	(₱3,124,683)	₱3,704,706
Accumulated Amortization:				
Software	₱2,972,351	₱242,382	₱-	₱3,214,733
Carrying amount	₱3,857,038			₱489,973

Intangible assets which have been fully amortized were due to MCLSI's management assessment that these will no longer provide a future economic benefit to the Group.

The Group has no intangible assets pledged as security for any liability and has no outstanding contractual commitments to acquire certain intangible assets.

18. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Details of this account are shown below as of March 31:

	<u>2026</u>	<u>2025</u>
Current Portion		
Trade Payables	₱22,381,435	₱16,871,623
Accrued Expenses	175,638,901	181,636,005
Other current liabilities	57,228,348	60,000,446
Total	255,248,684	258,508,074
Non-Current Portion		
Accrued Expenses	123,438,803	123,438,803
Total	₱378,687,487	₱381,946,877

Trade payables are noninterest bearing and have credit terms of 30 to 60 days.

Accrued expenses include provisions for liabilities arising in the ordinary conduct of business, which are either pending decision by government authorities or are being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, adequate provisions have been made to cover tax and other liabilities that may arise as a result of an adverse decision that may be rendered.

Provisions relate to pending claims jointly and severally against the Group and Polymax and pending claims and tax assessment solely against the Group. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the related claims and tax assessments.

The Parent Company reclassified to non-current portion the accruals made which pertains to management fee and reserve for contingency BIR amounting to ₱39,685,406 and ₱83,753,397, respectively. These are not expected to be settled within one year or the Group's operating cycle, whichever is longer.

Other liabilities mainly pertain to payable to government agencies.

These liabilities are unsecured and noninterest-bearing.

19. LEASE LIABILITY

Lease liability relates to liability recognized in relation to the adoption of PFRS 16. As of March 31, the Group's determined incremental rate used is between 3% and 5%.

	2026	2025
Lease liability		
Current	₱15,899,696	₱14,774,505
Noncurrent	2,692,925	1,966,440
Total	₱18,592,621	₱16,740,945

20. DUE TO RELATED PARTIES

Details of this account are as follows as of March 31:

	2026	2025
Philippine Estate Corporation	₱298,347,592	₱292,456,384
Others	420,510	400,922
Total	₱298,768,102	₱292,857,306

The Group issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of P263,000,345 including a 2% legal interest for the year 2020 and a 2% interest per annum until the maturity date of March 15, 2026.

The aforesaid amount pertains to advances made by the affiliate in favor of the Parent Company. In 2024 and 2023, interest incurred amounted to ₱5,260,007 and ₱5,260,007, respectively. Accrual of interest is made every end of year.

The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms (Note 29).

21. INCOME TAXES

On January 5, 2024, Ease of Paying Taxes (EOPT) Act was passed into law. The EOPT Act introduced significant amendments to the National Internal Revenue Code of 1997 ("The Code") which are intended to protect and safeguard taxpayer rights and welfare to modernize tax administration by providing mechanisms that encourage easy compliance at the best cost and resources, and to update the tax system and adopt best practices.

The amendments include the following:

- File and pay anywhere mechanism. Taxes shall be paid either electronically or manually at the time the return is filed.
- Classification of taxpayers into micro, small, medium and large taxpayers.
- Withholding of tax on income payments only when payable.
- Imposing value-added tax (VAT) on services, based on gross sales, no longer on gross receipts.
- VAT invoices are sufficient to substantiate input VAT arising from the purchase at both goods and services.
- Removal of "business style" as a VAT invoicing requirement.
- Removal of withholding tax as requirement for deductibility of income payments.

22. SHARE CAPITAL

The Group's capital stock as of March 31 consists of the following common shares:

	2026	2025
Class "A" – ₱1 par value		
Authorized – 720,000,000 shares with par value of ₱1	₱720,000,000	₱720,000,000
Issued and outstanding – 183,673,470 shares with par value of ₱1	183,673,470	183,673,470
Number of equity holders	632	632
Class "B" – ₱1 par value		
Authorized – 480,000,000 shares with par value of ₱1	480,000,000	480,000,000
Issued and outstanding – 122,448,979 shares with par value of ₱1	122,448,979	122,448,979
Number of equity holders	417	417
Additional Paid-in Capital	₱3,571,923	₱3,571,923

The two classes of common shares are identical in all respects, except that Class "A" shares are restricted to Philippine nationals and the total number of Class "B" shares is limited to two-thirds of the total outstanding Class "A" shares.

On July 25, 2003, the Group's stockholders approved the increase in authorized capital stock from ₱1.2 billion consisting of 1.2 billion shares to ₱5 billion consisting of 5 billion shares, both with par value of ₱1 per share. The increase did not push through because of dispute in the acquisition of the Petrochemical Project, which was finally settled in 2013 as discussed in Note 2. After final settlement of the dispute, the Group's management has decided to pursue the said increase in authorized capital stock of the Group.

23. CUMULATIVE DEFICIT

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

As of March 31, the account consists of the following:

Particulars	2026	2025
Cumulative deficit, beginning	(₱382,676,320)	(₱378,327,161)
Recognition of expired and closing of unutilized NOLCO	–	–
Cumulative deficit, as adjusted	(382,676,320)	(378,327,161)
Net income (loss) based on the face of equity investments	33,122,133	775,916
Add: Non-actual gain/unrealized loss		
Unrealized loss (gain) on re-measurement of equity investments	–	–
Remeasurement loss (gain) on retirement plan	–	–
Non-controlling interest in net income	(2,685,868)	762,018
Net income (loss) actual/realized	35,808,001	13,898
Cumulative deficit, end	(₱346,868,319)	(₱378,313,263)

24. SALES OF SERVICES

For the quarters ended March 31, 2026, 2025 and 2024, the account comprises of sale of services amounting to ₱83,585,955, ₱43,628,465 and ₱46,811,798, respectively.

On March 30, 2026, the Parent Company entered into consultancy service agreement with Westland Pacific Properties Corporation wherein the former will provide technical and consultancy service on the salability of the former's raw land and lots in the amount of ₱47.5 million exclusive of taxes.

As of March 31, 2026, MCLSI generated a total service income amounting to ₱36,085,955 from its warehousing and logistics services.

25. COST OF SERVICES

Details of this account are shown below for the 1st quarter March 31:

	2026	2025
Personnel costs	₱15,590,930	₱18,487,705
Rent and utilities	8,394,539	7,742,715
Outside services	7,395,644	1,713,715
Transportation and Travel	2,466,162	2,983,048
Security services	1,180,669	1,207,883
Repairs and maintenance	1,094,322	555,962
Communication and office supplies	214,945	86,877
Others	1,762,903	1,341,818
	₱38,100,114	₱34,119,723

26. FINANCE AND OTHER INCOME (EXPENSES), NET

Details of this account are shown below for the 1st quarter March 31:

	2026	2025
Interest income	₱528,946	₱7,009
Recovery on allowance for impairment of input tax	5,700,000	–
	₱6,228,946	₱7,009

27. GENERAL AND ADMINISTRATIVE EXPENSE

Details of this account are shown below for the 1st quarter March 31:

	2026	2025
Professional fee	₱5,319,864	₱1,181,527
Personnel cost	2,695,825	2,870,564
Communication and supplies	1,867,038	1,042,449
Depreciation	1,098,810	1,286,391
Entertainment	924,648	499,137
Rent and utilities	437,025	413,672
Transportation and travel	319,755	326,054
Taxes and Licenses	309,269	334,686
Insurance	182,568	31,363
Amortization	4,911	242,381
Miscellaneous	180,004	102,748
Others	367,148	408,863
	₱13,706,865	₱8,739,835

28. RETIREMENT BENEFIT COSTS

The Parent Company has an unfunded, non-contributory defined benefit retirement plan providing retirement benefits to its regular employee. MCLSI has a funded, non-contributory defined benefit requirement plan providing retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of MCLSI's fund. The accrued actuarial liability is determined according to the plan formula taking into account the years of service rendered and compensation of covered employees as of valuation date.

29. RELATED PARTY TRANSACTIONS

a. Due from/to related parties

In 2020, the Parent Company acknowledged its obligation to PHES, an affiliate who granted an interest-bearing, due, and demandable loan in favor of the Parent Company.

The other amounts due to related parties pertain to unsecured and noninterest bearing advances provided to the Group to finance its working capital requirements, capital expenditures, petrochemical project support and for other investments and have no definite repayment terms.

b. Compensation of key management personnel follows:

Key management personnel are those person having authority and responsibility for planning and directing and controlling the activities of the Group, directly or indirectly.

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under their respective group's retirement plan.

c. The related relationships and amounts applicable to the Group's transactions with related parties as of first quarter 2026 and 2025 are as follows:

Name of the related party	Relationship	Nature of transaction	Country of incorporation
The Wellex Group, Inc.	Affiliate	Holding company	Philippines
Metro Combined Logistics Solutions, Inc.	Subsidiary	Third party logistics and warehousing	Philippines
Polymax Worldwide Limited	Affiliate	Series of acquisition transaction	British Virgin Island
Acesite (Phils.) Hotel Corporation	Affiliate	Hotel business and other accommodations	Philippines
Philippine Estate Corporation	Affiliate	Holding and developing real estate	Philippines

	Terms & Conditions	Transactions		Outstanding Balance	
		2026	2025	2026	2025
Due from Related Parties					
The Wellex Group, Inc	Non-Interest bearing and unsecured borrowing; Expected to be settled in cash	P-	P-	P5,258,409	P5,258,609
Others	Non-Interest bearing and unsecured borrowing; Expected to be settled in cash	-	-	35,986	50,297
Total		-	-	5,294,395	5,308,706
Advances					
Polymax	Represents 20% share investment in NPCA	(969,849)	(65,080)	351,120,542	347,566,100
Due to related parties					
Philippine Estate Corporation	Secured, no impairment, no guarantee, interest bearing	-	-	298,347,592	292,456,384
Others	Non-Interest bearing and unsecured borrowing; Expected to be settled in cash	15,789	11,992	420,510	400,922
Total		P15,789	P11,992	P298,768,102	P292,857,306

The Parent Company issued a 5-year promissory note to its affiliate, Philippine Estates Corporation (PHES), with a principal amount of P263,000,345 including a 2% legal interest for the year 2020 and a 2%

interest per annum until the maturity date of March 15, 2026. The term of the loan was extended for another five (5) years or up until March 15, 2031 at the same interest rate per annum.

30. **BASIC INCOME (LOSS) PER SHARE**

Details of this account are shown below for the 1st quarter of March 31:

Particulars	2026	2025
Net income/(loss) attributable to equity holders of the Parent Company	₱35,808,001	₱13,898
Weighted average number of common shares	306,122,449	306,122,449
Basic income per share	₱0.11697	₱0.00005

31. **SIGNIFICANT COMMITMENTS**

Lease Agreements

As a lessor

MCLSI, the operating subsidiary of the Parent Company recognized rent income, for the quarter ended March 31, 2026 and 2025 ₱6,488,393 and ₱7,174,516, respectively.

As a lessee

The Group entered into several lease agreements covering its office premises and warehouses. Terms of the lease agreements range from 1 year to 5 years under renewable options. Other leases entered into include clauses to enable upward revision of the rental charged on an annual basis - based on prevailing market rates.

As permitted by PFRS 16, the Group applied the modified retrospective approach to existing operating leases which are capitalized under the new standard (i.e. retrospectively, with the cumulative effect recognized at the date of initial application as an adjustment to the opening balance of retained earnings with no restatement of comparative information in the financial statements).

In 2024, the Group entered into lease agreements with terms of 1 year ending May 31, 2025 and 2 years ending January 31, 2026 and March 31, 2026.

In 2025, the Group entered into lease agreements with terms of 1 year ending May 31, 2026 and 2 years ending January 31, 2027 and March 31, 2027

Following the adoption of PFRS 16, the Group recognized right-of-use asset and lease liability over the life of the lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

As of March 31, 2026, the Group's right-of-use asset, net of accumulated depreciation, and lease liability amounted to ₱23,426,909 (Note 16) and ₱18,592,621 (Note 19), respectively.

Logistics Agreements

MCLSI has agreements with principals to provide logistics operations services, specifically warehousing and managing delivery of the principals' products to their key accounts and sub-distributors nationwide. Under the terms of these agreements, the principals shall pay MCLSI the agreed monthly fees plus reimbursement of certain warehouse expenses.

32. **OTHER MATTERS**

(a) **Metro Alliance vs. Commissioner of Internal Revenue**

Assessment for deficiency withholding taxes for the year 1989, 1990 and 1991

On July 5, 2002, the Parent Company received a decision from the Court of Tax Appeals (CTA) denying the Parent Company's Petition for Review and ordering the payment of ₱83.8 million for withholding tax assessments for the taxable years 1989 to 1991. The Parent Company filed a Motion

for Reconsideration on July 31, 2002 but this was subsequently denied by the CTA. A Petition for Review was filed with the CTA on November 8, 2002, which was also denied by the CTA. The Parent Company then appealed the decision of the CTA to the Court of Appeals (CA), which likewise denied the appeal and upheld the assessment against the Parent Company. The Parent Company, through its legal counsel, filed a Motion for Reconsideration with the CA in December 2003.

On July 9, 2004, the Parent Company received the CA resolution denying the Motion for Reconsideration. On July 22, 2004, the Parent Company filed with the CA a Motion for Extension of time to file an appeal to the Supreme Court (SC). On August 20, 2004, the Parent Company filed said appeal. On October 20, 2004, the Parent Company received the resolution of the SC denying its Petition for Review for lack of reversible error. The Parent Company filed a Motion for Reconsideration. On January 10, 2005, the SC issued an Order stating that it found no ground to sustain the Parent Company's appeal and dismissed the Parent Company's petition with finality.

On April 26, 2006, the Parent Company filed a Petition for Review before the CTA en banc. On March 7, 2007, the CTA en banc dismissed the Petition for lack of merit. The CTA en banc affirmed the CTA's decision granting the Motion for Issuance of Writ of Execution filed by the Commissioner of Internal Revenue.

As of March 31, 2026, the Parent Company has not received any order of Execution relative to this case. Accordingly, the related obligation is not currently determinable.

- (b) Metro Alliance and Philippine Estate Corporation vs. Philippine Trust Company, et al., Civil Case SCA#TG-05-2519, RTC Tagaytay City Branch 18
Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, Annulment in Decrease in Interest Rates, Service Charge, Penalties and Notice of Sheriffs Sales plus Damages

On September 14, 2005, the Parent Company (MAHEC) and Philippine Estate Corporation (PHES) filed a Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, and Annulment in Decrease in Interest rates, Service Charge, Penalties and Notice of Sheriffs Sale, plus Damages with prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction. The case stemmed from imminent extra-judicial foreclosure of four (4) mortgaged Tagaytay lots covered by Transfer Certificate of Title (TCT) Nos. T-355222, T-35523, T-35524 and T-35552 subject to the Real Estate Mortgage executed by MAHEC and PHES securing ₱280 million loan last December 2003.

On October 6, 2005, the Regional Trial Court (RTC) of Tagaytay City issued and granted the Writ of Preliminary Injunction (first injunction). The preliminary injunction issued by the RTC stopping the foreclosure was nullified by both Court of Appeals and Supreme Court, after which Philtrust proceeded to foreclose, and acquired those properties for only ₱165.8 million. When MAHEC and PHES failed to redeem, Philtrust consolidated title and Tagaytay registry issued new TCTs cancelling PHES' TCT. On October 10, 2011, MAHEC filed Notice *Lis Pendens* vs. four (4) new TCTs of Philtrust.

The case is now back to Tagaytay RTC for trial hearings under new acting Judge Jaime Santiago. MAHEC and PHES already presented witnesses. Next trial hearing was set on April 12, 2016 for presentation of plaintiff's last witness for explanation of why the checks issued in 2004 in favor of Philtrust Bank intended to settle the loan were all dishonored and were returned unpaid.

The Parent Company was able to get the formal trial started and on-going. The Parent Company's most important move was the presentation of a very competent real estate appraiser, realtor, Cesar Santos, who was able to successfully defend in court his ₱811.6 million valuation of the foreclosed Tagaytay properties. Trial hearings are on-going, and it is now defendant Bank's turn to adduce evidence. Plaintiffs have closed their evidence presentation wherein all offered evidence were admitted, over the objections of defendant Bank. At the last hearing held on December 6, 2016, defendant Bank's star witness was subjected to Plaintiff's cross examination wherein they obtained many damaging admissions against the Bank. Plaintiff's counsels' cross-examination resumed at trial hearing last April 25, 2017.

Damages sought are ₱1,000,000 as and by way of exemplary damages and ₱500,000 as and by way of attorney's fees, litigation expenses and cost of suit.

On February 21, 2019, the defense presented its second witness, Mr. Godofredo Gonzales, an appraiser of Philippine Trust Company. However, the cross-examination of the witness was reset to June 27, 2019.

On October 17, 2019, Philtrust submitted a Formal Offer of Evidence in RTC.

In 2020, the Parent Company acknowledged the obligation to PHES, which was due and demandable on June 30, 2020. The Parent Company, however, failed to pay the amount on that date, for which, legal interest has been accrued at the end of the year. PHES and MAHEC agreed to issue a promissory note last March 15, 2021 for a period of 5 years or a maturity date of March 15, 2026 to record MAHEC obligations on the foreclosed properties of PHES.

As at March 31, 2026, the case is awaiting decision of the court.

(c) MAHEC, et.al. vs. Philippine Veterans Bank, et.al., Civil Case No. BCV-2011-175

This is an appeal by Philippine Veterans Bank (PVB) before the Court of Appeals of the Decision of the Regional Trial Court (RTC) Br. 19 of Bacoor, Cavite which made permanent the writ of preliminary injunction issued against the defendants PVB and the Ex-Officio Sheriff of the RTC, Bacoor, Cavite, extinguished the real estate mortgage and ordered PVB to return the transfer certificates of title covering the mortgaged properties and to refund MAHEC the Php25,000,000.00 excess payment plus 6% per annum from finality of the Decision.

The civil case originated from complaint filed by MAHEC and Polymax Worldwide Ltd. before the RTC Br. 19 of Bacoor, Cavite for injunction against the Philippine Veterans Bank and the Ex-Officio Sheriff of the RTC Bacoor, Cavite to prevent the sale at public auction of real estate mortgaged under the Real Estate Mortgage dated January 19, 2004.

Legal counsels of MAHEC received PVB's Appellant's Brief on January 16, 2026 and have until March 6, 2026 to file the Appellee's Brief which was done by legal counsel on time. As of the filing of March 31, 2026, this case is awaiting decision of the court.

(d) MAHEC, POLYMAX & WELLEX vs. Phil. Veterans Bank., et al., Civil Case #08-555, RTC Makati Branch 145 now SC GR 2405495 and 240513

Civil Action with Damages to Nullify the Foreclosure of Property

The case is an injunction suit with damages filed on July 23, 2008 in RTC-Makati to nullify the foreclosure of Pasig lot securing a ₱350 million loan obtained by MAHEC, Polymax and Wellex. Initially, Temporary Restraining Order (TRO) and preliminary injunction was issued, but afterwards, it was lifted, enabling Philippine Veterans Bank (PVB) to foreclose. In successive certiorari cases that plaintiffs filed, both Court of Appeals (CA) and Supreme Court (SC) upheld PVB. Worse yet, due to major lapse of the plaintiff's original counsels, *lis pendens* on foreclosed Pasig lot was cancelled, and in March 2012, PVB sold the lots to Zen Sen Realty Development Corporation who got new Transfer Certificate of Title (TCT). The above case was consolidated with other case of affiliated company with the same RTC. In 2013, Parent Company's legal counsel brought Zen Sen Realty Development Corporation. as defendant also and prayed that the PVB sale to it be nullified. In October 2014, Parent Company's legal counsel dropped Zen Sen Realty as an unnecessary defendant, after which DECISION was rendered vs. PVB on January 9, 2015, declaring the ₱550M loan (total loan of MAHEC, Polymax, Wellex and other affiliated companies) as fully paid, and even over-paid; discharging all the mortgages, and voiding the 2012 sale made to Zen Sen. PVB was ordered to refund to plaintiffs the ₱3.25 million overpayment. PVB filed a motion for reconsideration which was denied. PVB filed Notice of Appeal to Court of Appeal on May 8, 2015, which the Parent Company's legal counsel questioned as defective, but the RTC ruled against the company in its May 12, 2015 Order.

Upon appeal thereof by both parties, the Court of Appeals rendered its Decision dated June 29, 2017, partly granting PVB's appeal, and declared that: (a) the legal interest of 12% per annum be applied to the principal amounts; and (b) that MAHEC, et al. remain liable to pay PVB the amount of ₱69.7 million as of November 2006. MAHEC, et al. filed their "Motion for Reconsideration" dated July 31, 2017. The Court of Appeals rendered its Amended Decision dated February 28, 2018, stating that the outstanding obligation of MAHEC, at al., if any, shall earn interest at 6% per annum from July 1, 2013 onwards, pursuant to Central Bank Circular No. 799. The Court of Appeals denied PVB's Motion for Reconsideration thereof in its Resolution dated July 2, 2018.

On August 24, 2018, MAHEC, et.al filed with the Supreme Court its "Petition for Review on Certiorari" dated August 22, 2018. This was consolidated with PVB's "Petition for Review" dated August 24, 2018, which was previously raffled to the Supreme Court's Third Division.

In G.R. No. 240495, Parent Company received a copy of PVB's 'Comment/Opposition' dated October 30, 2019. On December 4, 2019, MAHEC, et al. filed "Motion to Admit Reply" with attached Reply, both dated November 28, 2019.

In G.R. No. 240513, MAHEC, et al. already "Comment (On the Petition for Review dated August 24, 2018)" dated August 30, 2019.

On February 23, 2021, the case was set for the presentation of plaintiffs' evidence. However, the case was rescheduled on June 22, 2021 due to lack of return card of the notice of the hearing sent to defendant's counsel.

On April 18, 2022, MAHEC et al received the Supreme Court's Notice of Judgment dated April 4, 2022 with attached Decision dated September 15, 2021, rendered in the case which they filed to restrain PVB from foreclosing on the Pasig property. Thereafter, PVB filed its undated Motion for Reconsideration on May 5, 2022.

In its Resolution dated August 15, 2022, the Supreme Court denied PVB's Motion for Reconsideration, and issued the Entry of Judgment dated August 15, 2022 on October 13, 2022, stating that the Decision became final and executory on August 15, 2022. Thus MAHEC, et al filed their Motion for Issuance of a Writ of Partial Execution dated October 24, 2022, praying that the trial court issue a writ of partial execution.

In response, PVB filed its Opposition dated November 2, 2022, praying that MAHEC, et al.'s Motion should be denied. In its order dated November 7, 2022, the trial court partially granted MAHEC et al.'s Motion and issued a Writ of Execution of even date, ordering its Sheriff to demand the Register of Deeds, Pasig City, to: (a) cancel PVB's TCT No. 011-201000057 over the Pasig Property; and (b) reconstitute Wellex's TCT No. PT-101589 thereover.

The parties filed their respective Motion for Partial Reconsideration. MAHEC, et. al. prayed that the order securities mortgaged to the loan must be discharged and released, as decided by the trial court in its Decision dated January 9, 2015, and attached to their Motion appraisal reports showing the amounts of reasonable rent to which Wellex is entitled. On the other hand, PVB argued in its Motion that Wellex's TCT No. PT-101589 cannot be reconstituted because the Pasig Property was already transferred to a third party, Zen Sen Realty Development Corporation. The trial court denied both Motions.

Meanwhile, the trial court's Sheriff reported to MAHEC, et.al. that despite their demand on the Register of Deeds, Pasig City, the latter was unable to reconstitute Wellex's TCT No. PT-101589 over the Pasig Property. However, on January 16, 2023, the Register of Deeds of Pasig City, subsequently complied with the Writ and: (a) reported that PVB's TCT No. 011-201000057 has already been cancelled; and (b) duly issued TCT No. 011-2023000787 over the Pasig Property, in the name of Wellex. Thus, the Decision has been partially satisfied as regards the portion of the judgment award directing the Register of Deeds of Pasig City to reconstitute the title of the Pasig Property in favor of Wellex.

Thereafter, PVB filed its "Motion for the Issuance of a Writ of Execution" dated March 10, 2023, praying that the trial court issue a writ of execution ordering MAHEC, et. al. to pay to PVB their outstanding principal obligation of Php66,202,988.64, plus interest until full payment, and/or garnish upon MAHEC, et. al.'s properties not exempt from execution in the event they refuse to pay said amounts.

In response, MAHEC, et. al. filed their Opposition dated March 28, 2023 opposing the same for being grossly premature and for utter lack of merit, considering that legal compensation may take place as regards the respective judgment awards in favor of Wellex and PVB, for reasonable rent and the amount of the outstanding loan obligation plus interest, respectively.

The cases were re-raffled to RTC-Makati, Branch 56. Upon MAHEC, et al.'s motion, in its Order dated August 10, 2023, the presiding judge of RTC-Makati, Branch 56 voluntarily inhibited himself from presiding in this case because he was formerly part of Wellex's corporate counsel. Thus, these cases were re-raffled to RTC-Makati, Branch 142, on August 22, 2023.

On September 27, 2023, MAHEC et. al. filed an Omnibus Motion seeking the RTC Makati, Branch 142's determination of the reasonable amount of rent due to Wellex from PVB over the Pasig property.

After hearings were conducted, in its Order dated May 31, 2024, the RTC Makati Branch 142 ordered the execution and implementation of the Supreme Court's Decision: (a) Ordered the restoration to Wellex the actual possession of the Pasig Property, by serving a formal written notice on Wellex, that it can freely occupy and exercise acts of dominion on the Pasig property; (b) Wellex is entitled to reasonable rent from PVB in the amount of Php137,862,000.96, and the recurring amount of

Php39,664,450.00 per year reckoned from June 1, 2024 until Wellex is physically restored in actual possession of the Pasig property; and (c) Legal compensation was recognized between the concurrent obligations of the parties. Consequently, MAHEC/Polymax's obligation in the amount of Php204,696,013.31 was considered extinguished, while PVB was further directed to pay MAHEC/Polymax et.al. its remaining balance of reasonable rent in the amount of Php137,860,000.96 and will continue to pay Php39,664,450.00 per year, as reasonable rent, from June 1, 2024 until Wellex is physically restored in actual possession of the Pasig property; and (d) PVB was directed to immediately return to them the transfer certificate of title and stock certificates evidencing all collaterals or mortgages securing the loan.

After PVB's Motion for Reconsideration dated July 15, 2024 was denied, a Writ of Execution dated October 18, 2024 was issued. On October 30, 2024, the court sheriff implemented the writ and PVB performed the ff: (a) PVB issued its "Certificate of Turn-Over" of even date, declaring that it does not have possession of the Pasig Property and that Wellex can now freely acquire possession thereof; (b) On November 11, 2024, PVB delivered the titles and collateral documents securing the loan to the Sheriff; and (c) On November 15, 2024, PVB paid MAHEC the amount of Php137,862,000.96 which is equivalent to the full monetary judgment specified in the Writ.

On January 8, 2025, the court sheriff served a copy of the Writ to the previous registered owner of the Pasig property (buyer of the Pasig property), directing it to serve formal written notice on Wellex, that it can freely occupy and exercise acts of dominion on the Pasig property.

As of the filing of this report, legal counsel is monitoring the following pending matters: (a) the Register of Deeds' confirmation that all collaterals and mortgages securing the subject loan has indeed been released and discharged; and (b) Zen Sen Realty's formal written notice on Wellex, stating that Wellex can already freely occupy and exercise acts of dominion on the Pasig property.

- (e) Philippine Veterans Bank vs. Hon Rainald C. Paggao, et.al CA G.R. No. SP No. 185926, Court of Appeals, Manila Seventeenth Division
Petition for Certiorari and Prohibition (With Urgent Prayer for the Issuance of a Temporary Restraining Order and Writ of Preliminary Injunction and/or Restraining Order and Writ of Preliminary Injunction and/or Other Injunctive Remedies)

On September 16, 2024, PVB filed the above motion before the Court of Appeals to: (a) restrain the implementation of the RTC, Makati City Branch 142's May 31 and August 15, 2024 Orders in relation to the preceding case; (b) declare said Orders void, and issued with grave abuse of discretion; (c) declare that the market value of the Pasig property from 2010 to present is zero, or in the alternative, that the monthly rental cannot exceed Php100,000; and (d) command MAHEC, et.al. to pay PVB the principal loan of Php66,202,988.64 plus interest, until full payment, which as of May 22, 2024 is Php206,420,918.58.

On December 16, 2024, MAHEC et.al filed their Manifestation and Motion of even date, arguing that PVB's prayer to enjoin the RTC-Makati Branch 142 from implementing the May 31 and August 15 2024 Orders, which execute the final and executory Supreme Court's Decision, has been rendered moot and academic due to PVB's voluntary compliance with the Writ.

On December 18, 2024, respondents received the court's Resolution dated December 5, 2024, ordering them among others, to: (a) file a Comment on the Petition; and (b) show cause why no temporary restraining order and/or writ of preliminary injunction should issue within ten (10) days from notice thereof.

Pursuant thereto, MAHEC et.al. filed their: (a) Compliance; and (b) Comment, both dated January 2, 2025 on even date.

As of the filing of this report, the Petition is still pending resolution.

- (f) MAHEC, POLYMAX, Renato B. Magadia (Metro Group/plaintiffs) vs NPC International Limited, et al. (NPC Group/defendants) Civil Case No. R-PSG 19-02106-CV, RTC Pasig City Branch 159 and related cases
Corporate Mismanagement and Damages with Application for Temporary Restraining Order and Injunction

On August 1, 2019, MAHEC together with co-plaintiffs, Polymax Worldwide Limited (Polymax) and Renato B. Magadia instituted a civil case in the Regional Trial Court (RTC) of Pasig City – Branch 159

against NPC International Limited (NPCI), NPC Alliance Corporation (NPCA), et. al. docketed as Civil Case No. R-PSG 19-02106CV for mismanagement and damages, restitution of 80% equity in NPCA, deletion from the accounting books and financial statements of NPCA the accounts due to Parent Company and trade payables due to NPCI and PGPCI as reflected in the audited financial statements of NPCA, reimbursement of total accumulated losses as reflected in 2018 audited financial statements of NPCA as well as reimbursement of opportunity losses in the amount of Php100 million.

After failure of settlement in both Mediation and Judicial Dispute Resolution proceedings, the case is now set for pre-trial. The Pre-Trial hearing was set originally on August 1, 2023. However, due to the ongoing compromise talks between the parties, both parties filed two (2) Joint Motion to Cancel and Reset Hearing on July 31, 2023 and October 31, 2023. Both Joint Motion were granted by the Court. Hence, the Pre-Trial hearing is scheduled on January 30, 2024.

On the other hand, during 2020, NPCI filed a countersuit with the Permanent Court of Arbitration at the Hague. This counter suit prays for payment by the MAHEC and Polymax of costs and damages that the NPCI has incurred for the preservation of the Bataan polyethylene plant from 2018 to the date of the award. MAHEC and Polymax questioned the jurisdiction of the Permanent Court of Arbitration. Nonetheless, the arbitral court refused to bifurcate the issue on jurisdiction but proceeded with the arbitration proceedings. As a matter of courtesy, but without prejudice to its position that they are not subject to the jurisdiction of the Honorable Tribunal, MAHEC and Polymax submitted all its Replies on the arguments presented by NPCI.

The parties have entered into an agreement, wherein the parties amicably and voluntarily agreed to settle their claims and withdraw all pending cases. In view of the parties' settlement agreement, Plaintiffs move for the withdrawal of their Complaints dated August 1, 2019 on January 17, 2025. On January 22, 2025, the Court granted the Motion to Withdraw.

As mentioned in the previous case above, the parties have entered into an agreement wherein NPCI also agreed to withdraw the case in the Permanent Court of Arbitration by sending a formal letter of withdrawal dated January 17, 2025.

- (g) NPC Alliance Corporation et.al. vs. Regional Trial Court – Pasig Branch 159, et.al. CA-G.R. SP No. 165159

Pending before the Court of Appeals Manila – Twelfth Division, is NPC Alliance Corporation's (NPCA) Petition for Certiorari assailing the Regional Trial Court Pasig Branch 159's (RTC Pasig) Order dated February 3, 2020 denying the NPCA's Motion to Refer Dispute to Arbitration and ruling that the Shareholders' Agreement had been superseded by the execution of the Settlement Agreement among the parties.

On March 6, 2024, the Court issued a Decision granting the instant Petition for Certiorari and annulling the RTC Pasig's Order dated February 3, 2020. MAHEC filed a Motion for Reconsideration on April 11, 2024.

Pending the resolution of the aforesaid Motion for Reconsideration, the parties have entered into an agreement, wherein the parties amicably and voluntarily agreed to settle their claims and withdraw all pending cases. Hence, on January 17, 2025, NPCA filed a Motion to Withdraw asking the Court to grant its motion to withdraw the instant Petition. The aforesaid Motion to Withdraw is pending resolution.

- (h) Metro Combined Logistics Solutions, Inc. (MCLSI) et.al. vs. Adolfo Escote Dela Torre III, et.al., NLRC LAC 04-01185-24, NLRC NCR Case No. 04-00291-23

Complaint filed by MCLSI's two (2) previous project employees for illegal dismissal with non-payment of service incentive leave, 13th month pay, separation pay and claims for moral and exemplary damages and attorney's fees. MCLSI received the Entry of Judgment and will proceed with execution proceedings but has filed last April 21, 2025 for petition for certiorari before the Court of Appeals to elevate the decision and resolutions of the NLRC. A resolution dated October 2, 2025 was issued by the CA, declaring that the case has now been submitted for resolution.

Simultaneously, as the case before the labor tribunals became final and executory, several conferences were held before the Labor Arbiter for the payment of the judgment award to complainants. MCLSI paid the recomputed judgment award to one of the complainants during one of the conferences and complainant executed a waiver and quit claim noting that the same will be subject

to the results of the Petition before the CA. On the other hand, no payment was made to the other complainant due to his liability to the company is higher than the recomputed judgment award. Eventually, MCLSI was informed of the death of the latter complainant. Assuming that MCLSI secures a win the CA, it will initiate restitution proceedings for the amounts it will be compelled to pay before the NLRC.

- (i) Metro Combined Logistics Solutions Inc. (MCLSI) vs. Freight Management Worldwide and MCC Transport Philippines Inc., R-MKT-19-01658-CV;
For the collection of a sum of money and damages. Counsel for FMW submitted a written motion to substitute a witness, however, this was objected to by MCLSI as well as by counsel for MCC. Ultimately, the court resolved to deny this motion, and FMW formally rested its case on 13 February 2024. On 23 July 2024, defendant MCC Transport formally offered its evidence and concluded the presentation of its witness. As the undersigned deemed it unnecessary to present any rebuttal evidence, the case was submitted for decision. On October 15, 2025, after much discussion, the parties were able to enter into a Settlement Agreement, whereby FMV will pay MCLSI the total amount of ₱2.8 million.
- (j) Nutri-Asia, Inc., vs. Metro Combined Logistics Solutions, Inc. (MCLSI), PDRCI Case No.2024-164;
MCLSI received a notice of arbitration dated 04 December 2024 filed by NAI before the Philippine Dispute Resolution Center, Inc. (PDRCI). On 28 January 2025, MCLSI received the order to respond to the issue by the PDRCI, directing MCLSI to communicate its response to NAI's Notice of Arbitration. NAI claims for a sum of money for unreturned and/or unaccounted finished goods, failure to observe first-expiration-first-out (FEFO) inventory policy and overpayment for use of air conditioning units in the total amount of ₱108.2 million pesos which MLCISI disputed such claims and provide its counterclaims against NAI amounting to ₱54.6 million. As of the filing of this report, the arbitration is close to completion, with the parties already filed their final Memoranda last February 27, 2026. The tribunal is expected to render its decision soon thereafter.
- (k) There are other pending minor legal cases against the Parent Company. Based on the facts of these cases, management believes that its positions have legal merits and the resolution thereof will not materially affect the Parent Company's financial position and result of operations.

**METRO ALLIANCE HOLDINGS & EQUITIES CORP.
AND SUBSIDIARIES
APPENDIX A – FINANCIAL SOUNDNESS**

	Jan. - Mar. 31 2026	Jan. - Mar. 31 2025
Profitability ratios:		
Return on assets	4.40%	0.11%
Return on equity	121.02%	7.30%
Net profit margin	39.63%	1.78%
Solvency and liquidity ratios:		
Current ratio	103.78%	90.91%
Debt to equity ratio	1632.74%	6231.74%
Quick Ratio	89.22%	77.31%
Financial leverage ratio:		
Asset to equity ratio	1732.74%	6331.74%
Debt to asset ratio	94.23%	98.42%
Interest rate coverage ratio	NIL	NIL

METRO ALLIANCE HOLDINGS & EQUITIES CORP. AND SUBSIDIARIES**RECEIVABLES AGING SUMMARY**

As of March 31, 2026

	Current	0 - 30	31 - 60	61 - 90	91 - 120	121+	Total
Notes receivable	₱-	₱-	₱-	₱-	₱-	₱144,247,683	₱144,247,683
Trade receivable	48,450,000	15,029,187	12,691,599	2,116,630	1,276,687	36,927,690	116,491,793
Due from affiliates	-	-	-	-	-	5,294,395	5,294,395
Others	-	-	-	-	-	43,913,380	43,913,380
Subtotal	48,450,000	15,029,187	12,691,599	2,116,630	1,276,687	230,383,148	309,947,251
Allowance for doubtful accounts						(150,192,625)	(150,192,625)
	₱48,450,000	₱15,029,187	₱12,691,599	₱2,116,630	₱1,276,687	₱80,190,523	₱159,754,626