



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



#SEC-121397

## Basic Ticket Information

**Ticket Status:** Open  
**Department:** MSRD - SRD  
**Create Date:** 6/10/26 11:56 AM

## User Information

**Name:** Amando Ponsaran  
**Email:** wellexindustries@yahoo.com  
**Phone:**

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

**Company Name :** Wellex Industries, Inc.

**SEC Registration No.:** 0000011790

**Details of Request :** Submission of Preliminary Information Statement (PIS) in  
connection with the Company's Annual Stockholders' Meeting on  
July 20, 2026, Monday at 10Am via remote communication.

**Region:** NATIONAL CAPITAL REGION (NCR)

**Province:** METRO MANILA

**City/Municipality:** CITY OF PASIG

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

**SEC Form 20-IS and  
Annexes:**

- WIN Preliminary 20-IS\_10June2026.pdf
- WIN - Approved Quotation - June 24-25 2026 (Business Mirror).pdf
- WIN - Approved Quotation - June 24-25 2026 (Daily Tribune).pdf
- SEC 17-C - WIN - Notice of ASM\_10Jun2026.pdf
- Letter to SEC - Permission to Distribute DIS via Website & PSE Edge.pdf
- 2025 Minutes of Annual Stockholders Meeting.pdf
- 2025 Minutes of Organizational Meeting of the Board of Directors.pdf

# Certification

I, Annabelle T. Abunda, Finance and Compliance Officer of Wellex Industries, Inc., with SEC registration number 0000011790 with principal office at 35<sup>th</sup> Flr. One Corporate Center, Doña Julia Vargas, cor. Meralco Ave., Ortigas Center, Pasig City, on oath state:

- 1) That on behalf of Wellex Industries, Inc., 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, Wellex Industries, Inc., 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.

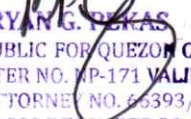
IN WITNESS WHEREOF, I have hereto set my hands this JUN 10 2026 day of \_\_\_\_\_, 2026.



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

SUBSCRIBED AND SWORN to before me this JUN 10 2026 day of \_\_\_\_\_, 2026.

NOTARY PUBLIC

  
ATTY. BRYAN G. PEKAS  
NOTARY PUBLIC FOR QUEZON CITY  
ADM. MATTER NO. MP-171 VALID UNTIL DEC. 31, 2026  
ROLL OF ATTORNEY NO. 63393/TIN 289-467-753  
IBP NO. 576803 DECEMBER 30, 2025, QUEZON CITY  
MCLE NO. VIII-0013054, VALID UNTIL 14/APR/2028  
PTR NO. 10130501, JANUARY 5, 2026, MARIKINA CITY  
603 EDSA DIAMOND FINANCE, CUBAO, Q.C.

DOC NO. 470  
PAGE No. 94  
BOOK No. XVII  
SERIES OF WU





**WELLEX INDUSTRIES, INC.**  
LISTED IN THE PHILIPPINE STOCK EXCHANGE

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**WELLEX INDUSTRIES, INC.**

**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

Dear Stockholder:

Please be advised that the annual meeting of the stockholders of **WELLEX INDUSTRIES INC.** (the "Corporation"), in accordance to SEC Memorandum Circular No. 6, Series of 2020 will be held on Monday, **July 20, 2026 at 10:00 a.m** and will be conducted virtually via secure online meeting platform (zoom application) to pass upon the matters:

1. Call to Order;
2. Certification of Notice and Quorum;
3. Approval of the Minutes of the Previous Stockholders' Meeting for the year 2025;
4. President's Report to the Stockholders for the Year 2025 and Approval of the Annual Report;
5. Ratiications of the Acts of the Board and Management;
6. Election of the Board of Directors to Serve for the Term 2026-2027;
7. Appointment of External Auditor;
8. Appointment of External Counsel;
9. Other 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 25, 2026**. The stock and transfer book will be closed from **June 26 to July 20, 2026**.

PARTICIPATION ONLY VIA REMOTECOMMUNICATION. Stockholders can only participate in the meeting by remote communication on **July 20, 2026**. Stockholders as of **June 25, 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 [wellexindustries.ASM@gmail.com](mailto:wellexindustries.ASM@gmail.com) not later than July 17, 2026 until 5:00 P.M. in the afternoon 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.

  
AMANDO J. PONSARAN JR.  
Corporate Secretary  
Unit 3104, 31<sup>st</sup> Floor Antel Global Corporate Centre  
#3 Dona Julia Vargas Avenue, Ortigas Center, Pasig City

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

**BALLOT / PROXY FORM**

Please mark as applicable:

**Vote By Ballot:** The undersigned stockholder of **WELLEX INDUSTRIES, INC.** (the “Company”) casts his/her vote on the agenda items for the Annual Meeting of Stockholders on **July 20, 2026**.

**Vote By Proxy:** The undersigned, stockholder of **WELLEX INDUSTRIES, INC.** (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 20, 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 7, and a “FOR” vote for proposals 1 through 6. \*

ITEM NO.	SUBJECT MATTER	ACTION		
		Yes	No	Abstain
1	• Approval of Minutes of Previous Meeting held on July 21, 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	• Election of Directors  *All nominees listed below: Ruben D. Torres William T. Gatchalian Hanniel T. Ngo Elvira A. Ting Lamberto B. Mercado, Jr. Richard L. Ricardo Omar M. Guinomla Sergio Antonio S. Ortiz-Luis ( <i>Independent Director</i> ) Renato C. Francisco ( <i>Independent Director</i> ) Josaias T. Dela Cruz ( <i>Independent Director</i> ) Aristeo R. Cruz ( <i>Independent Director</i> )  Note: To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.	FOR ALL*	WITHHOLD FOR ALL*	EXCEPTION
5	• Appointment of Diaz Murillo Dalupan and Co. CPAs, as external auditor for 2026			
6	• Appointment of Corporate Counsels, Phils. Law Offices as external legal counsel for 2026			
7	• 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 20, 2026. KINDLY EMAIL TO [WELLEXINDUSTRIES.ASM@GMAIL.COM](mailto:WELLEXINDUSTRIES.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://wellexindustries.com/annualstockholdersmeeting.html>

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

1. Check the appropriate box:
  - Preliminary Information Statement
  - Definitive Information Statement
  
2. Name of Registrant as specified in its charter: **WELLEX INDUSTRIES, INC.**
  
3. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
  
4. SEC Identification Number: **11790**
  
5. BIR Tax Identification Code: **003-946-426-000**
  
6. Address of registrant's principal office: **35<sup>th</sup> Flr. One Corporate Centre, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City 1605**
  
7. Registrant's telephone number, including area code: **(632) 8706-7888**
  
8. Date, time and place of the annual stockholders' meeting:
  - Date & Time: July 20, 2026 at 10:00 A.M.**
  - Place: 35<sup>th</sup> Flr. One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Avenue, Ortigas Center, Pasig City, 1605 (Virtually or via Remote Communication via ZOOM meeting application in accordance with SEC Memorandum Circular No. 6 series of 2020)**
  
9. Approximate date on which the Information Statement is first to be published through alternative mode of distribution through the Corporation's Website and PSE Edge: **June 25, 2026**
  
10. In case of proxy Solicitation : **Not applicable**
  
11. Securities registered pursuant to 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 Issued and Outstanding
<b>Common Shares- P1.00 par value</b>	<b>3,271,952,740</b>

12. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

Yes   X   No     

The common shares of the Corporation are listed on the Philippine Stock Exchange.

## **PART 1**

### **A. GENERAL INFORMATION**

#### **Item 1. Date, Time and Place of Meeting of Security Holders**

Date, Time and Place of Meeting:

**July 20, 2026  
10:00 A.M.  
35<sup>th</sup> Flr. One Corporate Center, Doña  
Julia Vargas Ave., cor. Meralco Ave.,  
Ortigas Center, Pasig City, 1605  
(Virtually or via Remote  
Communication via ZOOM meeting  
application in accordance with SEC  
Memorandum Circular No. 6  
series of 2020)**

Complete Registrant's Mailing Address (Principal Office):

**35<sup>th</sup> Flr. One Corporate Centre Doña  
Julia Vargas Ave., cor. Meralco Ave.,  
Ortigas Center, Pasig City, 1605**

The approximate date on which the Information Statement  
are first to be published through alternative mode of  
distribution through Corporation's Website and PSE Edge:

**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 of security holders of their appraisal rights under Title X of the Corporation of the Philippines.

**THE STOCKHOLDER MUST VOTE AGAINST THE PROPOSED CORPORATE ACTION IN ORDER TO AVAIL HIMSELF OF THE APPRAISAL RIGHT**

**Item 3. Interest of Certain Persons in Matters to be acted upon**

Each of the incumbent Directors or Officers of the Corporation since the beginning of the last fiscal year or any associate of any of the foregoing persons do not have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.

None of the incumbent Directors of the Corporation has issued any notice in writing of an intention to oppose any action to be taken by the registrant at the meeting.

**B. CONTROL AND OTHER INFORMATION**

**Item 4. Voting Securities and Principal Holders Thereof**

(a) Class of Voting Shares as of May 31, 2026:

Common Shares:	Shares Outstanding	No. of Vote Each Share is Entitled
<b>Filipino</b>	3,251,051,953	<b>One (1) vote per share</b>
<b>Foreigner</b>	20,900,787	<b>One (1) vote per share</b>
<b>Total</b>	3,271,952,740	

The Corporation has 3,271,952,740 outstanding common shares, the only class of shares issued by the Corporation, as of May 31, 2026. Every stockholder shall be entitled to one vote for each share of stock held as of record date June 25, 2026.

(b) Out of the total outstanding shares of 3,271,952,740 as of May 31, 2026, number of shares of Common Stock owned by foreigners was 20,900,787 or 0.64%. *Each share is entitled to one vote as of the established record date.*

Record Date:

(c) All stockholders of record as of **June 25, 2026** are entitled to notice and vote at the Corporation's Annual Meeting of the Stockholders.

(d) Manner of Voting:

The election of directors shall be taken up at the meeting and pursuant to Section 23 of the Revised Corporation Code of the Philippines. 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 such votes for a single nominee or may apportion such votes among any two or more nominees.

**The report attached to this SEC Form 20-IS is the management report to stockholders required under SRC Rule 20 to accompany the SEC Form 20-IS and is hereinafter referred to as the "Management Report".**

**Security Ownership of Certain Record and Beneficial Owners and Management:**

(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. The percentage of shares held is based on the outstanding shares of 3,271,952,740.

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	% to total o/s shares
Common	PCD Nominee Corporation 37F Tower 1, The Enterprise Center, 6766 Ayala Ave. cor. Paseo De Roxas, Makati City (Stockholder)	PCD Participants and their clients (see Schedule A)	Filipino	944,404,415	28.864
Common	William T. Gatchalian, 35F One Corporate Centre, Julia Vargas, Ortigas Center, Pasig City (Stockholder)	same as record owner	Filipino	835,000,100	25.520
Common	Dee Hua T. Gatchalian, 35F One Corporate Centre, Doña Julia Vargas ave., Ortigas Center, Pasig City (Stockholder)	same as record owner	Filipino	492,962,532	15.066
Common	Sherwin T. Gatchalian, 35F One Corporate Centre, Doña Julia Vargas ave., Ortigas Center, Pasig City (Stockholder)	same as record owner	Filipino	317,750,100	9.711
Common	Shinji Kobayashi, c/o TWGI, 35F One Corporate Centre, Doña Julia Vargas ave., Ortigas Center, Pasig City (Stockholder)	same as record owner	Filipino	210,650,000	6.438

Schedule A. PCD Nominee Corp. (PCNC) is a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owner of such shares is PCD's participants who hold the shares on their behalf or in behalf of their clients. Shares lodged with PCD are voted through its appointed proxy, whom the Company can only determine on July 17, 2026, the deadline for submission of proxies. PCD is not related to Wellex Industries, Inc.

(2) Security Ownership of Management (As of May 31, 2026)

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Atty. Ruben D. Torres	100 (direct)	Filipino	0.000
Common	Elvira A. Ting	111,850,000 (direct)	Filipino	3.418
Common	Richard L. Ricardo	460,000 (direct)	Filipino	0.014
Common	William T. Gatchalian	835,000,100 (direct)	Filipino	25.520
Common	Atty. Lamberto B. Mercado, Jr.	200 (direct)	Filipino	0.000
Common	Omar M. Guinomla	100,000 (direct)	Filipino	0.003
Common	Hanniel T. Ngo	100 (direct)	Filipino	0.000
Common	Sergio Antonio S. Ortiz-Luis	100 (direct)	Filipino	0.000
Common	Renato C. Francisco	100 (direct)	Filipino	0.000
Common	Josaias T. Dela Cruz	2,000 (direct)	Filipino	0.000
Common	Atty. Aristeo R. Cruz	20,000 (direct)	Filipino	0.000
	Amando J. Ponsaran, Jr.	-	Filipino	0.000
	Annabelle T. Abunda	-	Filipino	0.000
<b>All directors and officers as a group</b>		<b>947,432,700</b>		<b>28.955</b>

- (3) There is no person who holds more than 5% of a class under a voting trust holder or similar agreement.
- (4) There has been no arrangement of which may result in a change in the control of the registrant.

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

**Item 5. Directors and Executive Officers**

Information required hereunder is incorporated by reference to the section entitled “Directors and Executive Officers of the Registrant” on pages 71 to 75 of the Management Report.

The following are the nominees for election as members of the Board of Directors of the corporation for the following year term:

	<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Citizenship</b>	<b>Term</b>	<b>Year Covered</b>
1.	Atty. Ruben D. Torres	Chairman	83	Filipino	1 year	Jul2026 – Jul2027
2.	Elvira A. Ting	Vice Chairman	64	Filipino	1 year	Jul2026 – Jul2027
3.	Richard L. Ricardo	President	62	Filipino	1 year	Jul2026 – Jul2027
4.	Atty. Lamberto B. Mercado Jr.	Treasurer	61	Filipino	1 year	Jul2026 – Jul2027
5.	William T. Gatchalian	Director	77	Filipino	1 year	Jul2026 – Jul2027
6.	Omar M. Guinomla	Director	53	Filipino	1 year	Jul2026 – Jul2027
7.	Hannel T. Ngo	Director	43	Filipino	1 year	Jul2026 – Jul2027
8.	Sergio Antonio S. Ortiz-Luis	Independent Director	51	Filipino	1 year	Jul2026 – Jul2027
9.	Renato C. Francisco	Independent Director	77	Filipino	2 years	Jul2026 – Jul2028
10.	Josaias T. Dela Cruz	Independent Director	64	Filipino	3 years	Jul2026 – Jul2029
11.	Atty. Aristeo R. Cruz	Independent Director	59	Filipino	4 years	Jul2026 – Jul2030

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 pages 64 to 68 of Management Report. The independent directors, Mr. Sergio Antonio S. Ortiz-Luis will be serving his 3rd year when elected while Atty. Aristeo R. Cruz, Atty. Renato C. Francisco and Mr. Josaias T. Dela Cruz will be serving their 5th year, respectively. 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 name of the person who recommended the nomination of the foregoing candidates for independent directors is Ms. Elvira A. Ting. She has no relationships with these nominees.

None of the candidates for independent directors of the Corporation are related to Wellex Industries, Inc.

The Members of the Nomination Committee are the following:

- 1. Renato C. Francisco – Chairman (Independent Director)
- 2. Elvira A. Ting - Member
- 3. Sergio Antonio S. Ortiz-Luis – Member (Independent Director)

Information required by SEC under SRC Rule 38 on the nomination and election of Independent Directors.

**A. Definition**

- 1. An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the corporation and includes, among others, any person who:
  - 1.1 Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;

- 1.2 Does not own more than two percent (2%) of the shares of the corporation and/or its related companies or any of its substantial shareholders;
  - 1.3 Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
  - 1.4 Is not acting as a nominee or representative of any director or substantial shareholder of the corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
  - 1.5 Has not been employed in any executive capacity by the corporation, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;
  - 1.6 Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the corporation, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or
  - 1.7 Has not engaged and does not engage in any transaction with the corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.
2. No person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of this Code, committed within five (5) years prior to the date of his election, shall qualify as an independent director. This is without prejudice to other disqualifications which the corporation's Manual on Corporate Governance provides.
  3. Any controversy or issue arising from the selection, nomination or election of independent directors shall be resolved by the Commission by appointing independent directors from the list of nominees submitted by the stockholders.
  4. When used in relation to a company subject to the requirements above:
    - 4.1 Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and
    - 4.2 Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

**B. Qualifications and Disqualifications of Independent Directors**

1. An independent director shall have the following qualifications:
  - 1.1 He shall have at least one (1) share of stock of the corporation;
  - 1.2 He shall be at least a college graduate or he has sufficient management experience to substitute for such formal education or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
  - 1.3 He shall be twenty-one (21) years old up to seventy (70) years old, however, due consideration shall be given to qualified independent directors up to the age of eighty (80);
  - 1.4 He shall have been proven to possess integrity and probity; and
  - 1.5 He shall be assiduous.
2. No person enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:
  - 2.1 He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter (A) hereof;
  - 2.2 His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the corporation where he is such director;
  - 2.3 Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family;
  - 2.4 Such other disqualifications that the Corporate Governance Manual provides.

### **C. Number of Independent Directors**

All companies are encouraged to have independent directors. However, issuers of registered securities and public companies are required to have at least two (2) independent directors or at least twenty percent (20%) of its board size, whichever is the lesser.

### **D. Nomination and Election of Independent Directors**

1. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the corporation's information or proxy statement or such other reports required to be submitted to the Commission.
2. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
3. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.
4. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Corporation is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.
5. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting.
6. Election of Independent Director/s
  - 6.1 Except as those required under this Rule and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the company or its by-laws.
  - 6.2 It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent director/s is elected during the stockholders' meeting.
  - 6.3 Specific slot/s for independent directors shall not be filled-up by unqualified nominees.
  - 6.4 In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

### **E. Termination/Cessation of Independent Directorship**

In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Committee otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

The procedures for the "Nomination and Election of Independent Directors pursuant to SRC Rule 38" are to be incorporated in the By-Laws of the Corporation. The Board of Directors approved the amendments to the Corporation's By-Laws to adopt SRC Rule 38 on December 14, 2004.

The By-Laws of the corporation were amended after the Stockholders' meeting on July 1, 2011 which includes the provisions of SRC Rule 38, as approved by the Board of Directors and Stockholders during the last Stockholders' meeting dated December 14, 2004.

#### **F. Term Limits for Independent Directors**

Pursuant to SEC Memorandum Circular No. 4 Series of 2017, the Commission in its en banc meeting on March 9, 2017 resolved to amend its rules on the term limit of independent directors as follows:

1. A company's independent director shall serve for a maximum cumulative term of nine (9) years;
2. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director;
3. 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; and
4. Reckoning of the cumulative nine-year term is from 2012.

#### Significant Employees

There are no other employees other than the officers mentioned in the preceding subsection who are expected to make significant contribution to the business.

#### Family Relationships

Except for the relationship of Ms. Elvira A. Ting (the Vice Chairman/Director) as the sister-in-law of Mr. William T. Gatchalian (Director) and Mr. Hanniel T. Ngo (Director) who is maternal nephew of Ms. Elvira A. Ting, there are no family relationship up to fourth civil degrees either by consanguinity or affinity exists among the directors and executives.

#### 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.

As of May 31, 2026, the Corporation, as represented by the Board of Directors, is involved or has been involved in certain legal proceeding as follow:

*In connection with the case:*

*G.R. No. 249337 entitled, "Waterfront Philippines, Inc. (WPI), Wellex Industries, Inc. (WIN), and The Wellex Group, Inc. (TWGI) vs. Social Security System (SSS)" with Supreme Court Decision dated July 6, 2021, below cases were filed:*

- *Civil Case No. Q-04-52629 entitled "Social Security System vs. Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc." filed before the Regional Trial Court of Quezon City for Claim for Sum of Money with Damages*
  - a. This is originally a claim for sum of money with damages filed by the Social Security System (SSS) against Watefront Philippines, Inc. (WPI), Wellex Industries, Inc. (WIN) and The Wellex Group, Inc. (TWGI) for the non-payment of the Contract of Loan with Real Estate Mortgage and Assignment of Shares with Option to Convert to Shares of Stock (subject contract) in the amount of ₱375,000,000 before the RTC Branch 76 of Quezon City

- b. The RTC rendered its Decision ordering WPI to return the ₱375,000,000 to SSS and for the latter to reconvey to WIN the properties covered by TCT Nos. N-153395 and N-153396 ("subject properties"). SSS was directed to return: (1) to TWGI, the stock certificates representing the 235,000,000 shares of WPI; (2) to WIN, the stock certificates representing the 80,000,000 shares of WIN; and (3) to WPI, the original copies of the TCTs submitted as proposed additional collaterals.
  - c. SSS appealed before the Court of Appeals (CA). The CA Decision granted the appeal, reversed and set aside the RTC Decision and ordered WPI to satisfy the deficiency under the subject contract in the sum of ₱841,567,136.85 due to SSS.
  - d. The Supreme Court reversed and set aside the CA Decision. It declared the subject contract and the Certificate of Sale null and void, and ordered the parties, in mutual restitution, to return what has been received under the subject contract, together with any income, fruits or dividends realized therefrom. It ordered WPI to pay SSS ₱375,000,000 plus legal interest. It ordered SSS to, among others, a) return to WPI the amount of ₱35,827,695.87 it paid on the principal of the loan, subject to legal interest, and to reconvey to WIN the subject properties (used as collaterals) with all the income derived from said properties. It also said that any income earned from the subject properties and any dividends received from the stock certificates, must be returned with a legal interest.
  - e. There is no pending incident before the RTC as of this report.
- *C.A.-G.R. SP No. 183716 entitled "Social Security System vs. The Honorable Renato M. Pambid, Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc."*
    - a. This incident pertains to the execution proceedings Civil Case No. Q-04-52629 before the RTC. In the Order dated August 17, 2023, the RTC approved the amount of ₱1,217,072,054.79 as the amount payable to SSS by WPI pursuant to the Supreme Court Decision, and the amount of ₱109,571,709.91 as the amount payable to WPI by SSS. It also found that the payment of reasonable rentals to WIN is proper for the period that it was deprived of possession of the subject properties, considering that the subject contract and the Certificate of Sale were declared null and void by the Supreme Court. It approved the total amount of ₱849,382,594.99 as the rental due to WPI (WIN assigned to WPI all of its rights, title and interests in and to the income earned from the subject properties).
    - b. The RTC applied the provisions on legal compensation (set off) and found that WPI still owes and should return to SSS the net amount of ₱258,117,749.89 (₱1,217,072,054.79 less ₱958,954,304.90). It ordered SSS to reconvey to WIN the subject properties. The RTC denied SSS' motion for reconsideration in the Order dated January 12, 2024.
    - c. SSS filed a petition for certiorari under Rule 65 before the Court of Appeals challenging the RTC Orders.
    - d. This is already awaiting the decision of the Court of Appeals.
  - *CA-G.R. SP No.187166 entitled "Social Security System vs. Hon. The Honorable Renato M. Pambid, Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc." filed before the Court of Appeals for Petition for Certiorari (with Application for Temporary Restraining Order and/or Preliminary Injunction)*
    - a. This incident also pertains to the execution proceedings Civil Case No. Q-04-52629 before the RTC
    - b. The real estate mortgage (in the Contract of Loan with Real Estate Mortgage and Assignment of Shares with Option to Convert to Shares of Stock) covers two (2) parcels of land registered in the name of WIN and covered TCT Nos. N-153395 and N-153396 (subject properties). During the proceedings, SSS caused the foreclosure sale, and purchased and caused the registration of the subject properties in its name under TCT No. 281261 and TCT No. 281262.
    - c. After the RTC approved the set off of SSS' and WPI's obligations, WPI paid SSS ₱258,117,749.89 as balance, but SSS did not reconvey the subject properties.
    - d. WPI, WIN and TWGI filed a Motion to Direct the Register of Deeds of Quezon City to Cancel TCT Nos. N-281261 and N-281262 and to Reinstate TCT Nos. N-153395 and N-153396. SSS filed a Comment.
    - e. In the Order dated August 6, 2024, the RTC divested SSS of the title to the subject properties and ordered the Register of Deeds to cancel TCT Nos. N-281261 and N-

281262 in the name of WIN. It denied the SSS' motion for reconsideration and motion for inhibition in the Order dated October 3, 2024.

- f. SSS filed a petition for certiorari under Rule 65 before the Court of Appeals challenging the RTC Orders.
- g. This is awaiting the order of the Court of Appeals to file comment on the petition for certiorari.

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 20 of the Audited Consolidated Financial Statements attached to this report for the broad discussions.

	Increase/ (Decrease) (%)		2025		2024	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
The Wellex Group, Inc. (TWGI)	(14.20%)	-	₱36,199,201	₱13,722,810	₱42,190,262	₱13,722,810
Plastic City Corporation (PCC)	-	(0.25%)	-	82,075,372	-	82,280,997
Diamond Stainless Corporation (DSC)	-	-	-	70,557,800	-	70,557,800
Kenstar Industrial Corporation (KIC)	-	-	-	23,539,858	-	23,539,858
Rexlon Realty Corporation (RRC)	-	-	-	23,187,370	-	23,187,370
Philippine Estates Corporation (PHES)	-	2.31%	-	37,726,851	-	36,875,127
Pacific Rehouse Corporation (PRC)	-	-	-	15,540,753	-	15,540,753
International Polymer Corporation (IPC)	-	0.07%	-	24,280,304	-	24,264,280
Ropeman International Corp. (RIC)	-	-	-	3,202,528	-	3,202,528
Polymaster Industrial Corp. (PIC)	-	-	-	62,500	-	62,500
Concept Moulding Corp. (CMC)	-	100.00%	6,500	666,639	6,500	-
Triton Construction and Development Corp. (TCDC)	100%	-	810,177	-	-	-
Key management and officers	-	-	-	109,654,116	-	109,654,116
	(85.80%)	102.13%	37,015,878	404,216,901	42,196,762	402,888,139
Allowance for doubtful accounts	-	-	(7,860,250)	-	(7,860,250)	-
	(85.80%)	102.13%	₱29,155,628	₱404,216,901	₱34,336,512	₱402,888,139

The assignment of intercompany receivables/payables and advances to/from affiliates was in line with the plan of integrating the Group intercompany account balances to facilitate the preparation of intercompany reconciliation, billing and collection and payment processes among the Group.

Ownership Structure and Parent Company

Wellex Industries, Inc. (Parent Company) wholly owns Plastic City Industrial Corporation (PCIC) and subsidiaries. PCIC and subsidiaries have ceased operations but have leased out its warehouse/building facilities.

Resignation of Directors Due to Disagreement

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

Terms of Office

The Directors of Wellex Industries, Inc. 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.

### Item 6. Compensation of Directors & Executive Officers

The following table lists 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 External and Independent Directors that will attend a regular meeting.

For the year 2025, Mr. Sergio R. Ortiz-Luis, Jr., Mr. Ruben D. Torres, Mr. Renato C. Francisco, Mr. Aristeo R. Cruz and Mr. Josaias T. Dela Cruz, were the only external and independent directors who received a per diem of ₱10,000 each for attending the Annual Stockholders' Meeting. No other payments were made such as bonuses, profit sharing, etc. other than the mentioned per diem for the year 2025. On the same matter, there is none to report for the period January 2026 to present.

Name and Principal Position	Year	Salary (Php)	Bonus (Php)	Other Annual Compensation (Php)
Atty. Ruben D. Torres <i>Chairman/Director</i>	2026 (est)	-	-	10,000
	2025	-	-	10,000
	2024	-	-	10,000
Elvira A. Ting* <i>Vice Chairman/Director</i>	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Richard L. Ricardo* <i>President/Director/Investor Relations Officer</i>	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Atty. Lamberto B. Mercado, Jr. <i>Treasurer/Director</i>	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Amando J. Ponsaran, Jr.** <i>Corporate Secretary Compliance Officer for Anti-Money Laundering Council</i>	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Atty. Karen Mae S. Abarra** <i>Asst. Corporate Secretary</i>	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Lauraine F. San Roque* <i>Chief Risk Officer</i>	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Annabelle T. Abunda* <i>Finance and Compliance Officer</i>	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Omar M. Guinomla* <i>Regular Director/Data Protection Officer</i>	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
William T. Gatchalian* Hannel T. Ngo* <i>Regular Directors</i>	2026 (est)	-	-	-
	2025	-	-	-
	2024	-	-	-
Ret. Jus. Renato C. Francisco <i>Lead Independent Director</i>	2026 (est)	-	-	10,000
	2025	-	-	10,000
	2024	-	-	10,000
Atty. Aristeo R. Cruz, Sergio Antonio S. Ortiz-Luis Josaias T. Dela Cruz <i>Independent Directors</i>	2026 (est)	-	-	30,000
	2025	-	-	30,000
	2024	-	-	30,000
Total aggregate compensation of directors and officers as a group	2026 (est.)	-	-	50,000
	2025	-	-	50,000
	2024	-	-	50,000

\*also officers of the The Wellex Group, Inc. from which the Parent Company has existing management contract

\*\*employee of the Parent Company's external legal counsel (law firm receives compensation on a retainer fee basis)

The members of the Compensation Committee are the following:

1. Elvira A. Ting - Chairman
2. Atty. Lamberto B. Mercado, Jr. - Member
3. Hannel T. Ngo – Member

Standard Arrangement

Except for a nominal amount of per diem amounting to ₱10,000 during attendance in regular meetings, there are no standard arrangements to which directors of the Corporation are compensated, or are to be compensated, directly or indirectly for any services provided as a director for the last completed calendar year and ensuing year.

As mentioned, due to tight cash position of the Company, it was agreed that only External and Independent Directors were given a per diem of ₱10,000 during attendance in regular meetings. For the year 2025, here is the list of Directors who received a per diem:

	<b>Name</b>	<b>Position</b>	<b>Per Diem</b>
1.	Ruben D. Torres	Regular Director/Chairman	10,000.00
2.	Elvira A. Ting	Regular Director/Vice Chairman	-
3.	Richard L. Ricardo	Regular Director/President	-
4.	Lamberto B. Mercado, Jr.	Regular Director	-
5.	William T. Gatchalian	Regular Director	-
6.	Hannel T. Ngo	Regular Director	-
7.	Omar M. Guinomla	Regular Director	-
8.	Sergio Antonio S. Ortiz-Luis, Jr.	Independent Director	10,000.00
9.	Renato C. Francisco	Independent Director	10,000.00
10.	Josaias T. Dela Cruz	Independent Director	10,000.00
11.	Aristeo R. Cruz	Independent Director	10,000.00
	Total		50,000.00

*The above amount is the only amount of per diem received by each director during the year 2025.*

Other Arrangements

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.

Employment Contracts and Termination of Employment and Change—in-Control Arrangements

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

Warrants and Options Outstanding

There are no warrants and options outstanding held by Wellex Industries, Inc.'s CEO, executive officers and all officers and directors as a group.

**Item 7. Appointment of Independent Public Accountants**

- a. Diaz Murillo Dalupan and Company (DMDC), upon recommendation by the Audit Committee of the Board of Directors composed of Mr. Atty. Aristeo R. Cruz as Chairman, Mr. Josaias T. Dela Cruz and Atty. Ruben D. Torres as members, was appointed by the stockholders as the principal external auditors for the years 2025, and is again being recommended to the stockholders for re-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, accreditation with the Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors are approved by the Company after approval by the stockholders of the engagement and prior to the commencement of each audit season.
- b. In compliance with SEC Rule 68 paragraph 3(b)(iv) (Rotation of External Auditors), and as adopted by the Company, external auditors or engagement partners are rotated or changed every five years or earlier. Mr. Jozel Francisco C. Santos was the lead engagement partner in 2014 to 2015, Ms. Rosemary D. De Mesa in 2016 to 2018, Mr. Elirie S. Arañas in 2024 and Mr. Richard Noel M. Ponce in 2019-2023 and 2025 and also the lead engagement partner for the year 2026.
- c. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make statement if they desire to do so and are 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 (Independent Director)
  2. Josaias T. Dela Cruz – Member (Independent Director)
  3. Atty. Ruben D. Torres – Member

External Audit Fees and Services

Fees approved in connection with the audit and audit-related services rendered by Diaz Murillo and Company CPAs pursuant to the regulatory and statutory requirements for the years ended December 31, 2025 and 2026 is shown below, for expressing an opinion on the financial statements and assistance in preparing the annual income tax return of the Parent Company and its subsidiaries:

	2025	2024
Audit Fees	₱1,260,000	₱1,215,000
Out of Pocket Expenses*	126,000	121,500
VAT (12%)**	166,320	160,380
<b>TOTAL</b>	<b>₱1,552,320</b>	<b>₱1,496,800</b>

No other service such as tax and assurance audit was provided by external auditors to the Company for the calendar year 2025 and 2024.

*Audit fees are the basic professional fee on the audit of the financial statements of the Parent Company and its five (5) subsidiaries.*

*\*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*

*\*\*Value Added TAX (VAT) is a consumption tax of 12% levied on the sale of services (audit service of the auditing firm) as mandated by the Bureau of Internal Revenue (BIR).*

The Audit Committee Approval Policies and Procedures for the services rendered by the External Auditors

The Corporate Governance Manual of the company provides that the audit committee shall, among others:

- 1) Evaluate all significant issues reported by the external auditors relating to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company.
- 2) Ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors.
- 3) Ensure the compliance of the Company with acceptable audit and accounting standards and regulations.

The Company submitted its Integrated Annual Corporate Governance Report (ACGR) on May 5, 2026 covering the year 2025.

The independent directors have submitted their Certificate of Qualification as required by the SEC vis-à-vis Section 38 of the Securities Regulation Code.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with accountants on accounting and financial disclosure and no change in the Company's independent accountants during the two most recent fiscal years or any subsequent interim period.

**Item 8. Compensation Plans**

Not applicable.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

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

Wellex Industries, Inc. has no plans yet to increase its authorized capital stock.

**Item 10. Modification or Exchange of Securities**

Wellex Industries, Inc. 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 31 December 2025, Management's Discussion and Analysis and Market Price of Shares and other data related to the Corporation's financial information are attached hereto. 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 intended to be taken with respect to any transaction 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 Company or its directors, officers or committees, except for the approval of the minutes of the previous annual stockholders meeting of the company which was held last July 21, 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 21, 2025 was attended, in person or by proxy, by the stockholders representing 2,071,748,322 common shares, constituting 63.32% of the total outstanding capital stock of the Company as of record date June 27, 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 21, 2025 is as follows:

**WELLEX INDUSTRIES, INC.**  
**DETERMINATION OF QUORUM**  
**ANNUAL STOCKHOLDERS' MEETING – JULY 21, 2025**

STOCKHOLDERS' NAME	BY PROXY	NO. OF SHARES	PERCENTAGE
GATCHALIAN, WILLIAM T.	ELVIRA A. TING / CHAIRMAN	835,000,100	25.52%
GATCHALIAN, DEE HUA T.	ELVIRA A. TING / CHAIRMAN	492,962,532	15.07%
ELVIRA A. TING	RUBEN D. TORRES / CHAIRMAN	110,850,000	3.39%
THE WELLEX GROUP, INC.	ELVIRA A. TING / CHAIRMAN	80,000,000	2.45%
RECOVERY DEVELOPMENT CORP.	ELVIRA A. TING / CHAIRMAN	52,335,090	1.60%
PACIFIC REHOUSE CORP.	ELVIRA A. TING / CHAIRMAN	50,000,000	1.53%
ORIENT PACIFIC CORP.	ELVIRA A. TING / CHAIRMAN	36,340,000	1.11%
INTERNATIONAL POLYMER CORP.	ELVIRA A. TING / CHAIRMAN	2,700,000	0.08%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	ELVIRA A. TING / CHAIRMAN	307,646,100	9.40%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	FRANCIS VALENTON	10,000	0.00%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	KRISTINE A. MONTERDE	10,000	0.00%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	CHRISTINE P. VALENZUELA	10,000	0.00%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	KAREN MAE C. ABARRA	10,000	0.00%

WESTLINK GLOBAL EQUITIES, INC. (PCD)	DOROTHY JEAN M. ACLAN	10,000	0.00%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	ROSEHELLE V. TAMPUCAO	10,000	0.00%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	AMANDO J. PONSARAN, JR.	10,000	0.00%
TRITON SECURITIES CORPORATION	ELVIRA A. TING / CHAIRMAN	100,190,000	3.06%
TRITON SECURITIES CORPORATION	ELVIRA A. TING / CHAIRMAN	2,080,000	0.06%
	<b>SUBTOTAL</b>	<b>2,070,173,822</b>	<b>63.27%</b>
	<b>IN PERSON</b>		
TORRES, RUBEN D.	DIRECTOR / CHAIRMAN	100	0.00%
TING, ELVIRA T.	DIRECTOR / VICE CHAIRMAN	1,000,000	0.03%
NGO, HANNIEL T.	DIRECTOR	100	0.00%
MERCADO, LAMBERTO JR. B.	DIRECTOR	200	0.00%
RICARDO, RICHARD L.	DIRECTOR	460,000	0.01%
GUINOMLA, OMAR M.	DIRECTOR	100,000	0.01%
ORTIZ-LUIS, SERGIO JR. R.	DIRECTOR	100	0.00%
DELA CRUZ, JOSAIAS T.	DIRECTOR	4,000	0.00%
CRUZ, ARISTEO R.	DIRECTOR	10,000	0.00%
	<b>SUBTOTAL</b>	<b>1,574,500</b>	<b>0.05%</b>
	<b>GRAND TOTAL</b>	<b>2,071,748,322</b>	
	<b>TOTAL ISSUED AND OUTSTANDING</b>	<b>3,271,952,740</b>	
	<b>% TO TOTAL ISSUED AND OUTSTANDING</b>	<b>63.32%</b>	

The method by which votes counted from previous meeting:

The 2025 Annual Stockholders' Meeting was conducted via remote communication using Zoom meeting application. Stockholders who notified the Corporation of their intention to participate 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 28 to July 21, 2025. The said 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 BDO Unibank, Inc., Company's stock transfer agent. 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 on July 24, 2024	63.32%	0.00%	0.00%
Approval of Annual Report for the year ended December 31, 2024	63.32%	0.00%	0.00%
Ratification of acts of the Board and Management	63.32%	0.00%	0.00%
Election of Board of Directors			
Ruben D. Torres	63.32%	0.00%	0.00%
Elvira A. Ting	63.32%	0.00%	0.00%
Richard L. Ricardo	63.32%	0.00%	0.00%
Lamberto B. Mercado Jr.	63.32%	0.00%	0.00%
William T. Gatchalian	63.32%	0.00%	0.00%
Hanniel T. Ngo	63.32%	0.00%	0.00%
Omar M. Guinomla	63.32%	0.00%	0.00%
Sergio R. Ortiz-Luis Jr	63.32%	0.00%	0.00%
Renato C. Francisco	63.32%	0.00%	0.00%
Josaias T. Dela Cruz	63.32%	0.00%	0.00%
Aristeo R. Cruz	63.32%	0.00%	0.00%
Election of External Auditor	63.32%	0.00%	0.00%
Election of External Counsel	63.32%	0.00%	0.00%
Other Matters	63.32%	0.00%	0.00%

The minutes of the previous meeting last July 21, 2025 contains the approval of the following:

- 1) Minutes of Stockholders meeting held on July 24, 2024;  
After one of the stockholder moved for approval the minutes of previous meeting and as there are no objections on the minutes of previous meeting, copy of which was distributed to stockholders via access to company's website, such minutes was approved.
- 2) Audited Financial Statements for the year ended December 31, 2024;  
The Treasurer, Mr. Richard L. Ricardo, presented the results of the financial operations for the year ended December 31, 2024. He reported that for the year ended December 31, 2024, rental income amounted to P32.6 million, as compared to P25.7 million achieved in the 2023 calendar year or an increase of 26.8%. The increase is due to the demand for warehousing and that the expansion in the logistics sector truly contributed in the continued occupancy of warehouses. He also stated that despite focusing on the leasing out of the Group's warehouse facilities, the Company and management remains optimistic for an economic turnaround and will continue to explore new business opportunities in the development of real estate.

The Treasurer also reported that re-entry to the real estate market is still being considered while re-entry into mining activities will take a while as the Group went back into studying and carefully evaluating its option on acquiring mining companies with existing Mineral Product Service Agreement (MPSA) with the Mine and Geosciences Bureau (MGB). For time being, the Group will continue to rely on the rental of its warehouses to support its current operations. The Group will also continue to explore its business opportunities in the development of real estates and already inspected potential locations in Cavite, Laguna, Batangas and Bulacan.

He also expressed his appreciation and gratitude to the stockholders of the Corporation for their continued support and trust in the Board, as well as the Management of the Corporation.

After the Treasurer's Report, the Chairman of the meeting gave the stockholders the opportunity to ask questions through sending messages in the chat box or raising their hands. After several minutes and with no questions raised, the Chairman informed the stockholders that should they wish to raise questions after the meeting, he or she may send it through email and the Management will address it right away.

Thereafter, on motion duly made and seconded, the stockholders approved the 2024 Annual Report, and the accompanying Audited Financial Statements as of December 31, 2024.

- 3) Ratification of Corporate Acts of the Board of Directors and Officers of the corporation;  
The Chairman stated the dates and agenda of all the minutes of board meeting since July 24, 2024 up to the date of annual stockholders' meeting as stated in the Information Statement to inform the stockholders of all the acts, as well as all contracts and transactions entered into by the Corporation as represented by its Board of Directors and Executive Officers for ratification by the stockholders.

The Chairman then announced that the floor was open for comments/questions. There were no questions raised by the stockholders on the acts of the Board and Executive Officers.

On the motion duly made and seconded, the stockholders approved all the acts of the Board of Directors and of Management since July 24, 2024 up to the date of annual stockholders' meeting including all contracts and transactions entered into by the Corporation, all as reflected in the minutes of the meetings of the Board of Directors and the board committees, the Annual Report, Financial Statements and Information Statement, were confirmed and ratified

- 4) Election of Directors for the year 2025-2026  
The Chairman presented the nominees for the Board of Directors for election. Following and observing the voting procedures properly, nominated directors as presented were elected with no objections. Elected directors and officers will assume office for the term 2025-2026.
- 5) Appointment of External Counsels;  
Corporate Counsels Philippines Law Offices was appointed and was approved to be the Company's external counsels for the year 2026 with no objection.

- 6) Appointment of External Auditors;  
With the given track record, Diaz Murillo Dalupan and Company, CPAs and its lead engagement partner, Mr. Richard Noel M. Ponce, were appointed and approved to be the Company's external auditors for the year ended December 31, 2025 with no objection.
- 7) Any other proposed action.  
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, hearing none, the meeting was adjourned.

An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock was sufficient for the approval of the above items.

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

	<b>Name</b>	<b>Position</b>
1.	Atty. Ruben D. Torres	Chairman
2.	Elvira A. Ting	Vice Chairman
3.	Richard L. Ricardo	President
4.	Atty. Lamberto B. Mercado Jr.	Treasurer
5.	Willaim T. Gatchalian	Director
6.	Hannel T. Ngo	Director
7.	Omar M. Guinomla	Director
8.	Sergio R. Ortiz-Luis, Jr.	Director
9.	Renato C. Francisco*	Independent Director
10.	Josaias T. Dela Cruz	Independent Director
11.	Atty. Aristeo R. Cruz	Independent Director
12.	Amando J. Ponsaran, Jr.	Corporate Secretary
13.	Atty. Karen Mae S. Abarra	Asst. Corporate Secretary
14.	Annabelle T. Abunda	Compliance Officer

\*absent

The stockholders and 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 also advised to send their questions in advance through [wellexindustries.asm@gmail.com](mailto:wellexindustries.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 20, 2026, below are the agenda, subject for approval of the stockholders:

- a. 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.
- b. Minutes of the Annual Stockholders' Meeting held last July 21, 2025 will also be presented to the stockholders for approval by a majority vote of the stockholders
- c. Ratification of the Corporate Acts of the Board of Directors and Executive Officers since July 21, 2025 by a majority vote of the stockholders.
- d. Election of the members of the Board of Directors for the ensuing year
- e. Appointment of External Auditors by a majority vote of the stockholders
- f. Appointment of External Legal Counsels by a majority vote of the stockholders
- g. Other Matters

### *Acts of the Board of Directors*

At the Annual Stockholders Meeting, stockholders will be asked to approve and ratify the acts of the Board of Directors during their term of office duly disclosed to the SEC and PSE. Since the last Stockholders' Meeting on July 21, 2025, the Board of Directors has authorized several transactions which are pursuant to the Company's ordinary course of business.

Below is a summary of the Corporate Acts of the Board of Directors and Executive Officers since the last Board Meeting subject to ratification of the stockholders on the annual stockholders' meeting:

#### **July 21, 2025**

Annual stockholders' meeting for 2025 agenda of which includes:

- a) Approval of minutes of 2024 stockholders' meeting
- b) Approval of the 2024 Audited Financial Statements
- c) Ratification of the acts of the Board of Directors and management
- d) Election of the Board of Directors to serve for the term 2025-2026
- e) Appointment of External Auditors
- f) Appointment of External Counsels
- g) Other Matters

#### **July 23, 2025**

Approval to designate and authorize signatories to transact on behalf of the Corporation with the stock transfer agent (BDO Unibank, Inc. ) and Philippine Depository & Trust Corporation (PDTC).

#### **July 29, 2025**

Authorization to enter into a construction agreement with Triton Construction and Development Corporation for the improvement, rehabilitation and renovation of the existing fence on the property wherein the Corporation is the authorized occupant.

#### **January 9, 2026**

Authorization of representative to attend on behalf of the Corporation on the upcoming General Membership Meeting of the Third Greenmeadows Homeowners Association, Inc. where the Corporation has property.

#### **February 23, 2026**

Authorization of representatives to transact on behalf of the Corporation to secure a certified true copy of title of Pasig Property at the Pasig registry of Deeds.

#### **April 10, 2026**

Approval and authorize to issue the Parent's audited financial statements and independent auditor's report for for the year ended December 31, 2025 on which Diaz Murillo Dalupan and Company, the external auditors of the Corporation, rendered an unqualified audit opinion.

#### **April 16, 2026**

Approval and authorize to issue the consolidated audited financial statements and independent auditor's report for for the year ended December 31, 2025 on which Diaz Murillo Dalupan and Company, the external auditors of the Corporation, rendered an unqualified audit opinion.

#### **April 16, 2026**

Approval and authorize to issue the consolidated audited financial statements and independent auditor's report for for the year ended December 31, 2025 on which Diaz Murillo Dalupan and Company, the external auditors of the Corporation, rendered an unqualified audit opinion.

#### **April 23, 2026**

Authorization of authorized filer of the Corporation for the submission of various reportorial requirements to the Securities and Exchange Commission (SEC)'s Electronic Filing and Submission Tool (SEC EFAST).

#### **June 10, 2026**

Setting the date of the annual stockholders' meeting on July 20, 2026 at 10:00 in the morning, virtually or via remote communication as set forth in the Corporation's By-Laws which the annual meeting of stockholders shall be held every 3<sup>rd</sup> Monday of July. The Board also set June 25, 2026 as record date for

purposes of determining the shareholders entitled to receive Notice of Meeting and to vote and be elected during the said meeting.

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 Company's Revised Manual on Corporate Governance. But due to minimal operations of the Company, there was no written self-assessment of each individual or committee's performance.

**Attendance Report on the attendance of Members of the Board during 2025 regular and special meetings:**

Meetings for the year 2025											
	Jan 28	Apr 14	May 15	Jun 9	Jun 11	Jul 21*	Jul 23	Jul 29	Total No. of Meeting	Total No. of Meetings Attended	% of Attendance
Ruben D. Torres	✓	✓	✓	✓	✓	✓	✓	✓	8	8	100%
Elvira A. Ting	✓	✓	✓	✓	✓	✓	✓	✓	8	8	100%
Richard L. Ricardo	✓	✓	✓	✓	✓	✓	✓	✓	8	8	100%
Lamberto B. Mercado, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	8	8	100%
William T. Gatchalian	✓	✓	✓	✓	✓	✓	✓	✓	8	8	100%
Hannel T. Ngo**						✓	✓	✓	3	3	100%
Omar M. Guinomla	✓	✓	✓	✓	✓	✓	✓	✓	8	8	100%
Renato C. Francisco	✓	✓	✓	✓	✓		✓	✓	8	7	87%
Aristeo R. Cruz	✓	✓	✓	✓	✓	✓	✓	✓	8	8	100%
Josaias T. Dela Cruz	✓	✓	✓	✓	✓	✓	✓	✓	8	8	100%
Sergio Antonio S. Ortiz-Luis	✓	✓	✓	✓	✓	✓	✓	✓	8	8	100%

\*ASM and Organizational Meeting

\*\*elected only during the July 21, 2025 ASM

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

**AUDIT COMMITTEE – April 14 & July 29, 2025**

Director's Name	Total Present	Total Absent	Total No. of Meetings
Atty. Aristeo R. Cruz – Chairman	2	0	2
Josaias T. Dela Cruz – Member	2	0	2
Ruben D. Torres – Member	2	0	2

**CORPORATE GOVERNANCE COMMITTEE – April 14, May 15 & July 29, 2025**

Director's Name	Total Present	Total Absent	Total No. of Meetings
Ruben D. Torres – Chairman	3	0	3
Josaias T. Dela Cruz – Member	3	0	3
Lamberto B. Mercado, Jr. – Member	3	0	3

**EXECUTIVE COMMITTEE – January 28, May 15 & July 21, 2025**

Director's Name	Total Present	Total Absent	Total No. of Meetings
Elvira A. Ting – Chairman	3	0	3
Atty. Aristeo R. Cruz – Member	3	0	3
Omar M. Guinomla – Member	3	0	3
Hannel T. Ngo – Member	1	0	1
Atty. Lamberto B. Mercado, Jr. – Member	3	0	3

**RISK MANAGEMENT COMMITTEE – May 15 & July 29, 2025**

Director's Name	Total Present	Total Absent	Total No. of Meetings
Ruben D. Torres – Chairman	2	0	2
Renato C. Francisco – Member	2	0	2
Atty. Lamberto B. Mercado, Jr. – Member	2	0	2

**NOMINATION COMMITTEE – June 9 & July 21, 2025**

Director's Name	Total Present	Total Absent	Total No. of Meetings
Renato C. Francisco – Chairman	2	0	2
Elvira A. Ting – Member	2	0	2
Sergio Antonio S. Ortiz-Luis – Member	1	0	1

**RELATED PARTY TRANSACTIONS COMMITTEE – July 29, 2025**

Director's Name	Total Present	Total Absent	Total No. of Meetings
Atty. Lamberto B. Mercado, Jr. – Chairman	1	0	1
Ruben D. Torres – Member	1	0	1
Josaias T. Dela Cruz – Member	1	0	1

**COMPENSATION COMMITTEE – July 21, 2025**

Director's Name	Total Present	Total Absent	Total No. of Meetings
Elvira A. Ting – Chairman	1	0	1
Hannel T. Ngo – Member	1	0	1
Atty. Lamberto B. Mercado, Jr. – Member	1	0	1

**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 Charters, By-Laws & Other Documents**

Except for the following, no other amendment was made by the Corporation:

1. Articles of Incorporation, Article 1V and to its By-Laws, Board of Directors Section 1, 8-13, as per Board Meeting held on December 17, 2004 and Stockholder's Meeting held thereafter, the same was approved by SEC on July 23, 2007 and October 11, 2007 respectively.
2. The Board of Directors on its special meetings held last January 07 and 28, 2008 decided to amend the Primary and Secondary Purposes of the Articles of Incorporation of the Company and the same was approved by the stockholders during the annual stockholders' meeting held on November 20, 2008.  
  
The Board amended the Primary Purpose of the Corporation, from a holding company to a company engaged in the business of mining and oil exploration considering that the government is currently enticing the business sector to develop the country's natural resources on gas and oil. In doing so, the Secondary Purpose of the Company stipulated in Paragraph 2 under the heading "Mining" shall be taken out and inserted as its Primary Purpose instead. Then, the numbering of the Secondary Purpose shall be adjusted accordingly. This was approved by SEC on April 3, 2009.
3. Amendment of Articles of Incorporation due to change of principal office address from 22nd Floor Citibank Tower, 8741 Paseo de Roxas St., Makati City to 35th Floor, One Corporate Centre, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City was approved by SEC on June 26, 2013.
4. The Board of Directors on its special meeting held last May 28, 2024 decided to amend the following sections of the Corporation's By-Laws and was approved by the 2/3 of the stockholders on the Annual Stockholders' Meeting held last July 24, 2024:
  - a. Article I MEETING OF THE STOCKHOLDERS, Section 1. Annual Meeting; Section 3. Notice of Meeting; Section 5. Voting at the stockholders' meeting and Quorum; and;
  - b. Article II BOARD OF DIRECTORS, Section1; Section 2; Quorum; Section3. Place of Meeting and Officers and Section 6. Vacancies; and;
  - c. Article IX AMENDMENTS OF BY-LAWS Paragraph 1

The amendment of the above mentioned Articles and Sections of the By-Laws was approved by the Securities and Exchange Commission last April 14, 2025.

**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 Stockholders meeting held on July 21, 2025;
- 2) Audited Financial Statements for the year ended December 31, 2025;
- 3) Ratification of Corporate Acts of the Board of Directors and Officers of the corporation;
- 4) Appointment of External Counsels;
- 5) Appointment of External Auditors;
- 6) Any other proposed action.

**The method by which votes will be counted:**

The holders of the majority interest of all outstanding stocks of the Corporation 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 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. 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 casted in accordance with the instructions given or authority granted under 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.

Pursuant to SEC Memorandum Circular No. 6 series of 2020, the Board of Directors of Wellex Industries, Inc. has decided to conduct the annual stockholders' meeting via remote communication like Zoom or its equivalent.

A stockholder who has the intention to participate in the Annual Stockholders' Meeting via remote communication or to exercise their vote in absentia or through proxy, should notify the Company by sending the required documents, such as proof of identity, ownership and other certification/information at [wellexindustries.asm@gmail.com](mailto:wellexindustries.asm@gmail.com) from June 26 up to July 17, 2026 at 5:00 in the afternoon.

A Stockholder may opt to cast his/her vote/proxy during the registration or until July 17, 2026. Note that only the ballot/proxy form of a successful registrant will be counted as a valid vote. Stockholders whose shareholdings are lodged with the Philippine Central Depository are reminded to secure a certification of your shareholdings from your respective stockbrokers.

Once the stockholder submitted the requested documents through email, the Company will forward it to the Company's stock transfer agent, BDO Stock Transfer, for validation.

If confirmed, that all are true and correct, ballot/proxy form submitted will be counted as a valid vote and a successful registrant will receive the instructions on how to access the livestream and its invitation link to the Annual Stockholders Meeting. For unsuccessful registrant, he/she will receive, either an email or a call from the Company for any deficient/pending documents that needs to be submitted.

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.wellexindustries.com/annualstockholdersmeeting.html](http://www.wellexindustries.com/annualstockholdersmeeting.html), on June 25, 2026.

We are not soliciting proxies.

### Undertaking

Wellex Industries, Inc., as registrant will provide the stockholders of copy of SEC Form 17-A or Annual Report free of charge. Any written request for a copy of SEC Form 17-A shall be addressed to the Office of the Corporate Secretary c/o WELLEX INDUSTRIES, INC., 35<sup>th</sup> Flr. One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City, Philippines. Copy of SEC Form 17-A or Annual Report can also be downloaded from the company's website and PSE EDGE Portal.

### 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, correct and complete. This report is signed in the City of Pasig on June 11, 2025.

**Wellex Industries, Inc.**

By:

  
**AMANDO J. FONSARAN, JR.**  
Corporate Secretary

**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 **WELLEX INDUSTRIES, INC.** since 2021.
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
Metro Alliance Holdings & Equities Corp.	Independent Director	2024 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Wellex Industries, Inc.**, 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 **Wellex Industries, Inc.** 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 **Wellex Industries, Inc.** of any changes in the above mentioned information within five days from its occurrence.

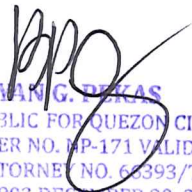
Done this JUN 10 2026 day QUEZON CITY, at \_\_\_\_\_

  
**JOSAIAS T. DELA CRUZ**

Affiant

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

Doc. No. 473  
 Page No. 1  
 Book No. XII  
 Series of NU

  
**ATTY. BRYAN G. PALLAS**  
 NOTARY PUBLIC FOR QUEZON CITY  
 ADM. MATTER NO. BP-171 VALID UNTIL DEC. 31, 2026  
 ROLL OF ATTORNEY NO. 68393/TIN 289-467 754  
 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.

**CERTIFICATE OF INDEPENDENT DIRECTOR**

I, **Sergio Antonio S. Ortiz-Luis**, Filipino, of legal age and a resident of 151 10<sup>th</sup> Avenue cor. 3<sup>rd</sup> 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 **WELLEX INDUSTRIES, INC.** since 2024.
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 – present
Brick Traders	Proprietor	2019 – present
Forum Pacific, Inc.	Independent Director	2024 – present
Metro Alliance Holdings & Equities Corp.	Independent Director	July 2025 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Wellex Industries, Inc.**, 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 **Wellex Industries, Inc.** 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 **Wellex Industries, Inc.** of any changes in the above mentioned information within five days from its occurrence.

Done this JUN 10 2025 at QUEZON CITY

  
**SERGIO ANTONIO S. ORTIZ-LUIS**  
 Affiant

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

Doc. No. 474  
 Page No. 95  
 Book No. XVI  
 Series of 1000

JUN 10 2025  
**ATTY. BRYAN G. PEKAS**  
 NOTARY PUBLIC FOR QUEZON CITY  
 ADM. MATTER NO. NP-171 VALID UNTIL DEC. 31, 2026  
 ROLL OF ATTORNEYS 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.


**CERTIFICATE OF INDEPENDENT DIRECTOR**

I, **Renato C. Franciso**, Filipino, of legal age and a resident of No. 8 Sparrow St., New Marikina Subdivision, Marikina City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an Independent Director of **WELLEX INDUSTRIES, INC.** since 2021.
2. I am affiliated with the following companies or organizations:

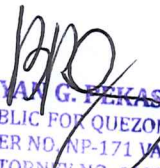
Company	Position	Period of Service
Philippine Estates Corporation	Independent Director	October 2020 – present
Acesite (Phils) Hotels Corporation	Independent Director	October 2020 – present
Sta. Lucia Land, Inc.	Independent Director	June 2023 – present
Waterfront Philippines, Inc.	Independent Director	October 2020 – present
Forum Pacific, Inc.	Independent Director	October 2020 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Wellex Industries, Inc.**, 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 **Wellex Industries, Inc.** 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 **Wellex Industries, Inc.** of any changes in the above mentioned information within five days from its occurrence.

Done this JUN 10 2023 day \_\_\_\_\_, at QUEZON CITY  
JUN 10 2023 QUEZON CITY  
  
**RENATO C. FRANCISO**  
 Affiant

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ at \_\_\_\_\_, affiant exhibiting his Tax Identification No.138-641-391 issued by the Bureau of Internal Revenue.

Doc. No. 497  
 Page No. 98  
 Book No. XVII  
 Series of M6

  
**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.

## CERTIFICATE OF INDEPENDENT DIRECTOR

I, **Aristeo R. Cruz**, Filipino, of legal age and a resident of No. 4 Malhacan Road, Meycuayan City, Bulacan after having been duly sworn in accordance with law do hereby declare that:

1. I am an Independent Director of **WELLEX INDUSTRIES, INC.** since 2021.
2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
Meycauayan College, Inc.	President / Director Vice Chairman of the Board Executive Vice President	September 2025 – present December 2011 – present October 2021 – Sept 2025
Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law Office)	Founding and Managing Partner	July 2007 – present
Liberty Bank (A Rural bank), Inc.	Vice President	July 2018 – present
Idealland Realty & Development Corp.	President and Chief Operating Officer (COO)	November 2009 – present
Phil-Star Innovation Realty Corp.	Director and Corp. Secretary	October 2011 – present
Statosphere Realty & Development Corp.	President and Chief Operating Officer (COO)	October 2011 – present
Jose & Luz Locsin Foundation	President	November 2012 – present
Justino Emilia Realty and Management & Dev't Corp	Corporate Secretary	March 2008 – present
Waterstreet Realty Corp.	President	June 2012 – present
Metro Alliance Holdings & Equities Corp.	Lead Independent Director Director	September 2015 – July 2024 July 2024 – present
Acesite Phils Hotel Corp.	Director	July 2021 – present
Waterfront Philippines, Inc.	Independent Director	July 2021 – present
Forum Pacific, Inc.	Independent Director	October 2021 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Wellex Industries, Inc.**, 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 **Wellex Industries, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation code.

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

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 Wellex Industries, Inc. of any changes in the above mentioned information within five days from its occurrence.

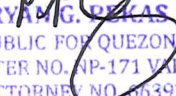
Done this \_\_\_\_\_ day JUN 10 2026 at QUEZON CITY

  
ARISTEO R. CRUZ

Affiant

SUBSCRIBED AND SWORN TO before me this JUN 10 2026 at QUEZON CITY, affiant exhibiting his Tax Identification No.108-672-299 issued by the Bureau of Internal Revenue.

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Page No. 94  
Book No. XVII  
Series of 206

  
ATTY. BRYAN G. PICAS  
NOTARY PUBLIC FOR QUEZON CITY  
ADM. MATTER NO. AP-171 VALID UNTIL DEC. 31, 2020  
ROLL OF ATTORNEYS NO. 86393/TIN 289 467 754  
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.

**CERTIFICATION**

I, AMANDO J. PONSARAN, JR., of legal age and with office address at Unit 3104 Antel Global Corporate Center, #3 Doña Julia Vargas Avenue, Ortigas Center, Pasig City, after being duly sworn to in accordance with law, do hereby certify:

I am the duly elected Corporate Secretary of WELLEX INDUSTRIES, INC., a corporation duly organized and existing under Philippine laws with principal office at 35<sup>th</sup> 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. and Atty. Ruben D. Torres. Attached herewith is a copy of a certification issued by the Philippine National Construction Corporation, allowing/authorizing Atty. Lamberto B. Mercado, Jr. and Atty. Ruben D. Torres to be a 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 \_\_\_\_\_

AMANDO J. PONSARAN, JR.  
Corporate Secretary

**JUN 10 2026**

**QUEZON CITY**

Subscribed and sworn to before me this \_\_\_\_\_ at \_\_\_\_\_, affiant exhibiting to me his TIN with No. 171-798-949.

Doc. No. 469  
Page No. 94  
Book No. XVII  
Series of WU

**ATTY. BRYAN G. TERAS**  
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, 2020, 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 12<sup>th</sup> day of May 2026 in Bicutan, Parañaque City

**MIGUEL E. UMALI**

President and CEO / Vice-Chairman



PHILIPPINE NATIONAL  
CONSTRUCTION CORPORATION

## CERTIFICATION

### TO WHOM IT MAY CONCERN:

This is to certify that **ATTY. RUBEN D. TORRES** 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 12<sup>th</sup> day of May 2026 in Bicutan, Parañaque City

  
**MIGUEL E. UMALI**

President and CEO / Vice-Chairman

## **PART 2**

### **MANAGEMENT REPORT AS REQUIRED BY SRC RULE 20 INCLUDING FINANCIAL INFORMATION FOR FIRST QUARTER OF 2026**

#### **BUSINESS AND GENERAL INFORMATION**

##### **1.) Brief Description of the General Nature and Scope of the Registrants Business and its Subsidiaries**

Wellex Industries, Incorporated (the "Parent Company") was incorporated in the Philippines on October 19, 1956 primarily to engage in the business of mining and exploration and was formerly known as Republic Resources and Development Corporation (REDECO). The Parent Company extended its corporate life for another 50 years up to October 19, 2056 which was approved by the Securities and Exchange Commission (SEC) on July 20, 2007.

On February 11, 1995, the SEC approved the Company's amendment in its Articles of Incorporation. The Company changes its primary purpose from mining activities to development operation of all types of business enterprises, including but not limited to enterprises engaged in the business of real estate development. Mining, however, continues to be one of the Company's secondary purposes.

The Parent Company's change in name was approved by the Securities and Exchange Commission (SEC) on September 18, 1997. The Parent Company extended its corporate life for another fifty years up to October 19, 2056 which was approved by the Securities and Exchange Commission (SEC) on July 20, 2007.

On November 20, 2008, the Board of Director and stockholders approved the amendment of its Articles of Incorporation amending the Parent Company's primary purpose. The Parent Company's primary purpose was changed to employment of capital for the purpose of assisting mining enterprises. The Parent Company's secondary purpose, however, remains for operation of all types of business enterprises, such as property holding and development, management, manufacturing, investments and other business. The amendment was approved by the SEC on April 3, 2009.

The Parent Company's shares are listed and traded on the Philippine Stock Exchange (PSE).

The Parent Company and its subsidiary, Plastic City Industrial Corporation (PCIC) (collectively referred to herein as the "Group"). PCIC has ceased its manufacturing and commercial operations but PCIC subsidiaries continue to lease out their warehouses and building facilities.

The registered office address of the Parent Company is located at 35<sup>th</sup> Flr, One Corporate Center, Dona Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City, Philippines.

##### **Plastic City Industrial Corporation**

In November 1999, the Company formalized the entry of Plastic City Industrial Corporation (PCIC) into the Wellex Industries, Inc. family. PCIC was the Philippines' first fully-integrated manufacturer of plastic products used in a number of industries. From its humble beginnings as a plastic scrap palletizing operation in 1969, PCIC became the forefront of the plastics industry until year 2002, a year when the company was greatly affected by economic crisis. It was then the Company was forced to stop its operation.

PCIC's plants are located on a 50-hectare complex north of Metro Manila. Plastic City is an industrial metropolis in itself. It used to serve the demands of different sectors such as plastic packaging, invaluable house ware products, appliance and telecommunications accessories, industrial parts and pipes for waterworks, sewerage and telecommunications, and electrical conduit systems.

The PCIC subsidiaries stopped operations in 2002.

## 2.) Properties and Other Assets

### *Investment Properties*

These are properties held primarily to earn rentals and for capital appreciation. The carrying amounts of these properties (net of accumulated depreciation and impairment loss) are shown below:

	Land	Land improvements	Building and improvements	Total
Net carrying amounts, 01/01/2025	₱1,149,810,854	₱–	₱40,381,968	₱1,190,192,822
Additions	–	1,300,813	–	1,300,813
Disposals	–	–	–	–
Other Movements	–	–	–	–
Depreciation	–	–	(2,807,149)	(2,807,149)
<b>Net carrying amounts, 12/31/2025</b>	<b>₱1,149,810,854</b>	<b>₱1,300,813</b>	<b>₱37,574,819</b>	<b>₱1,188,686,486</b>

In 2023, the Group sold parcels of land for ₱27,890,121 resulting to a gain of ₱11,332,213 (see Note 16).

In 2024, certain investment property consisting of a parcel of land with an area of 2,868 sqm., which was foreclosed to secure payment of loan of an affiliate by virtue of the real estate mortgage, was returned and reinstated to the Parent Company upon finality of the civil case involving a related party.

Rental income earned on the above investment properties amounted to ₱24,003,357, ₱32,563,156, and ₱25,749,089 for the years ended December 31, 2025, 2024, and 2023, respectively (see Note 21). While direct costs and expenses incurred on the buildings amounted to ₱8.00 million, ₱12.76 million, and ₱12.39 million in 2025, 2024, and 2023 respectively, shown under “Direct costs and expenses” in the consolidated statements of comprehensive income (see Note 13).

Fully depreciated investment properties still in use as at December 31, 2025 and 2024 amounted to ₱3,290,824.

The aggregate fair value of the investment properties amounted to ₱4,012,200,013 and ₱4,393,513,600 as at December 31, 2025 and 2024, respectively.

The fair values are based on combination of appraisal done by an independent appraiser on various dates in 2025 and 2024 and using the market approach, in which the fair value is based on prices recently paid for similar assets, with adjustment made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable.

The fair value of the land was arrived using the sales comparison approach. This comparative approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by process involving comparison. The value of the building and improvements was arrived at using cost approach. In the cost approach, an estimate is made of the current replacement/reproduction cost, new of the replaceable property in accordance with the prevailing market prices for materials, equipment, labor, contractor’s overhead, profit, fees and all other attendant costs associated with its acquisition, installation and construction in place, but without provision for overtime or bonuses for labor and premiums for materials.

The fair value information of investment properties is disclosed in Note 26.

Except from restrictions described above, there are no other restrictions on the realizability of its investment properties and no other contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance, and enhancements.

The properties of Plastic City Industrial Corporation booked under Land are located in various areas but majority is located in Canumay, Valenzuela. Properties at any one time or another are subject, in the ordinary course of business, to certain liens and/or encumbrance in favor of their respective bank creditors on short term basis for short term bank facilities, whether or not there are outstanding obligations thereto. None of the stated properties are under any lease contract.

The company has no intention of acquiring property for the next twelve (12) months.

Location	Title No.	Area (In Sqm.)	Location	Title No.	Area (In Sqm.)
<b>Inland Container Corp.</b> Canumay, Valenzuela Maysan, Valenzuela	T-123319	7,529	<b>Kennex Container Corp.</b> Canumay, Valenzuela	T-124652	14,332
	T-152765	9,363		V-6111	23,000
	T-122791	733		T-143893	3,870
	T-122792	5,498		T-123303	22,900
	T-122793	5,328		T-123322	2,563
	T-122794	10,778		T-128112	194
	T-122789	691		T-126448	4,000
	T-122790	2,800.5		T-136923	2,000
	V-13207	3,400		T-129796	9,106
	V-13208	3,537		T-152764	19,748
	V-19369	3,400		T-122810	400
	T-100259	11,850		T-122811	813
T-100258	11,805	T-122812		800	
<b>Pacific Plastic Corp.</b> Valenzuela	T-123321	2,998		T-144412	6,132
	T-95577	30,987		T-128111	214
	T-111339	8,600		T-98405	240
	T-112620	7,841		T-123439	240
	T-122995	195	T-117459	800	
	T-109519	469			
<b>Rexlon Industries Corp.</b> Maysan, Valenzuela	T-123520	225			
	T-144617	161			
	T-120035	240			
	T-145177	4,666			

Interest in Joint Operation

The Group's investment in joint venture represents land contributed to the Joint Operation.

In July 1997, the Group, together with International Polymer Corp. (IPC), Pacific Rehouse Corp. (PRC) and Ropeman International Corp. (RIC), entered into a Joint Venture Agreement (the "Agreement") as Owners, with Philippine Estates Corporation (PHES), as Developer, for the development of Metrotech Industrial Park. Under the agreement, the owners contributed land with an approximate area of 29.5629 hectares located in Canumay, Valenzuela City, whereby PHES will develop into industrial estate in accordance with the plans mutually agreed by venturers.

The developer is entitled to forty percent (40%) of the net proceeds after deducting all relevant taxes, marketing and administrative expenses, and the remaining sixty percent (60%) of the shall constitute the owners share, divided proportionately to the areas of property contributed.

The carrying amount of investments in a joint venture is as follows:

	2025	2024
<b>Cost</b>		
Balance at beginning and end of year	<b>₱570,557,369</b>	₱570,557,369
<b>Accumulated impairment loss</b>		
Balance at beginning and end of year	<b>47,641,000</b>	47,641,000
<b>Net carrying amounts, December 31</b>	<b>₱522,916,369</b>	₱522,916,369

The fair value information of investment in joint operation is disclosed in Note 27.

No liabilities, revenues and expenses recognized in relation to the joint venture in 2025 and 2024.

*Property, Plant and Equipment*

Details of the Group's property, plant and equipment as at December 31, 2025 are as follows:

	Building and improvements	Machinery and equipment	Transportation equipment and tools	Furniture and fixtures	Right-of-use asset	Total
<b>Cost</b>						
At beginning of year	₱800,000	₱547,522,657	₱9,917,568	₱10,043,310	₱272,934	₱568,556,468
Additions	-	-	-	-	-	-
Reversal	-	-	-	-	-	-
Balance at end of year	800,000	547,522,657	9,917,568	10,043,310	272,934	568,556,468
<b>Accumulated Depreciation</b>						
At beginning of year	800,000	467,402,458	9,917,567	9,823,617	90,977	488,034,619
Depreciation	-	-	-	124,702	136,467	261,169
Reversal	-	-	-	-	-	-
Balance at end of year	800,000	467,402,458	9,917,567	9,948,319	227,444	488,295,788
<b>Impairment loss</b>						
Balance at beginning	-	80,120,199	-	-	-	80,120,199
Balance at end of year	-	80,120,199	-	-	-	80,120,199
<b>Net carrying amount</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱94,991</b>	<b>₱45,490</b>	<b>₱140,481</b>

*Machinery and equipment includes the following:*

Pipe Systems Plant		Blow Moulding / PET Plant	
Section	Machine	Section	Machine
PE	55 mm YEI – 1	Blowing	Bekum - 1
	55 mm YEI – 2		Bekum - 2
	55 mm YEI – 3		Bekum - 3
	55 mm YEI – 4		Bekum - 4
	55 mm YEI – 5		Bekum - 5
	80 mm YEI – 1		Tahara - 1
	80 mm YEI – 2		Tahara - 2
	90 mm YEI – 1		Tahara - 3
PVC	CMT 58		Tahara - 4
	CMT 68		Ardor
	PPI 77		Fongkee
	PPI 90		55 - 1
			65 - 1
Injection Moulding Plant			
Section	Machine	Section	Machine
IWASAKI	PM - 1 Nissei	PPC/PCC	PM - 21 Nissei
	PM - 2 Nissei		PM - 22 Nissei
	PM - 3 Nissei		PC - 29 Nissei
	PM - 4 Nissei		PC - 30 JSW
	PM - 5 Nissei		PC - 39 KF
	PM - 6 Nissei		PC - 40 Jon Wai
	PM - 7 Nissei		PC - 41 Natco
	PM - 8 Nissei		PC - 42 Jon Wai
	PM - 9 Nissei		PC - 43 Jon Wai
	PM - 10 Nissei		PC - 44 Jon Wai
	PM - 11 Nissei		PC - 45 Jon Wai
	PM - 12 Nissei		PC - 46 Nissei
	PM - 14 Nissei		PC - 41 Natco
	PM - 15 Nissei		PC - 42 Jon Wai
	PM - 16 Nissei		PC - 47 Nissei
	PM - 17 Nissei		PC - 48 Nissei
	PM - 18 Nissei		PC - 49 Nissei
	PM - 19 Nissei		PC - 50 Nissei
	PM - 20 Nissei		PET
	PC - 51 Nissei		90 – 1
	PC - 52 Nissei		90 – 2
	PC - 53 Nissei		100 – 1

	PC - 54 Nissei PC - 55 Nissei PC - 56 Nissei PC - 57 Nissei PC - 58 Nissei 40 OZ JSW 60 OZ JSW 125 OZ Natco 140 OZ Natco 200 A OZ Nissei 200 B OZ Nissei 260 OZ Natco PC - 51 Nissei PC - 52 Nissei PC - 53 Nissei PC - 54 Nissei PC - 55 Nissei PC - 56 Nissei PC - 57 Nissei PC - 58 Nissei 40 OZ JSW		100 – 2 100 – 3 100 – 4 100 – 5 Aoki 250 LL Aoki 250 LL Aoki 250 LL
		<b>Thermoforming Plant</b>	
		Extrusion	E2 – Wellex E2 – Taiwan E3 – Taiwan
		Thermoforming	T1 – Dipiemme T2 – Dipiemme T3 – Illig T4 – Illig T5 – Illig T6 – Illig T7 – Illig T8 – Illig T9 – Illig V1 – Taiwan
Rimming	R1 – Dipiemme R2 – Illig R3 – Dipiemme	Printing	P1 – Moss P2 – Omso P3 – Osmo

*Buildings and Leasehold Improvements*

Since the company stopped the operation and focused in leasing the warehouses here are the lists of lessees as of December 31, 2025:

No.	Name of Lessee	Co.	Area	Contract Period	Rental Income
1	CRISTINE GUEVARRA - bldg 34A	ICC	2,000	10/01/24 - 09/30/26	1,200,000
2	SUPERIOR GOODS TRADING - bldg. 37	ICC	1,080	12/01/24 - 07/31/25	960,429
3	ABS ALL BEST SUPPLIES, INC. - bldg. 37 yard	ICC	400	12/01/24 - 09/30/26	343,393
4	ASILO LOGISTICS AND FREIGHT SERVICES-SPF Yard	ICC	500	01/17/25 - 01/16/26	428,571
5	BUILDRIGHT CONSTRUCTION CORP. - 37 Yard	ICC	500	06/08/24 - 07/07/25	156,250
6	YT SERVICES CORPORATION – 34C	ICC	1,000	10/01/25 - 09/30/26	120,000
7	JESSIE LYN B. TAJALE - B43	KCC	1,100	01/01/25 - 12/31/25	1,512,500
8	MG TALIMCO CO. - B38-B	KCC	1,773	08/01/24 - 07/31/25	1,551,375
9	HAKIMA TRUCKING SERVICES - open yard	KCC	1,000	09/15/24 - 09/14/26	785,714
10	FUDSOURCE CORPORATION - bldg. 30-B	KCC	795	09/15/24 - 09/14/25	851,786
11	RCAC AIRCONDITIONING CORPORATION - B35	KCC	625	10/01/24 - 01/31/26	1,004,464
12	SAN MIGUEL BREWERY INC. - bldg. 23	PPC	3,105	05/01/24 - 04/30/25	1,530,268
13	SAN MIGUEL BREWERY INC. - shipping yard	PPC	1,430	05/01/24 - 04/30/25	315,000
14	JHSA CORP. - bldg. 23 open space	PPC	35	01/01/25 - 05/31/25	44,643
15	GOENG MARKETING, INC. - office B26	PPC	524	01/01/25 - 12/31/25	842,143
16	FUDSOURCE CORPORATION - bldg. 19	PPC	1,050	01/15/25 - 01/15/26	1,687,500
17	HIGANTIS CONTRACTOR CORP. - bldg 18	PPC	698	08/01/24 - 07/31/26	1,120,982
18	RDB TECSON & ASSOCIATES - bldg. 24	PPC	1,476	04/01/24 - 03/31/26	2,372,143
19	RDBT CONSTRUCTION CORP. - bldg. 24 open space	PPC	216	04/01/24 - 03/31/26	185,143
20	LACOTA E-COMMERCE CORP. - bldg 29	PPC	582	11/01/24 - 04/30/25	274,371
21	BUILDRIGHTCONSTRUCTION CORP. - bldg. 29	PPC	300	11/01/24 - 02/28/25	70,714
22	ROSEMARIE O. TAI	PPC	1,478	06/15/24 - 06/15/26	2,444,638
23	F.A.C. TRADING - B35-A	PPC	288	08/15/24 - 08/15/25	252,000
24	GO TRANSFERRED CARGO AND LOGISTICS CORP. – Yard 27	PPC	1,000	08/10/24 - 08/09/26	964,286
25	RSG TRUCKING SERVICES - B25 Yard	PPC	750	10/08/24 - 10/07/26	620,156
26	RUEL/ARLYN V. CABISCUELAS - B21 Yard	PPC	1,600	10/01/24 - 09/30/26	1,371,429
27	AGUILEON CARGO EXPRESS CORP.	PPC	1,200	10/01/24 - 09/30/26	900,000
28	GMA NETWORK, INC.	PPC		03/01/25 - 03/31/25	93,458
	<b>TOTAL</b>				<b>24,003,357</b>

### 3.) Risks

The Group is exposed to a variety of financial risk which results from both its operating and financing activities. The Group's risk management is coordinated with the Group, in close cooperation with the Board of Directors, and focuses on actively securing the short-term cash flows by minimizing the exposure of financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the Group is exposed to are described below:

#### a) Credit risk

Credit risk refers to the risk that counterparty will default its contractual obligation resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its financial assets which composed of cash, trade and other receivables, instalment contract receivables and advances to related parties.

The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments, as summarized below:

#### *Credit risk exposure*

The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements arises from the carrying amount financial assets recognized in the consolidated statements of financial position.

In order to minimize credit risk, the Group has developed and maintained internal credit risk gradings to categorize exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group's current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECLs	Base	Minimum Allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL	0%	0%	1
Doubtful	Amount is 1-30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit impaired	25%	1%	2
	Amount is 31-90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	25%	5%	2
	Amount is 91-180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	25%	10%	2
	Amount is 181-360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	25%	25%	2
In default	Amount is over 1 year to 2 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	50%	25%	3
	Amount is over 2 years to 3 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	100%	25%	3
	Amount is over 3 years to 5 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	100%	50%	3
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is write off	100%	100%	3

The maximum credit risk exposure of the financial assets is the carrying amount of the financial assets shown on the face of statement of financial position, as summarized below:

December 31, 2025					
		Basis of recognizing ECL	Gross Carrying Amount	Loss allowance	Net carrying amount
Cash in bank	(a)		₱5,076,638	₱-	₱5,076,638
Receivables	(b)	Lifetime ECL	113,060,564	(82,324,388)	30,736,176
Advances to related parties	(b)	Lifetime ECL	37,015,878	(7,860,250)	29,155,628
<b>Total</b>			<b>₱155,153,080</b>	<b>(₱90,184,638)</b>	<b>₱64,968,442</b>

December 31, 2024					
		Basis of recognizing ECL	Gross Carrying Amount	Loss allowance	Net carrying amount
Cash in bank	(a)		₱12,640,454	₱-	₱12,640,454
Receivables	(b)	Lifetime ECL	112,786,490	(82,283,167)	30,503,323
Advances to related parties	(b)	Lifetime ECL	42,196,762	(7,860,250)	34,336,512
<b>Total</b>			<b>₱167,623,706</b>	<b>(₱90,143,417)</b>	<b>₱77,480,289</b>

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

#### *Cash in bank*

The credit risk for cash in bank is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱1,000,000 for every depositor per banking institution.

#### *Trade and other receivables*

Credit risk arising from rental income from leasing of buildings is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants.

For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

The Group has applied simplified approach to measure the loss allowance using management's adopted policy on ECL on trade and other receivables.

#### *Advances to related parties*

For advances to related parties, the Group has applied the simplified approach to measure the loss allowance using management's adopted policy on ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

#### (b) Equity Price Risk

Equity Price Risk is the risk that the fair value of equity instrument decreases as a result of changes in the value of individual stocks. The Group's exposure to equity price risk arises from investments held by the Group and classified in the Group's statements of financial position as financial asset at FVOCI.

Equity instruments designated at FVOCI in unquoted price are held for strategic rather than trading purposes. The Group does not actively trade these investments.

If the price of the financial assets at FVOCI had been 10% higher/lower other comprehensive income for the years ended December 31, 2025 and 2024 would decrease/increase by ₱1,199,375.

(c) Liquidity Risk

The Group's policy is to maintain a balance between continuity of funding through cash advances from related parties.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table below has been drawn up based on undiscounted cash flow of financial liabilities based on earliest date on which the Group can be required to pay.

December 31, 2024	With indefinite term of maturity	With definite term of maturity		Total
		Due within one year	More than one year	
Accounts payable and other liabilities*	P-	P6,303,241	P-	P6,303,241
Lease liability	-	46,930	-	46,930
Advances from related parties	404,216,901	-	-	404,216,901
Advances from lessees	-	2,893,062	-	2,893,062
	<b>P404,216,901</b>	<b>P9,243,233</b>	<b>P-</b>	<b>P413,460,134</b>

*\*excluding government liabilities*

December 31, 2024	With indefinite term of maturity	With definite term of maturity		Total
		Due within one year	More than one year	
Accounts payable and other liabilities*	P-	P6,545,843	P-	P6,545,843
Lease liability	-	137,908	46,390	184,838
Advances from related parties	402,888,139	-	-	402,888,139
Advances from lessees	-	5,658,449	-	5,658,449
	<b>P402,888,139</b>	<b>P12,342,200</b>	<b>P46,390</b>	<b>P415,277,269</b>

*\*excluding government liabilities*

Substantial portion of the Group's financial liabilities consist of advances from related parties. There is no specific term of advances agreed with the related parties. The Group does not expect to pay its liabilities with related parties nor expect related parties to collect within twelve (12) months after the reporting date. Furthermore, advances from affiliates and stockholders were settled through assignment and offsetting among the Group.

(e) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Parent Company's ability to continue as a going concern, so that it can continue to provide returns for stockholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as share capital and deficit for the purpose of capital management. Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities as shown in the consolidated statements of financial position less cash. Total capital is calculated as Equity as shown in the consolidated statements of financial position plus Net debt.

Gearing ratio compares some form of owner's equity to borrowed funds. It is a measure of financial leverage demonstrating the degree to which the Parent Company's activities are funded by owner's funds versus creditors' funds.

In 2025, the Group's strategy, which was unchanged from 2024, was to keep the gearing ratio below 50% as proportion to net debt to capital. The gearing ratios as at December 31 were as follows:

	2025	2024
Debt	P415,259,394	P418,132,170
Cash	(5,096,638)	(12,660,454)
Net debt	410,162,756	405,471,716
Equity	1,391,076,653	1,402,200,574
Total Capital	1,801,239,409	1,807,672,290
Gearing ratio	0.23:1.00	0.22:1.00

The Parent Company is subject to externally imposed capital requirement amounting to ₱6,250,000 which is the minimum paid-up capital requirement of SEC for mining companies. As at December 31, 2025 and 2024, the Parent Company is in compliance with this externally imposed capital requirement.

On the other hand, the Parent Company's subsidiaries are not subject to any externally imposed capital requirements.

#### 4.) Legal Proceedings

*In connection with the case:*

*G.R. No. 249337 entitled, "Waterfront Philippines, Inc. (WPI), Wellex Industries, Inc. (WIN), and The Wellex Group, Inc. (TWGI) vs. Social Security System (SSS)" with Supreme Court Decision dated July 6, 2021, below cases were filed:*

- *Civil Case No. Q-04-52629 entitled "Social Security System vs. Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc." filed before the Regional Trial Court of Quezon City for Claim for Sum of Money with Damages*
  - a. This is originally a claim for sum of money with damages filed by the Social Security System (SSS) against Waterfront Philippines, Inc. (WPI), Wellex Industries, Inc. (WIN) and The Wellex Group, Inc. (TWGI) for the non-payment of the Contract of Loan with Real Estate Mortgage and Assignment of Shares with Option to Convert to Shares of Stock (subject contract) in the amount of ₱375,000,000 before the RTC Branch 76 of Quezon City
  - b. The RTC rendered its Decision ordering WPI to return the ₱375,000,000 to SSS and for the latter to reconvey to WIN the properties covered by TCT Nos. N-153395 and N-153396 ("subject properties"). SSS was directed to return: (1) to TWGI, the stock certificates representing the 235,000,000 shares of WPI; (2) to WIN, the stock certificates representing the 80,000,000 shares of WIN; and (3) to WPI, the original copies of the TCTs submitted as proposed additional collaterals.
  - c. SSS appealed before the Court of Appeals (CA). The CA Decision granted the appeal, reversed and set aside the RTC Decision and ordered WPI to satisfy the deficiency under the subject contract in the sum of ₱841,567,136.85 due to SSS.
  - d. The Supreme Court reversed and set aside the CA Decision. It declared the subject contract and the Certificate of Sale null and void, and ordered the parties, in mutual restitution, to return what has been received under the subject contract, together with any income, fruits or dividends realized therefrom. It ordered WPI to pay SSS ₱375,000,000 plus legal interest. It ordered SSS to, among others, a) return to WPI the amount of ₱35,827,695.87 it paid on the principal of the loan, subject to legal interest, and to reconvey to WIN the subject properties (used as collaterals) with all the income derived from said properties. It also said that any income earned from the subject properties and any dividends received from the stock certificates, must be returned with a legal interest.
  - e. There is no pending incident before the RTC as of this report.
- *C.A.-G.R. SP No. 183716 entitled "Social Security System vs. The Honorable Renato M. Pambid, Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc."*
  - a. This incident pertains to the execution proceedings Civil Case No. Q-04-52629 before the RTC. In the Order dated August 17, 2023, the RTC approved the amount of ₱1,217,072,054.79 as the amount payable to SSS by WPI pursuant to the Supreme Court Decision, and the amount of ₱109,571,709.91 as the amount payable to WPI by SSS. It also found that the payment of reasonable rentals to WIN is proper for the period that it was deprived of possession of the subject properties, considering that the subject contract and the Certificate of Sale were declared null and void by the Supreme Court. It approved the total amount of ₱849,382,594.99 as the rental due to WPI (WIN assigned to WPI all of its rights, title and interests in and to the income earned from the subject properties.
  - b. The RTC applied the provisions on legal compensation (set off) and found that WPI still owes and should return to SSS the net amount of ₱258,117,749.89 (₱1,217,072,054.79

- less ₱958,954,304.90). It ordered SSS to reconvey to WIN the subject properties. The RTC denied SSS' motion for reconsideration in the Order dated January 12, 2024.
- c. SSS filed a petition for certiorari under Rule 65 before the Court of Appeals challenging the RTC Orders.
  - d. This is already awaiting the decision of the Court of Appeals.
- *CA-G.R. SP No.187166 entitled “Social Security System vs. Hon. The Honorable Renato M. Pambid, Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc.” filed before the Court of Appeals for Petition for Certiorari (with Application for Temporary Restraining Order and/or Preliminary Injunction)*
    - a. This incident also pertains to the execution proceedings Civil Case No. Q-04-52629 before the RTC
    - b. The real estate mortgage (in the Contract of Loan with Real Estate Mortgage and Assignment of Shares with Option to Convert to Shares of Stock) covers two (2) parcels of land registered in the name of WIN and covered TCT Nos. N-153395 and N-153396 (subject properties). During the proceedings, SSS caused the foreclosure sale, and purchased and caused the registration of the subject properties in its name under TCT No. 281261 and TCT No. 281262.
    - c. After the RTC approved the set off of SSS' and WPI's obligations, WPI paid SSS ₱258,117,749.89 as balance, but SSS did not reconvey the subject properties.
    - d. WPI, WIN and TWGI filed a Motion to Direct the Register of Deeds of Quezon City to Cancel TCT Nos. N-281261 and N-281262 and to Reinstate TCT Nos. N-153395 and N-153396. SSS filed a Comment.
    - e. In the Order dated August 6, 2024, the RTC divested SSS of the title to the subject properties and ordered the Register of Deeds to cancel TCT Nos. N-281261 and N-281262 in the name of WIN. It denied the SSS' motion for reconsideration and motion for inhibition in the Order dated October 3, 2024.
    - f. SSS filed a petition for certiorari under Rule 65 before the Court of Appeals challenging the RTC Orders.
    - g. This is awaiting the order of the Court of Appeals to file comment on the petition for certiorari.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

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

### **PLAN OF OPERATION**

Years ago, the Group ceased its downstream plastic manufacturing and commercial operations due to high production costs and stiff competition from Chinese imports. The Group's operations were refocused to leasing out its warehouse facilities. The Group has, since then, reorganized its operations and its warehouse are currently almost fully occupied by tenants despite the market difficulties brought about by the departure of the Chinese entrepreneurs servicing the POGO industry.

The Group still intends to re-enter the real estate market, specifically the repositioning of its 21-hectare industrial estate in Valenzuela City into a mixed-use project, and the development of industrial estates/subdivisions in new locations, for which it has already gained sufficient expertise with its existing operations.

In order to reinvigorate the economy, the government has declared that mining entities will be allowed to renew operations. With this welcome development, the Parent Company has reevaluated the acquisition of mining companies with existing Mineral Product Service Agreement (MPSA) with the Mines and Geosciences Bureau (MGB). This is in the hope that these proposed targets will ride the upward trend in the industry. Both metal and non-metal operations, including target companies involved in construction aggregates have been studied in greater detail.

Of several potentials, the Parent Company has narrowed the selection process to two target projects, and a more stringent business analysis is being conducted by the Company's mining consultants. The parent company will of course, fully comply with stringent requirements of the Department of Environment and Natural Resources (DENR).

### Projected Plan for The Next Twelve (12) Months:

The Group did not pursue the Agreement with Avida Land Corporation (ALC) for the development of the 21-hectare property in Valenzuela City. The project will now be undertaken in joint venture with Philippine Estate Corporation (PHES), an affiliate, and will involve the conversion of the industrial estate into a mixed-use hub with complimentary commercial, office and residential zones. The Group are certain that this shift in character will greatly increase the value of the property and will encourage the development and growth of a new Central Business District for Valenzuela City. The commencement of the redevelopment, however, will depend on the strengthening of real estate demand for mid-market projects. With the warehouses vacated by long term lessees (San Miguel group), the Group is planning to convert such warehouse into sports hub which are now in demand for indoor sports like badminton and pickle ball. Such plan will still be discussed and planned with the Group's contractors in the mid part of 2026.

### *Business and Operations*

Based on current operation, the Company's cash requirements can be generated internally from rental income from the remaining lease contracts and from collection of receivables from affiliates. The management believes that resources are sufficient for projected leasing plans for the next twelve months. However, should there be an opportunity for an interesting business acquisition as related above, there might be a need to raise funds via a stock rights offering with the local course. In any case, the Group has substantial amount of trade receivables and receivables from related parties which are realizable upon demand.

### *Project Research and Development*

The Group will also explore new business opportunities in the development of industrial estates, and to this end, ocular inspections for suitable raw land for development into industrial estates and logistics hubs are being carried out in Cavite, Laguna, Batangas and Bulacan. Discussions have been carried out with local government city planning officials in order to determine which sites are candidates for long-term success, and we are in constant communication with urban planners and construction engineers in order to fully understand the financial feasibility models for the development of these industrial estates and logistics hubs. As of the end of 2025, shortlisted locations are still for presentation of feasibility studies of contracted engineers and various permits are being secured and will project to start finalization of proposals by the last quarter of 2026.

### *Manpower and Capital Asset Requirements*

Project manpower will be outsourced when needed. Technical and managerial plantilla positions will be filled when future operations commence in either the mining sector or industrial estate development. A capital-infusion and build-up program will address the group's financial standing, the size and timing of which will be directly related to the planned entry into new business endeavors.

Despite the stabilization of global travel and renewed business interest in the Philippines, new territorial issues with claim have arisen at the West Philippine Sea. This, together with the economic turbulence brought about by the war in Ukraine, Venezuelan conflict and the civil unrest in Iran, has made management cautious about entering into new business ventures.

Given the enumerated programs, the Group is confident in its ability to continue as a going concern and have prepared the financial statements on that basis.

## Financial Highlights

The following table shows the comparative operating data and financial statements of the Company for the years ending December 31, 2025, 2024 and 2023.

	As of December 31		
	2025	2024	2023
<b><i>Income Statement</i></b>			
Rental Income	<b>₱ 24,003,357</b>	₱ 32,563,156	₱ 25,749,089
Total Expenses	<b>(33,552,633)</b>	(32,253,681)	(29,727,138)
Income (Loss) from Continuing Operations	<b>(9,549,276)</b>	309,475	(3,978,049)
Other income (expenses)	<b>900,138</b>	202,008,519	12,908,251
Finance cost	<b>(772,560)</b>	(774,049)	(740,619)
Income tax expense – current & deferred	<b>(1,702,223)</b>	(2,591,752)	(4,584,040)
Net Income (Loss) for the year	<b>(11,123,921)</b>	198,952,193	3,605,543
Earnings (Loss) Per Share	<b>(0.0034)</b>	0.0607	0.0011

<b><i>Balance Sheet</i></b>			
Current Assets	<b>53,327,927</b>	60,258,331	56,753,028
Noncurrent Assets	<b>1,753,008,120</b>	1,759,983,157	1,566,863,629
Total Assets	<b>1,806,336,047</b>	1,820,241,488	1,623,616,657
Current liabilities	<b>10,072,020</b>	14,142,956	18,766,732
Noncurrent liabilities	<b>405,187,374</b>	403,897,958	401,095,294
Total Liabilities	<b>415,259,394</b>	418,040,914	419,862,026
Stockholder's equity	<b>1,391,076,653</b>	1,402,200,574	1,203,754,631
Total Liabilities & Equity	<b>₱1,806,336,047</b>	₱1,820,241,488	₱1,623,616,657

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

### Key Performance Indicators

The Company and its subsidiaries determine their performance on the following five (5) key performance indicators.

1. Revenue Growth – the Group gauge its performances by determining rental income and the number of tenants for the year. For the year ended December 31, 2025, the Group has an average of ₱857,263 rental income per tenant (with 28 areas being leased out) as compared to last year's ₱930,376 rental income per tenant (with 35 areas being leased out). Total rental income for the year ended December 31, 2025 and 2024 are ₱24,003,357 and ₱32,563,156, respectively or decrease of 26% due to nonrenewal of lease contracts of long term clients such as San Miguel Brewery, Inc. which ended the lease contract last April 30, 2025. The Group continuous to manage rental rates and spaces to generate more income, take care of it for existing tenants and invite other potential clients.
2. Receivables – the company assesses the collection receivables and management of credit line by determining the past due ratio done thru the aging receivables. The company considers receivables over 60 days as past due. This is derived by dividing past due receivables by the total outstanding receivable.
3. Gross Profit Margin – this is derived by dividing the gross profit over the revenues amount.
4. Working Capital – to meet the obligations of the company, it is measured by determining current assets over current obligations.
5. Advances by the Affiliates – this is to determine, how much the obligations of the company of which, the affiliated companies are responsible in paying the liabilities. Total amount added/(deducted) on advances from affiliates for the year ended December 31, 2025 and 2024 are ₱1,328,762 and ₱2,680,423, respectively.

Indicator	2025	2024
Average Revenue Per Tenant	<b>(7.86%)</b>	22.85%
Receivables (Past Due Ratio)	<b>99.38%</b>	98.91%
Gross Profit Rate	<b>66.66%</b>	60.80%
Working Capital	<b>529.47%</b>	423.98%
Advances Ratio	<b>0.33%</b>	0.67%

For the year 2025, all working capital requirements came from the rental income generated by the subsidiaries and collection of advances from affiliates.

## **CHANGES IN RESULTS OF OPERATION**

### ***Revenues and Earnings per share***

Total revenues for the year 2025 and 2024 are ₱24M and ₱32.6M, respectively. The Group has ceased manufacturing and commercial operations since 2002 and currently disposed to lease out its warehouse facilities. For the year 2025, revenue decreased by ₱8.6M or 26.38% as compared to year 2024 as the number of tenants and areas being leased out has decreased (e.g. nonrenewal of lease contract of San Miguel Brewery, Inc. For 2025, total number of tenants are twenty-four (24) leasing out twenty-eight (28) areas as compared to thirty-two tenants (32) leasing out thirty-five (35) areas. With the competition for warehousing facilities in the market, some tenants didn't renew their lease contracts thus contributing to the decrease in rental revenue in 2025.

Earnings (loss) per share comparisons from year 2025 and 2024 as follows: (₱0.0034) and ₱0.0607 respectively.

### ***Cost and Expenses and Other Income (Expenses)***

Total expenses as reflected on the table consist of direct cost, operating expenses and other income (expenses) and finance cost.

Direct cost consists primarily of depreciation, security services, repairs and maintenance, property taxes and insurance. Direct cost for 2025 decreased by ₱4.8M or 37.5% as compared to last year due to the following: lower property taxes paid for the current year by ₱1.8M, lower security services by ₱2.4M due to vacated warehouses by San Miguel group and fewer repairs and maintenance cost which decreased by ₱0.6M.

Total operating expenses for 2025 increased by ₱6.1M or 31.28% with net effect of increase in taxes and licenses by ₱2.5M, increase in security services by ₱2.3M, decrease in salaries and wages by ₱1.1M, increase in professional fees by ₱0.9M, increase in repairs and maintenance by ₱2.2M, decrease in commission by ₱0.2M, increase in listing and maintenance fees by ₱0.2M, increase in outside services by ₱0.4M and increase in other administrative expense by ₱1.1M.

The Group also reported an other income (loss) amounting to ₱0.9M and ₱202M in 2025 and 2024, respectively or a decrease of ₱201.1M or 99.55%. This account is comprised of interest income from savings account and interest income on advances to related parties, reversal (provision) for expected credit losses (ECL), gain from sale of assets and other income (expenses) earned and incurred other than the ordinary course of business of the company. During 2024, the company reversed an impairment loss on investment properties recorded in previous years amounting to ₱81.4M and a recovery of expected credit losses on advances to related parties amounting to ₱119.7M. While in 2025, other income/(expense) were mainly pertains to interest income on advances to affiliates and in banks of ₱0.9M and ₱0.010M, respectively and reversal of ECL for trade and receivables by ₱0.04M.

## **CHANGES IN FINANCIAL CONDITION**

### **Current Assets**

#### **Cash**

The Group's cash in 2025 decreased by ₱7.6 million or 59.74% as compared to 2024 due to the following activities: (a) net cash used in operating activities is (₱12.8 million), (b) net cash provided by investing activities is ₱4.8 million and (c) net cash provided by financing activities is ₱0.4 million).

#### **Receivables**

This account consists of trade receivables, advances to third parties, rental, reimbursable utilities expenses from tenants of PCIC and others. Rental receivables are collectible monthly based on terms of the contract. Total trade and other receivables amounted to ₱30.7M and ₱30.5M in 2025 and 2024, respectively. In 2025, trade and other receivables increase by ₱0.2M or 0.66% due to net effect of increase in advances to third parties by ₱0.7M, decrease in rent receivable by ₱0.1M and decrease in other receivable by ₱0.3M. Allowance for ECL was also increased by ₱0.1M due to additional provision for expected credit losses on advances to third parties.

### **Prepaid expenses and other current assets**

Recorded balances of this account is ₱17.5M and ₱17.1M as of December 31, 2025 and 2025, respectively. This account increased by ₱0.4M or 2.34% due to usage of creditable withholding taxes of ₱0.7M against tax due for the year, recognition of input VAT by ₱0.9M and increase in other prepayments by ₱0.2M. The carrying amounts of the creditable withholding tax and input taxes are reduced to the extent that they are no longer probable that sufficient income tax due and revenue subject to VAT, respectively, will be available to allow all or part of the creditable withholding and input taxes to be utilized.

As of December 31, 2025, no provision for impairment has been recorded since management believes that the accounts are fully realizable.

### **Noncurrent Assets**

#### **Advances to Affiliates**

This account consists of advances made by the company to finance the working capital requirements of its subsidiaries.

The recorded balance as of December 31, 2025 and 2024 amounted to ₱29.2 million and ₱34.3 million, respectively. Decrease by ₱5.1 million or 14.87% was due to offsetting arrangements wherein payment for office rental and utilities, management fee, refunded advances for working capital requirements during the year and interest income charged on the outstanding advances were offset (deducted) from the balance of advances (see Note 19 of the audited financial statements).

#### **Investment Properties**

This account consists of land, land improvements and buildings and improvements held primarily to earn rentals and for capital appreciation and future development. The land and buildings and improvements were situated in Valenzuela, Pasig and Rodriguez (formerly Montalban) Rizal. Total amount is ₱1,188,686,486 and ₱1,190,192,822 as of December 31, 2025 and 2024, respectively

During the year 2024, the Parent Company recorded back a previously foreclosed property (as third party mortgagor) located in Pasig City with an area of 2,868 sqm. by virtue of an affiliate's case Order issued by the Supreme Court on September 15, 2021 declaring the foreclosure proceedings last November 24, 2009 as Null and Void. A partial compliance to the Writ of Execution issued last October 18, 2024 was implemented by reconstituting TCT No. PT-101859 (under new TCT No. 011-2023000787) and restoring actual possession of the property. The Parent Company closed its advances to Polymax Worldwide Limited (party to the case) amounting to ₱105,060,000 and recorded an investment property amounting to its old book value of ₱186,420,000 and a recovery of impairment loss of ₱81,360,000.

The fair values are based combination of appraisal done by an independent appraiser on various dates in 2024 and using the market approach, in which the fair value is based on prices recently paid for similar assets, with adjustment made to the indicated market prices to reflect condition and utility of the appraised asset relative to the market comparable.

The fair values of the land were arrived using the sales comparison approach. The comparative approach, considers the sales of similar or substitute properties and related market data, and establishes a value estimate by process involving comparison. The value of the building and improvements was arrived at using the cost approach. In the cost approach, an estimate is made of the current replacement/reproduction cost, new of the replaceable property in accordance with the prevailing market prices for materials, equipment, labor, contractor's overhead, profit, fees and all other attendant costs associated with its acquisition, installation and construction in place, but without provision for overtime or bonuses for labor and premiums for materials.

The aggregate fair value of the investment properties amounted to ₱4,012,200,013 and ₱4,393,513,600 as at December 31, 2025 and 2024, respectively.

#### **Interest in a Joint Operation**

In July 1997, the Group, together with International Polymer Corp. (IPC), Pacific Rehouse Corp.(PRC) and Ropeman International Corp. (RIC), entered into a Joint Venture Agreement (the "Agreement") as Owners with Philippine Estates Corporation (PHES), as Developer. Under the agreement, the owners contributed land with an approximate area of 29.56 hectares located in Canumay, Valenzuela City, whereby PHES will develop into industrial estate in accordance with the plans mutually agreed by venturers.

The developer is entitled to forty percent (40%) of the net proceeds after deducting all relevant taxes, marketing and administrative expenses, and the remaining sixty percent (60%) of shall constitute the owners share, divided proportionately to the areas of property contributed.

As at December 31, 2025 and 2024, outstanding receivable from PHES amounted to ₱10,897,335, which pertains to the Group's share in the sale of lot, net of expenses.

No liabilities, revenue and expenses recognized in relation to the joint venture in 2025 and 2024.

### **Property and Equipment**

This consists of buildings and improvements, machinery and equipment, transportation equipment and tools and furniture and fixtures of PCIC subsidiaries used for the manufacture of plastic products and food processing. As of December 2025 and 2024, total property and equipment is ₱0.1M and ₱0.4M or decrease by ₱0.3 million or 75% was mainly due additional depreciation and reversal of right-of-use asset which pertains to expired lease contract.

Total depreciation charged to operating expenses amounted to ₱0.3M, ₱0.3M and ₱1.0M in 2025, 2024 and 2023, respectively.

Fully depreciated property and equipment still in use as at December 31, 2025 and 2024 amounted to ₱567.9M and ₱564.4M, respectively.

### **Other Assets**

This consists mainly of Refundable Deposits. An amount of ₱0.1M and ₱0.1M was recorded in year 2025 and 2024, respectively.

### **Current Liabilities**

#### **Accounts Payable**

This account consists of trade payables to various suppliers of PCIC subsidiaries, deferred rental and government liabilities.

The amount recorded in year 2025 and 2024 are ₱7.1M and ₱8.3M, respectively or a decrease by ₱1.2M or 14.46% due mainly to the following: increase in accounts payable by ₱2.3M, decrease in deferred rental by ₱2.6M and decrease in government liabilities by ₱0.9M.

Accounts payable pertain to the amount due to suppliers which are payable from thirty (30) to ninety (90) days from the date of purchase and do not bear any interest.

Deferred rental represents advance rental paid by the lessees.

Government liabilities pertain to VAT payable, tax withheld from payment to suppliers, employee's compensation and statutory contributions to SSS, PHIC and HDMF.

Government liabilities

#### **Advances from Lessee**

Lease contracts include payment of advance rental by the lessee which shall be refunded without interest on the expiration of the lease or pre-termination of the lease period, less any corresponding obligation and damages. Outstanding advances from lessees amounted to ₱2,893,062 and ₱5,658,449 as at December 31, 2025 and 2024, respectively or a decrease by ₱2.8M or 48.87% due to nonrenewal of lease contract of San Miguel group.

#### **Advances from Related Parties**

This represents non-interest bearing cash advances extended by the affiliates and stockholders to the Company and its subsidiaries for working capital requirements. An increase of ₱1.3M or 0.33% was due to additional cash advances from related parties in 2025.

#### **Lease Liability**

The present value of lease liability – current amounted to ₱46,930 and ₱137,908 in 2025 and 2024, respectively or a decreased by ₱90,978 or 65.97% while the present value of lease liability – noncurrent amounted to nil and ₱46,930 in 2025 and 2024, respectively.

## Financial Highlights

The following table shows the comparative operating data and financial statements of the Company for the years ending December 31, 2024, 2023 and 2022.

	As of December 31		
	2024	2023	2022
<b><i>Income Statement</i></b>			
Rental Income	<b>₱ 32,563,156</b>	₱ 25,749,089	₱20,047,766
Total Expenses	<b>(32,253,681)</b>	(29,727,138)	(30,178,804)
Income (Loss) from Continuing Operations	<b>309,475</b>	(3,978,049)	(10,131,038)
Other income (expenses)	<b>202,008,519</b>	12,908,251	9,039,986
Finance cost	<b>(774,049)</b>	(740,619)	(786,928)
Income tax expense – current & deferred	<b>(2,591,752)</b>	(4,584,040)	(832,064)
Net Income (Loss) for the year	<b>198,952,193</b>	3,605,543	(2,710,044)
Earnings (Loss) Per Share	<b>0.0607</b>	0.0011	(0.0008)
<b><i>Balance Sheet</i></b>			
Current Assets	<b>60,258,331</b>	56,753,028	55,710,676
Noncurrent Assets	<b>1,759,983,157</b>	1,566,863,629	1,582,311,267
Total Assets	<b>1,820,241,488</b>	1,623,616,657	1,638,021,943
Current liabilities	<b>14,142,956</b>	18,766,732	9,316,980
Noncurrent liabilities	<b>403,897,958</b>	401,095,294	428,555,875
Total Liabilities	<b>418,040,914</b>	419,862,026	437,872,855
Stockholder's equity	<b>1,402,200,574</b>	1,203,754,631	1,200,149,088
Total Liabilities & Equity	<b>₱1,820,241,488</b>	₱1,623,616,657	₱1,638,021,943

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

### Key Performance Indicators

The Company and its subsidiaries determine their performance on the following five (5) key performance indicators.

1. Revenue Growth – the Group gauge its performances by determining rental income and the number of tenants for the year. For the year ended December 31, 2024, the Group has an average of ₱930,376 rental income per tenant (with 35 areas being leased out) as compared to last year's ₱757,326 rental income per tenant (with 34 areas being leased out). Total rental income for the year ended December 31, 2024 and 2023 are ₱32,563,156 and ₱25,749,089, respectively or an increase of 26.46%. The Group continuous to manage rental rates and spaces to generate more income, take care of it for existing tenants and invite other potential clients.
2. Receivables – the company assesses the collection receivables and management of credit line by determining the past due ratio done thru the aging receivables. The company considers receivables over 60 days as past due. This is derived by dividing past due receivables by the total outstanding receivable.
3. Gross Profit Margin – this is derived by dividing the gross profit over the revenues amount.
4. Working Capital – to meet the obligations of the company, it is measured by determining current assets over current obligations.
5. Advances by the Affiliates – this is to determine, how much the obligations of the company of which, the affiliated companies are responsible in paying the liabilities. Total amount added/(deducted) on advances from affiliates for the year ended December 31, 2024 and 2023 are ₱2,680,423 and (₱27,418,323), respectively.

Indicator	2024	2023
Average Revenue Per Tenant	<b>22.85%</b>	(20.67%)
Receivables (Past Due Ratio)	<b>98.91%</b>	98.69%
Gross Profit Rate	<b>60.80%</b>	51.87%
Working Capital	<b>423.98%</b>	302.41%
Advances Ratio	<b>0.67%</b>	6.85%

For the year 2024, all working capital requirements came from the rental income generated by the subsidiaries and advances from affiliates.

## CHANGES IN RESULTS OF OPERATION

### **Revenues and Earnings per share**

Total revenues for the year 2024 and 2023 are ₱32.6M and ₱25.7M, respectively. The Group has ceased manufacturing and commercial operations since 2002 and currently disposed to lease out its warehouse facilities. For the year 2024, revenue increased by ₱6.9M or 26.85% as compared to year 2023 as the number of tenants and areas being leased out has increased. For 2024, total number of tenants are thirty-two (32) leasing out thirty-five (35) areas as compared to thirty tenants (30) leasing out thirty-four (34) areas. With the stabilization of economy, warehousing requirements from different companies began to increase in 2024.

Earnings (loss) per share comparisons from year 2024 and 2023 as follows: ₱0.0607 and ₱0.0011 respectively.

### **Cost and Expenses and Other Income (Expenses)**

Total expenses as reflected on the table consist of direct cost, operating expenses and other income (expenses) and finance cost.

Direct cost consists primarily of depreciation, security services, repairs and maintenance, property taxes and insurance. Direct cost for 2024 increased by ₱0.4M or 2.99% as compared to last year due to the net effect of higher property taxes paid for the current year by ₱0.03M and higher security services by ₱0.01M, higher repairs and maintenance by ₱0.5M, and lower insurance by ₱0.06M.

Total operating expenses for 2024 increased by ₱2.2M or 12.72% with net effect of increase in salaries by ₱1.2M, decrease in taxes and licenses by ₱0.5M, decrease in depreciation by ₱0.6M, increase in communication, light and power by ₱0.4M, increase in security services by ₱0.5M, increase in commission by ₱0.2M, increase in professional fees by ₱0.2M and increase in other administrative expense by ₱0.8M.

The Group also reported an other income (loss) amounting to ₱202M and ₱12.9M in 2024 and 2023, respectively or an increase of ₱189.1M or 1465.89%. This account is comprised of interest income from savings account and interest income on advances to related parties, reversal (provision) for expected credit losses (ECL), gain from sale of assets and other income (expenses) earned and incurred other than the ordinary course of business of the company. During 2024, the company reversed an impairment loss on investment properties recorded in previous years amounting to ₱81.4M and a recovery of expected credit losses on advances to related parties amounting to ₱119.7M. While in 2023, movements in other income/(loss) were mainly due to recorded gain on sale of investment properties of ₱11.3M and decrease in reversal of ECL for trade and receivables and advances to related parties by ₱0.6M.

## CHANGES IN FINANCIAL CONDITION

### **Current Assets**

#### **Cash**

The Group's cash in 2024 increase by ₱3.7 million or 4.10% as compared to 2023 due to the following activities: (a) net cash used in operating activities is (₱3.7 million), (b) net cash provided by investing activities is ₱5.6 million and (c) net cash provided by financing activities ₱1.8 million.

#### **Receivables**

This account consists of trade receivables, advances to third parties, rental, reimbursable utilities expenses from tenants of PCIC and others. Rental receivables are collectible monthly based on terms of the contract. Total trade and other receivables amounted to ₱30.5M and ₱30.1M in 2024 and 2023, respectively. In 2024, trade and other receivables increase by ₱0.4M or 1.33% due to net effect of increase in advances to third parties by ₱0.7M, decrease in rent receivable by ₱0.4M and minimal decrease in other receivable. Allowance for ECL was also increased by ₱0.1M due to additional provision for expected credit losses on advances to third parties.

#### **Prepaid expenses and other current assets**

Recorded balances of this account is ₱17.2M and ₱17.6M as of December 2024 and 2023, respectively. This account decrease by ₱0.4M or 2.27% due to usage of creditable withholding taxes of ₱0.8M against tax due for the year, recognition of input VAT by ₱0.4M and minimal decrease in other prepayments. The carrying amounts of the creditable withholding tax and input taxes are reduced to the extent that they are no longer probable that sufficient income tax due and revenue subject to VAT, respectively, will be available to allow all or part of the creditable withholding and input taxes to be utilized.

As of December 31, 2024, no provision for impairment has been recorded since management believes that the accounts are fully realizable.

### **Noncurrent Assets**

#### **Advances to Affiliates**

This account consists of advances made by the company to finance the working capital requirements of its subsidiaries.

The recorded balance as of December 31, 2024 and 2023 amounted to ₱34.3 million and ₱24.3 million, respectively. Increase by ₱10 million or 41.15% was due net effect of a) closure of advances to one its affiliates in relation to the recovered property and reversal of recognized impairment from this advances and b) due to offsetting arrangements.

#### **Investment Properties**

This account consists of land, land improvements and buildings and improvements held primarily to earn rentals and for capital appreciation and future development. The land and buildings and improvements were situated in Valenzuela, Pasig and Rodriguez (formerly Montalban) Rizal. A portion of the Land with an aggregate amount of ₱6,484,920 as at December 31, 2022 and 2021 was under litigation. However, in 2022, the land owned by the Parent Company situated in Rodriguez, Rizal was swapped with another property which is about the same size and location that was owned by certain individuals. On April 14, 2023, a Deed of Absolute Sale was executed on the swapping of these properties. With the risk involved on the property which was under litigation, the Company sold the said property lower than its cost or total selling price of ₱5,790,121 and incurred loss on sale in the amount of ₱694,799 in the books of the Parent Company. On the property acquired, total purchase price was ₱5,932,415 with total area of 50,056 sqm. During 2023, Parent's subsidiary also sold parcel of land situated in Valenzuela City for a total selling price of ₱27,890,121 resulting to a gain of ₱11,332,213.

During the year 2024, the Parent Company recorded back a previously foreclosed property (as third party mortgagor) located in Pasig City with an area of 2,868 sqm. by virtue of an affiliate's case Order issued by the Supreme Court on September 15, 2021 declaring the foreclosure proceedings last November 24, 2009 as Null and Void. A partial compliance to the Writ of Execution issued last October 18, 2024 was implemented by reconstituting TCT No. PT-101859 (under new TCT No. 011-2023000787) and restoring actual possession of the property. The Parent Company closed its advances to Polymax Worldwide Limited (party to the case) amounting to ₱105,060,000 and recorded an investment property amounting to its old book value of ₱186,420,000 and a recovery of impairment loss of ₱81,360,000.

The fair values are based combination of appraisal done by an independent appraiser on various dates in 2024 and using the market approach, in which the fair value is based on prices recently paid for similar assets, with adjustment made to the indicated market prices to reflect condition and utility of the appraised asset relative to the market comparable.

The fair values of the land were arrived using the sales comparison approach. The comparative approach, considers the sales of similar or substitute properties and related market data, and establishes a value estimate by process involving comparison. The value of the building and improvements was arrived at using the cost approach. In the cost approach, an estimate is made of the current replacement/reproduction cost, new of the replaceable property in accordance with the prevailing market prices for materials, equipment, labor, contractor's overhead, profit, fees and all other attendant costs associated with its acquisition, installation and construction in place, but without provision for overtime or bonuses for labor and premiums for materials.

The aggregate fair value of the investment properties amounted to ₱4,393,513,600 and ₱3,600,224,600 as at December 31, 2024 and 2023, respectively.

#### **Interest in a Joint Operation**

In July 1997, the Group, together with International Polymer Corp. (IPC), Pacific Rehouse Corp.(PRC) and Ropeman International Corp. (RIC), entered into a Joint Venture Agreement (the "Agreement") as Owners with Philippine Estates Corporation (PHES), as Developer. Under the agreement, the owners contributed land with an approximate area of 29.56 hectares located in Canumay, Valenzuela City, whereby PHES will develop into industrial estate in accordance with the plans mutually agreed by venturers.

The developer is entitled to forty percent (40%) of the net proceeds after deducting all relevant taxes, marketing and administrative expenses, and the remaining sixty percent (60%) of shall constitute the owners share, divided proportionately to the areas of property contributed.

As at December 31, 2024 and 2023, outstanding receivable from PHES amounted to ₱10,897,335, which pertains to the Group's share in the sale of lot, net of expenses.

No liabilities, revenue and expenses recognized in relation to the joint venture in 2024 and 2023.

### **Property and Equipment**

This consists of buildings and improvements, machinery and equipment, transportation equipment and tools and furniture and fixtures of PCIC subsidiaries used for the manufacture of plastic products and food processing. As of December 2024 and 2023, total property and equipment is ₱0.4M and ₱0.5M or decrease by ₱0.1 million or 20% was mainly due additional depreciation and reversal of right-of-use asset which pertains to expired lease contract.

Total depreciation charged to operating expenses amounted to ₱0.3M, ₱1.0M and ₱1.0M in 2024, 2023 and 2022, respectively.

Fully depreciated property and equipment still in use as at December 31, 2024 and 2023 amounted to ₱567.9M and ₱564.4M, respectively.

### **Other Assets**

This consists mainly of Refundable Deposits. An amount of ₱0.1M and ₱0.1M was recorded in year 2024 and 2023, respectively.

### **Current Liabilities**

#### **Accounts Payable**

This account consists of trade payables to various suppliers of PCIC subsidiaries, deferred rental and government liabilities.

The amount recorded in year 2024 and 2023 are ₱8.4M and ₱13.4M, respectively or a decrease by ₱5M or 37.31% due mainly to the following: decrease in accounts payable by ₱0.5M, increase in deferred rental by ₱0.7M and decrease in government liabilities by ₱5.2M.

Accounts payable pertain to the amount due to suppliers which are payable from thirty (30) to ninety (90) days from the date of purchase and do not bear any interest.

Deferred rental represents advance rental paid by the lessees.

Government liabilities pertain to VAT payable, tax withheld from payment to suppliers, employee's compensation and statutory contributions to SSS, PHIC and HDMF.

#### **Advances from Lessee**

Lease contracts include payment of advance rental by the lessee which shall be refunded without interest on the expiration of the lease or pre-termination of the lease period, less any corresponding obligation and damages. Outstanding advances from lessees amounted to ₱5,658,449 and ₱5,327,014 as at December 31, 2024 and 2023, respectively.

#### **Advances from Related Parties**

This represents non-interest bearing cash advances extended by the affiliates and stockholders to the Company and its subsidiaries for working capital requirements. A decrease of ₱2.7M or 0.67% was due to payments made to related parties in 2023.

#### **Lease Liability**

The present value of lease liability – current amounted to ₱137,908 and ₱48,323 in 2024 and 2023, respectively or an increased by ₱89,585 or 185.39% while the present value of lease liability – noncurrent amounted to ₱46,930 and nil in 2024 and 2023, respectively.

#### **Borrowings**

On December 5, 2020, the Group secured a chattel mortgage agreement with a local bank to finance the purchase of delivery trucks. The loan carries an annual interest of 9.46%, or total financing charges of ₱163,704 which approximates the market rate. This loan was fully paid in the year 2023.

The delivery trucks are fully depreciated as at December 31, 2024 and 2023, respectively. Finance cost charged to operations amounted to nil and ₱21,486 in 2024 and 2023, respectively. There were no significant loan covenants related to the Group's borrowings.

### **Financial Highlights**

The following table shows the comparative operating data and financial statements of the Company for the years ending December 31, 2023, 2022 and 2021.

	As of December 31		
	2023	2022	2021
<b>Income Statement</b>			
Rental Income	<b>₱ 25,749,089</b>	₱20,047,766	₱23,857,767
Total Expenses	<b>(29,727,138)</b>	(30,178,804)	(32,995,734)
Income (Loss) from Continuing Operations	<b>(3,978,049)</b>	(10,131,038)	(9,137,967)
Other income (expenses)	<b>12,908,251</b>	9,039,986	6,495,677
Finance cost	<b>(740,619)</b>	(786,928)	(627,426)
Income tax expense – current & deferred	<b>(4,584,040)</b>	(832,064)	(263,375)
Net Income (Loss) for the year	<b>3,605,543</b>	(2,710,044)	(3,533,091)
Earnings (Loss) Per Share	<b>0.0011</b>	(0.0008)	(0.0011)
<b>Balance Sheet</b>			
Current Assets	<b>56,753,028</b>	55,710,676	63,388,380
Noncurrent Assets	<b>1,566,863,629</b>	1,582,311,267	1,594,109,477
Total Assets	<b>1,623,616,657</b>	1,638,021,943	1,657,497,857
Current liabilities	<b>18,766,732</b>	9,316,980	12,518,447
Noncurrent liabilities	<b>401,095,294</b>	428,555,875	442,120,278
Total Liabilities	<b>419,862,026</b>	437,872,855	454,638,725
Stockholder's equity	<b>1,203,754,631</b>	1,200,149,088	1,202,859,132
Total Liabilities & Equity	<b>₱1,623,616,657</b>	₱1,638,021,943	₱1,657,497,857

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

#### **The Top Five (5) Key Performance Indicators**

The Company and its subsidiaries determine their performance on the following five (5) key performance indicators.

1. Revenue Growth – the Group gauge its performances by determining rental income and the number of tenants for the year. For the year ended December 31, 2023, the Group has an average of ₱757,326 rental income per tenant (with 34 areas being leased out) as compared to last year's ₱954,656 rental income per tenant (with 21 areas being leased out). Total rental income for the year ended December 31, 2023 and 2022 are ₱25,749,089 and ₱20,047,766, respectively or an increase of 28.44%. Lower average rent income per tenant for the year 2023 as compared to year 2022 was due to rental adjustment to offer more space at affordable rent for existing and potential tenants.
2. Receivables – the company assesses the collection receivables and management of credit line by determining the past due ratio done thru the aging receivables. The company considers receivables over 60 days as past due. This is derived by dividing past due receivables by the total outstanding receivable.
3. Gross Profit Margin – this is derived by dividing the gross profit over the revenues amount.
4. Working Capital – to meet the obligations of the company, it is measured by determining current assets over current obligations.
5. Advances by the Affiliates – this is to determine, how much the obligations of the company of which, the affiliated companies are responsible in paying the liabilities. Total amount added/(deducted) on advances from affiliates for the year ended December 31, 2023 and 2022 are (₱27,418,323) and (₱13,279,262), respectively.

<b>Indicator</b>	<b>2023</b>	<b>2022</b>
Average Revenue Per Tenant	<b>(20.67%)</b>	(35.98%)
Receivables (Past Due Ratio)	<b>98.71%</b>	99.45%
Gross Profit Rate	<b>51.87%</b>	33.39%
Working Capital	<b>302.41%</b>	597.95%
Advances Ratio	<b>6.85%</b>	3.10%

For the year 2023, all working capital requirements came from the rental income generated by the subsidiaries and advances from affiliates.

## **CHANGES IN RESULTS OF OPERATION**

### ***Revenues and Earnings per share***

Total revenues for the year 2023 and 2022 are ₱25.7M and ₱20.0M, respectively. The Group has ceased manufacturing and commercial operations since 2002 and currently disposed to lease out its warehouse facilities. For the year 2023, revenue increased by ₱5.7M or 28.50% as compared to year 2022 as the number of tenants and areas being leased out has increased. For 2023, total number of tenants are thirty (30) leasing out thirty-four (34) areas as compared to eighteen tenants (18) leasing out thirty (21) areas. With the waning effect of COVID-19, warehousing requirements from different companies began to increase in 2023.

Earnings (loss) per share comparisons from year 2023 and 2022 as follows: ₱0.0011 and (₱0.0008) respectively.

### ***Cost and Expenses and Other Income (Expenses)***

Total expenses as reflected on the table consist of direct cost, operating expenses and other income (expenses) and finance cost.

Direct cost consists primarily of depreciation, security services, repairs and maintenance, property taxes and insurance. Direct cost for 2023 decreased by ₱0.9M or 7.20% as compared to last year due to the net effect of higher property taxes paid for the current year by ₱0.7M and higher security services by ₱0.7M, lower repairs and maintenance by ₱2.2M, lower depreciation by ₱0.1M and minimal movements in insurance.

Total operating expenses for 2023 increased by ₱0.5M or 3% with net effect of decrease in salaries by ₱0.3M, increase in taxes and licenses by ₱0.4M, decrease in depreciation by ₱0.01M, increase in communication, light and power by ₱0.1M, increase in security services by ₱0.4M, decrease in commission by ₱0.01M, decrease in professional fees by ₱0.1M and increase in other administrative expense by ₱0.02M.

The Group also reported an other income (loss) amounting to ₱12.9M and ₱9.0M in 2023 and 2022, respectively or an increase of ₱3.9M or 43.33%. This account is comprised of interest income from savings account and interest income on advances to related parties, reversal (provision) for expected credit losses (ECL), gain from sale of assets and other income (expenses) earned and incurred other than the ordinary course of business of the company. Movements in other income/(loss) were mainly due to recorded gain on sale of investment properties for 2023 of ₱11.3M and decrease in reversal of ECL for trade and receivables and advances to related parties by ₱7.6M.

## **CHANGES IN FINANCIAL CONDITION**

### **Current Assets**

#### **Cash**

The Group's cash in 2023 increase by ₱0.2 million or 2.78% as compared to 2022 due to the following activities: (a) net cash provided in operating activities is ₱3.7 million, (b) net cash provided in investing activities is ₱25.2 million and (c) net cash used in financing activities ₱28.7 million.

#### **Receivables**

This account consists of trade receivables, advances to third parties, rental, reimbursable utilities expenses from tenants of PCIC and others. Rental receivables are collectible monthly based on terms of the contract. Total trade and other receivables amounted to ₱30.4M and ₱29.7M in 2023 and 2022, respectively. In 2023, trade and other receivables increase by ₱0.7M or 2.36% due to net effect of increase in advances to third parties by ₱0.7M, increase in rent receivable by ₱0.5M and minimal decrease in other receivable. Allowance for ECL was also increased by ₱0.7M due to additional provision for expected credit losses on advances to third parties.

#### **Prepaid expenses and other current assets**

Recorded balances of this account is ₱17.6M and ₱17.2M as of December 2023 and 2022, respectively. This account increase by ₱0.4M or 2.33% due to recognition of creditable withholding taxes by ₱0.6M and input VAT by ₱0.05M, increase in prepaid withholding tax by ₱0.01M and decrease in other prepaid expenses and deferred input VAT by ₱0.24M. The carrying amounts of the creditable withholding tax and

input taxes are reduced to the extent that they are no longer probable that sufficient income tax due and revenue subject to VAT, respectively, will be available to allow all or part of the creditable withholding and input taxes to be utilized.

As of December 31, 2023, no provision for impairment has been recorded since management believes that the accounts are fully realizable.

### **Noncurrent Assets**

#### **Advances to Affiliates**

This account consists of advances made by the company to finance the working capital requirements of its subsidiaries.

The recorded balance as of December 31, 2023 and 2022 amounted to ₱24.3 million and ₱25.7 million, respectively. Decrease by ₱1.4 million or 5.45% was due to offsetting arrangements to settle intercompany receivables and payables.

#### **Investment Properties**

This account consists of land, land improvements and buildings and improvements held primarily to earn rentals and for capital appreciation and future development. The land and buildings and improvements were situated in Valenzuela, Metro Manila and Rodriguez (formerly Montalban) Rizal. A portion of the Land with an aggregate amount of ₱6,484,920 as at December 31, 2022 and 2021 was under litigation. However, in 2022, the land owned by the Parent Company situated in Rodriguez, Rizal was swapped with another property which is about the same size and location that was owned by certain individuals. On April 14, 2023, a Deed of Absolute Sale was executed on the swapping of these properties. With the risk involved on the property which was under litigation, the Company was sold the said property lower than its cost or total selling price of ₱5,790,121 and incurred loss on sale in the amount of ₱694,799 in the books of the Parent Company. On the property acquired, total purchase price was ₱5,932,415 with total area of 50,056 sqm. During 2023, Parent's subsidiary also sold parcel of land situated in Valenzuela City for a total selling price of ₱27,890,121 resulting to a gain of ₱11,332,213.

The fair values are based combination of appraisal done by an independent appraiser on various dates in 2023 and using the market approach, in which the fair value is based on prices recently paid for similar assets, with adjustment made to the indicated market prices to reflect condition and utility of the appraised asset relative to the market comparable.

The fair values of the land were arrived using the sales comparison approach. The comparative approach, considers the sales of similar or substitute properties and related market data, and establishes a value estimate by process involving comparison. The value of the building and improvements was arrived at using the cost approach. In the cost approach, an estimate is made of the current replacement/reproduction cost, new of the replaceable property in accordance with the prevailing market prices for materials, equipment, labor, contractor's overhead, profit, fees and all other attendant costs associated with its acquisition, installation and construction in place, but without provision for overtime or bonuses for labor and premiums for materials.

The aggregate fair value of the investment properties amounted to ₱3,600,224,600 and ₱3,543,635,160 as at December 31, 2023 and 2022, respectively.

#### **Interest in a Joint Operation**

In July 1997, the Group, together with International Polymer Corp. (IPC), Pacific Rehouse Corp.(PRC) and Ropeman International Corp. (RIC), entered into a Joint Venture Agreement (the "Agreement") as Owners with Philippine Estates Corporation (PHES), as Developer. Under the agreement, the owners contributed land with an approximate area of 29.56 hectares located in Canumay, Valenzuela City, whereby PHES will develop into industrial estate in accordance with the plans mutually agreed by venturers.

The developer is entitled to forty percent (40%) of the net proceeds after deducting all relevant taxes, marketing and administrative expenses, and the remaining sixty percent (60%) of shall constitute the owners share, divided proportionately to the areas of property contributed.

As at December 31, 2023 and 2022, outstanding receivable from PHES amounted to ₱10,897,335, which pertains to the Group's share in the sale of lot, net of expenses.

No liabilities, revenue and expenses recognized in relation to the joint venture in 2023 and 2022.

### **Property and Equipment**

This consists of buildings and improvements, machinery and equipment, transportation equipment and tools and furniture and fixtures of PCIC subsidiaries used for the manufacture of plastic products and food processing. As of December 2023 and 2022, total property and equipment is ₱0.5M and ₱1.1M or decrease by ₱0.6 million or 54.55% was mainly due additional depreciation and reversal of right-of-use asset which pertains to expired lease contract.

Total depreciation charged to operating expenses amounted to ₱1.0M, ₱1.0M and ₱1.4M in 2023, 2022 and 2021, respectively.

Fully depreciated property and equipment still in use as at December 31, 2023 and 2022 amounted to ₱558.2M and ₱548.3, respectively.

### **Other Assets**

This consists mainly of Refundable Deposits. An amount of ₱0.1M and ₱0.1M was recorded in year 2023 and 2022, respectively.

### **Current Liabilities**

#### **Accounts Payable**

This account consists of trade payables to various suppliers of PCIC subsidiaries, deferred rental and government liabilities.

The amount recorded in year 2023 and 2022 are ₱13.4M and ₱5.1M, respectively or an increase by ₱8.3M or 162.75% due mainly to the following: increase in accounts payable by ₱0.3M, increase in deferred rental by ₱1.6M and increase in government liabilities by ₱6.4M.

Accounts payable pertain to the amount due to suppliers which are payable from thirty (30) to ninety (90) days from the date of purchase and do not bear any interest.

Deferred rental represents advance rental paid by the lessees.

Government liabilities pertain to VAT payable, tax withheld from payment to suppliers, employee's compensation and statutory contributions to SSS, PHIC and HDMF.

#### **Advances from Lessee**

Lease contracts include payment of advance rental by the lessee which shall be refunded without interest on the expiration of the lease or pre-termination of the lease period, less any corresponding obligation and damages. Outstanding advances from lessees amounted to ₱5,327,014 and ₱3,631,755 as at December 31, 2023 and 2022, respectively.

#### **Advances from Related Parties**

This represents non-interest bearing cash advances extended by the affiliates and stockholders to the Company and its subsidiaries for working capital requirements. A decrease of ₱27.4M or 6.4% was due to payments made to related parties in 2023.

#### **Lease Liability**

The present value of lease liability – current amounted to ₱48,323 and ₱143,349 in 2023 and 2022, respectively or a decreased by ₱0.1M or 66% while the present value of lease liability – noncurrent amounted to nil and ₱48,323 in 2023 and 2022, respectively.

#### **Borrowings**

On December 5, 2020, the Group secured a chattel mortgage agreement with a local bank to finance the purchase of delivery trucks. In 2023, such borrowing has already been paid.

## **(i) Summary of Material Trends, Events and Uncertainties**

### **Plastic City Industrial Corporation and its Subsidiaries**

PCIC and its subsidiaries have ceased operations but have leased out their warehouse facilities. The intention of the Group is to continue its operations by focusing on “injection molding” due to its very encouraging prospect and which was shown to have a high viability rating that will contribute highly towards the Group's maximum operations and financial position. Management is continuously in search of reliable joint venture partners who have means to continue its operations.

Below is the list of legal matters of the Group, which are fully disclosed in Item3, Legal Proceedings:

*In connection with the case:*

*G.R. No. 249337 entitled, "Waterfront Philippines, Inc. (WPI), Wellex Industries, Inc. (WIN), and The Wellex Group, Inc. (TWGI) vs. Social Security System (SSS)" with Supreme Court Decision dated July 6, 2021, below cases were filed:*

- Civil Case No. Q-04-52629 entitled “Social Security System vs. Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc.” filed before the Regional Trial Court of Quezon City for Claim for Sum of Money with Damages
- C.A.-G.R. SP No. 183716 entitled “Social Security System vs. The Honorable Renato M. Pambid, Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc.”
- CA-G.R. SP No.187166 entitled ““Social Security System vs. Hon. The Honorable Renato M. Pambid, Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc.” filed before the Court of Appeals for Petition for Certiorari (with Application for Temporary Restraining Order and/or Preliminary Injunction)

### **(ii) Events that will Trigger Direct of Contingent Financial Obligation**

Since the Plastic City Industrial Corporation ceased in manufacturing and commercial operation there are no events that will trigger direct of contingent financial obligation that is material to Wellex Industries Inc. including any default or 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 Wellex Industries Inc. with unconsolidated entities or other persons created during the reporting period. The present activity of the company is focused on reorganizing its operations in preparation for its new businesses.

### **(iv) Commitment For Capital Expenditures**

Since the Plastic City Industrial Corporation ceased manufacturing and commercial operations, there are no commitments on major capital expenditures.

### **(v) Any Known Trends, Events of Uncertainties (Material Impact on Net Sales / Net Income)**

The Group has ceased its manufacturing and commercial operations since 2002 and currently disposed to lease out its warehouse facilities. Rental Income recorded for the year 2025 compared to 2024 decreased by 26.29% due to nonrenewal of lease contract by San Miguel group. As of December 31, 2025, there are twenty-four (24) lessees occupying Twenty-eight (28) areas such as the warehouses, shipyards, open spaces and extensions inside the Plastic City premise.

Current ratio (current assets over current liabilities) as of December 31, 2025 is 529.47% with current assets of ₱53.3M over ₱10.1M current liabilities. The Group's policy to address liquidity risk is to maintain a balance between continuity of funding through cash advances from the Parent Company and affiliates. Payment of current liabilities such as government taxes, employees' premium contributions, etc. was funded through these cash advances. The Group does not expect to pay its liabilities to related parties within twelve months after the reporting date. Furthermore, advances from affiliates and stockholders were settled through assignment and offsetting among the Group.

On December 16, 2020, TWGI issued promissory note amounting to ₱46,578,262 for five years maturing December 15, 2025 and bear an interest of 2% per annum. The term of the loan was further extended the maturity for another five (5) years or until December 15, 2030 at the same interest rate per annum. Interest income earned amounted to ₱931,565 and ₱931,565 in 2025 and 2024, respectively (see Note 16).

**(vi) Significant Element of Income or Loss That Did Not Arise from Continuing Operation**

The Group adopted PFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on deficit as at January 1, 2019, without restatement of comparative figures.

The Company has adopted the PFRS 9 Financial Instruments from January 1, 2018 and resulted in changes in accounting policies and adjusted amounts recognized in the financial statements. The comparative figures have been restated to comply with the transitional provisions in PFRS 9.

*PFRS 9, Financial Instruments (2014)*. PFRS 9, Financial Instruments replaces PAS 39 Financial Instruments” Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The standard requires all recognized financial assets that are within the scope of PAS 39 to be subsequently measured at amortized cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely for payments of principal and interest on the outstanding balance are generally measured at amortized cost at the end of subsequent reporting periods. All other debts investments and equity investments are measured at their fair values at the end of subsequent reporting periods. For financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income would create or increase an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss.

The Company has adopted the PFRS 9 *Financial Instruments* from January 1, 2018 and resulted in changes in accounting policies and adjusted amounts recognized in the financial statements. The comparative figures have been restated to comply with the transitional provisions in PFRS 9.

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

Material changes on line items in financial statements are presented under the captions ‘Changes in Financial Condition” and ‘Changes in Results of Operation”.

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

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

**Undertaking**

**Wellex Industries, Inc., as registrant, will provide the stockholders a copy of SEC Form 17- A free of charge. Any written request for a copy of SEC Form 17-A shall be addressed to the Office of the Corporate Secretary c/o WELLEX INDUSTRIES, INC. 35<sup>th</sup> Floor, One Corporate Centre Doña Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City, Philippines. It can also be downloaded in the company website and PSE EDGE Portal.**

### **Interim Period as of Quarter Ended March 31, 2026**

Below are the results of operations of the Parent Company and its subsidiaries as of the Quarter ended March 31, 2026 together with its financial conditions as of the same period.

	<b>Amounts in PhP</b>		
	<b>March 31, 2026</b>	March 31, 2025	March 31, 2024
<b><i>Income Statement</i></b>			
Rental Income	<b>₱4,263,254</b>	₱7,741,707	₱8,368,451
Direct Costs and Expenses	<b>766,397</b>	839,951	766,397
Gross Profit	<b>3,496,857</b>	6,901,756	7,602,054
Operating Expenses	<b>7,914,302</b>	9,670,750	8,306,419
Loss from Operations	<b>(4,417,445)</b>	(2,768,994)	(704,365)
Other Income (Expense)	<b>81,349</b>	83,154	(217,311)
Loss before Tax	<b>(4,336,096)</b>	(2,685,840)	(921,676)
Income Tax Expense	<b>-</b>	-	-
<b>Net Loss for the period</b>	<b>(4,336,096)</b>	(2,685,840)	(921,676)
<b>Loss per share</b>	<b>(₱0.0013)</b>	(₱0.0008)	(₱0.0003)

	<b>Amounts in PhP</b>		
	<b>March 31, 2026</b>	March 31, 2025	March 31, 2024
<b><i>Balance Sheet</i></b>			
Current Assets	<b>₱57,156,461</b>	₱64,791,419	₱52,426,425
Noncurrent Assets	<b>1,755,057,955</b>	1,760,978,375	1,564,964,259
<b>Total Assets</b>	<b>1,812,214,416</b>	1,825,769,794	1,617,390,684
Current Liabilities	<b>12,276,020</b>	15,800,575	16,144,830
Noncurrent Liabilities	<b>413,197,839</b>	410,454,485	398,412,899
<b>Total Liabilities</b>	<b>425,473,859</b>	426,255,060	414,557,729
Stockholders' Equity	<b>1,386,740,557</b>	1,399,514,734	1,202,832,955
<b>Total Liabilities and Equity</b>	<b>₱1,812,214,416</b>	₱1,825,769,794	₱1,617,390,684

### **Quarter ended March 31, 2026 as compared with quarter ended March 31, 2025**

#### **Key Performance Indicators**

The Parent Company is in the process of discussing with potential investors for planned forays into new business lines. Its subsidiary, PCIC, ceased its manufacturing operation since 2002 due to the Asian crises and stiff business competition and had leased out its building facilities for revenue. The Group determines their performance on the following five (5) key performance indicators:

1. Revenue Growth – the company gauge its performances by determining Rental Income and the number of tenants for the year. For the first quarter of 2026, the company has an average of ₱250,750 rental income per tenant or a decreased by ₱35,980 rental income per tenant or 12.55% as compared to first quarter of 2025 with an average of ₱286,730 with 27 areas being leased out. Rental income for the current quarter decreased due to nonrenewal of lease contracts of some clients. The company is studying the market for warehousing to assess competition in terms of rental rates and demands.
2. Receivables - the company assesses collection of receivables and management of credit by determining the past due ratio done through the aging of receivables. For the first quarter of 2026, ratio of past due receivables to total outstanding was 99.61%. The current quarter exceeds the management gauge on past due receivables due to significant number of receivables from third parties which are no longer operating. These third parties are previous subsidiary of the Group.
3. Gross Profit Margin - this is derived by dividing the gross profit over the revenues amount. The first quarter of 2026 has a gross profit margin of 82.02%, lower than the first quarter of 2025. Decrease pertains to decrease in sales for the current quarter.
4. Working Capital – to meet the obligations of the company, it is measured by determining current assets over current obligations. Working capital ratio for first quarter of 2026 was 465.59% as compared to 410.06% on the first quarter of 2025. Increase in ratio is attributable to decrease in current assets by ₱7.6 million or 11.78% and decrease in current liabilities by ₱3.5 million or 22.31%.

5. Advances by the Affiliates - For the first quarter of 2026, the company has total advances from affiliates amounting to ₱412.2 million or an increase of ₱2.8 million or 0.68% from last year's ₱409.4 million balance. Total amount added/(deducted) from advances for the 1<sup>st</sup> quarter of 2026 amounted to ₱8 million or 1.98% of total advances as compared to 1<sup>st</sup> quarter of 2025 of ₱6.6 million or 1.63%.

	<b>March 31, 2026</b>	March 31, 2025
Revenue growth ratio	<b>(12.55%)</b>	13.07%
Past due ratio on receivables	<b>99.61%</b>	99.30%
Gross profit margin	<b>82.02%</b>	89.15%
Current ratio	<b>465.59%</b>	410.06%
Advances ratio	<b>1.98%</b>	1.63%

### **Revenue and Earnings (Loss) Per Share**

As of the quarter ending March 31, 2026, the company continues to lease out its warehouse facilities. Total revenue recorded for the 1st quarter of 2026 amounted to ₱4.3 million as compared to the same quarter of 2025 amounting to ₱7.7 million or a decrease of ₱3.4 million or 44.16% due to some tenants who don't renew their lease contracts for the current quarter (e.g. San Miguel group). Number of areas being leased out for the 1st quarter of 2026 was lesser than that of the 1<sup>st</sup> quarter of 2025.

Income/(Loss) per share comparison for the quarter ended March 31, 2026 and 2025 are (₱0.0013) and (₱0.0008), respectively.

As of March 31, 2026, there are sixteen (16) companies leasing inside the PCIC compound occupying seventeen (17) areas.

### **Cost and Expenses and Other Income (Expenses)**

Direct cost and operating expenses for the 1st quarter of 2026 totaled ₱8.7 million as compared to ₱10.5 million for the 1st quarter of 2025 or an increase of ₱1.8 million or 17.14%. The amount was recorded and mainly attributable to the following:

1. Direct cost for the 1st quarter of 2026 and 2025 consists of security services, depreciation expense, property taxes and repairs and maintenance. Total direct cost recorded for the 1st quarter of 2026 amounted to ₱0.80 million and ₱0.80 million for the 1st quarter of 2025. Only item directly charged to cost for the current quarter is depreciation of investment properties and repairs and maintenance.
2. Operating expenses recorded for the 1st quarter of 2026 amounted to ₱7.9 or a decrease by ₱1.8 million or 18.56% as compared to the 1st quarter of 2025 of ₱9.7 million, which resulted from the following movements: decrease in taxes and licenses by ₱1.2 million, increase in salaries and wages by ₱0.1 million, decrease in commission by ₱0.1 million and increase in miscellaneous expenses by ₱0.6 million.

Other Income (Expenses) consist of interest income, other income, penalties and surcharges and interest expense. Total Other Income (Expenses) for the 1st quarter of 2026 and 2025 is ₱81,349 and ₱83,154, respectively.

The Group does not recognize a finance cost for 1st quarter of 2026 and 2025.

*Further discussion of accounts of which registered an increased or decreased by 10% or more follows:*

#### Cash

The Group's cash decreased by ₱8 million or 77.20% for the first quarter of 2026 as compared to first quarter 2025 due to the following activities: (a) net cash used in operating activities is ₱7.9 million, (b) net cash generated in investing activities is ₱2.8 million and (c) net cash used in financing activities ₱2.8 million.

#### Trade and Other Receivables

Trade and other receivables (net) increase by ₱85,492 or 0.23% in the 1st quarter of 2026 as compared to last 1st quarter of 2025. This is mostly attributable to the increase in rental receivables by ₱427,388, decrease in utilities receivables by ₱171,660 and decrease in other receivables by ₱170,236. Certain trade receivables were found to be impaired using the provisional matrix as determined by the management, hence, adequate amounts of allowance for impairment have been recognized (Note 22).

#### Advances to related parties

Advances to related parties decrease by ₱5.2 million or 14.52% in the 1st quarter of 2026 as compared to the 1st quarter of 2025 due to collection of advances during the current quarter.

#### Property and Equipment

There's a decrease in property and equipment amounting to ₱0.2 million or 70.50% on the first quarter of 2026 as compared to last year's first quarter of 2025 due to depreciation and adjustment on right-of-use asset account.

#### Advances from lessees

Advances from lessees decrease by ₱2.8 million or 49.38% in the 1st quarter of 2026 as compared to the 1st quarter of 2025 due to some lease contracts terminated or no longer renewed by tenants (e.g. San Miguel).

#### Deferred Asset and Liabilities

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying 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 asset to be utilized. The recognition of deferred tax assets is based on the assessment that the Group will generate sufficient taxable profit to allow all or part of the deferred tax assets will be utilized. The Group's deferred asset account in the first quarter of 2026 decrease by ₱34,478 or 74.61% as compared to the first quarter of 2025 from usage of tax benefit arising from net loss carry-over.

The Group also has deferred liabilities which was decreased by ₱34,116 or 75% in the first quarter of 2026 as compared to last year's first quarter of 2025 due to recognition of tax on advances from lessee.

#### Lease liability

Lease liability composed of current and non-current portion. The current portion decrease by ₱90,978 or by 65.97% while the non-current portion decreased by ₱46,930 or 100% in the first quarter of 2026 due to expiration of some of lease contracts in the current quarter.

### **Interim Period as of Quarter Ended March 31, 2025**

Below are the results of operations of the Parent Company and its subsidiaries as of the Quarter ended March 31, 2025 together with its financial conditions as of the same period.

#### • Unaudited Income Statement

	<b>Amounts in PhP</b>		
	<b>March 31, 2025</b>	March 31, 2024	March 31, 2023
<b><i>Income Statement</i></b>			
Rental Income	<b>₱7,741,707</b>	₱8,368,451	₱5,273,392
Direct Costs and Expenses	<b>839,951</b>	766,397	766,397
Gross Profit	<b>6,901,756</b>	7,602,054	4,506,994
Operating Expenses	<b>9,670,750</b>	8,306,419	7,207,597
Loss from Operations	<b>(2,768,994)</b>	(704,365)	(2,700,603)
Other Income (Expense)	<b>83,154</b>	(217,311)	73,739
Loss before Tax	<b>(2,685,840)</b>	(921,676)	(2,626,864)
Income Tax Expense	-	-	-
<b>Net Loss for the period</b>	<b>(2,685,840)</b>	(921,676)	(2,626,864)
<b>Loss per share</b>	<b>(₱0.0008)</b>	(₱0.0003)	(₱0.0008)

#### • Unaudited Balance Sheet

	<b>March 31, 2025</b>	March 31, 2024	March 31, 2023
<b><i>Balance Sheet</i></b>			
Current Assets	<b>₱64,791,419</b>	₱52,426,425	₱50,879,197
Noncurrent Assets	<b>1,760,978,375</b>	1,564,964,259	1,580,091,734
<b>Total Assets</b>	<b>1,825,769,794</b>	1,617,390,684	1,630,970,931
Current Liabilities	<b>15,800,575</b>	16,144,830	11,662,934
Noncurrent Liabilities	<b>410,454,485</b>	398,412,899	421,785,772
Total Liabilities	<b>426,255,060</b>	414,557,729	433,448,706
Stockholders' Equity	<b>1,399,514,734</b>	1,202,832,955	1,197,522,224
<b>Total Liabilities and Equity</b>	<b>₱1,825,769,794</b>	₱1,617,390,684	₱1,630,970,931

## **Quarter ended March 31, 2025 as compared with quarter ended March 31, 2024**

### **Performance Indicators**

The Parent Company is in the process of discussing with potential investors for planned forays into new business lines. Its subsidiary, PCIC, ceased its manufacturing operation since 2002 due to the Asian crises and stiff business competition and had leased out its building facilities for revenue. The Group determines their performance on the following five (5) key performance indicators:

1. Revenue Growth – the company gauge its performances by determining Rental Income and the number of tenants for the year. For the first quarter of 2025, the company has an average of ₱286,730 rental income per tenant or an increased by ₱33,141 rental income per tenant or 13.07% as compared to first quarter of 2024 with an average of ₱253,589 with 33 areas being leased out. Rental income for the current quarter decreased due to nonrenewal of lease contracts of some clients. The company is studying the market for warehousing to assess competition in terms of rental rates and demands.
2. Receivables - the company assesses collection of receivables and management of credit by determining the past due ratio done through the aging of receivables. For the first quarter of 2025, ratio of past due receivables to total outstanding was 99.30%. The current quarter exceeds the management gauge on past due receivables due to significant number of receivables from third parties which are no longer operating. These third parties are previous subsidiary of the Group.
3. Gross Profit Margin - this is derived by dividing the gross profit over the revenues amount. The first quarter of 2025 has a gross profit margin of 89.15%, lower than the first quarter of 2024. Decrease pertains to decrease in sales for the current quarter.
4. Working Capital – to meet the obligations of the company, it is measured by determining current assets over current obligations. Working capital ratio for first quarter of 2025 was 410.06% as compared to 324.73% on the first quarter of 2024. Increase in ratio is attributable to increase in current assets by ₱12.4 million or 23.59% and decrease in current liabilities by ₱0.3 million or 2.13%.
5. Advances by the Affiliates - For the first quarter of 2025, the company has total advances from affiliates amounting to ₱409.4 million or an increase of ₱11.9 million or 3% from last year's ₱397.50 million balance. Total amount added/(deducted) from advances for the 1<sup>st</sup> quarter of 2025 amounted to ₱6.6 million or 1.63% of total advances as compared to 1<sup>st</sup> quarter of 2024 of ₱2.7 million or 0.67%.

	<b>March 31, 2025</b>	March 31, 2024
Revenue growth ratio	<b>13.07%</b>	(3.82%)
Past due ratio on receivables	<b>99.30%</b>	99.47%
Gross profit margin	<b>89.15%</b>	90.84%
Current ratio	<b>410.06%</b>	324.73%
Advances ratio	<b>1.63%</b>	0.67%

### ***Revenue and Earnings (Loss) Per Share***

As of the quarter ending March 31, 2025, the company continues to lease out its warehouse facilities. Total revenue recorded for the 1st quarter of 2025 amounted to ₱7.7 million as compared to the same quarter of 2024 amounting to ₱8.4 million or a decrease of ₱0.7 million or 8.33% due to some tenants who don't renew their lease contracts for the current quarter. Number of areas being leased out for the 1st quarter of 2025 was greater than that of the 1<sup>st</sup> quarter of 2024.

Income/(Loss) per share comparison for the quarter ended March 31, 2025 and 2024 are (₱0.0008) and (₱0.0003), respectively.

As of March 31, 2025, there are twenty-five (25) companies leasing inside the PCIC compound occupying twenty-seven (27) areas.

### **Cost and Expenses and Other Income (Expenses)**

Direct cost and operating expenses for the 1st quarter of 2025 totaled ₱10.5 million as compared to ₱9.1 million for the 1st quarter of 2024 or an increase of ₱1.4 million or 15.38%. The amount was recorded and mainly attributable to the following:

1. Direct cost for the 1st quarter of 2025 and 2024 consists of security services, depreciation expense, property taxes and repairs and maintenance. Total direct cost recorded for the 1st quarter of 2025 amounted to ₱0.80 million and ₱0.80 million for the 1st quarter of 2024. Only item directly charged to cost for the current quarter is depreciation of investment properties and repairs and maintenance.
2. Operating expenses recorded for the 1st quarter of 2025 amounted to ₱9.7 or an increase by ₱1.4 million or 16.87% as compared to the 1st quarter of 2024 of ₱8.3 million, which resulted from the following movements: decrease in salaries and wages by ₱0.2 million, increase in taxes and licenses by ₱0.3 million, increase in rent, light and water by ₱0.1 million, increase in commission by ₱0.03 million, decrease in SSS, Medicare and EC contributions by ₱0.03 million, decrease in depreciation by ₱0.07 million and increase in miscellaneous by ₱1.27 million.

Other Income (Expenses) consist of interest income, other income, penalties and surcharges and interest expense. Total Other Income (Expenses) for the 1st quarter of 2025 and 2024 is ₱83,154 and (₱217,311), respectively. For the 1st quarter of 2024, one of the subsidiary paid for penalties for late payment of taxes, thus incurring higher other expense as compared to current quarter.

The Group does not recognize a finance cost for 1st quarter of 2025 and 2024.

*Further discussion of accounts of which registered an increased or decreased by 10% or more follows:*

#### Cash

The Group's cash increase by ₱4 million or 62.58% for the first quarter of 2025 as compared to first quarter 2024 due to the following activities: (a) net cash used in operating activities is ₱7 million, (b) net cash generated in investing activities is ₱1.8 million and (c) net cash used in financing activities ₱6.6 million.

#### Trade and Other Receivables

Trade and other receivables (net) increase by ₱8.8 million or 31.69% in the 1st quarter of 2025 as compared to last 1st quarter of 2024. This is mostly attributable to the increase in advances to third parties by ₱10.8 million, decrease in rental receivables by ₱1.4, increase in utilities receivables by ₱0.1 million and decrease in other receivables by ₱0.7 million. Certain trade receivables were found to be impaired using the provisional matrix as determined by the management, hence, adequate amounts of allowance for impairment have been recognized (Note 22).

#### Advances to related parties

Advances to related parties decrease by ₱12.9 million or 55.29% in the 1st quarter of 2025 as compared to the 1st quarter of 2024 due to additional advances from the related parties.

#### Property and Equipment

There's a decrease in property and equipment amounting to ₱9,741 or 2.70% on the first quarter of 2025 as compared to last year's first quarter of 2024 due to depreciation and adjustment on right-of-use asset account.

#### Advances from lessees

Advances from lessees increase by ₱0.3 million or 5.13% in the 1st quarter of 2025 as compared to the 1st quarter of 2024 due to advance payments from lessees during renewal of lease contracts.

#### Deferred Asset and Liabilities

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying 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 asset to be utilized. The recognition of deferred tax assets is based on the assessment that the Group will generate sufficient taxable profit to allow all or part of the deferred tax assets will be utilized. The Group's deferred asset account in the first quarter of 2025 increase by ₱34,129 or 282.50% as compared to the first quarter of 2024 from tax benefit arising from net loss carry-over.

The Group also has deferred liabilities which was increased by ₱33,611 or 282.97% in the first quarter of 2025 as compared to last year's first quarter of 2024 due to advance payments received from lessees that will be recognized as revenue once realized.

#### Lease liability

Lease liability composed of current and non-current portion. The current portion increase by ₱89,585 or by 185.39% while the non-current portion increased by ₱46,930 or 100% in the first quarter of 2025 due to renewal of lease contract of the Parent Company.

#### **Interim Period as of Quarter Ended March 31, 2024**

Below are the results of operations of the Parent Company and its subsidiaries as of the Quarter ended March 31, 2024 together with its financial conditions as of the same period.

##### • Unaudited Income Statement

	Amounts in PhP		
	March 31, 2024	March 31, 2023	March 31, 2022
<b><i>Income Statement</i></b>			
Rental Income	₱8,368,451	₱5,273,392	₱4,862,020
Direct Costs and Expenses	766,397	766,397	3,268,744
Gross Profit	7,602,054	4,506,994	1,593,276
Operating Expenses	8,306,419	7,207,597	5,133,310
Loss from Operations	(704,365)	(2,700,603)	(3,540,034)
Other Income (Expense)	(217,311)	73,739	65,059
Loss before Tax	(921,676)	(2,626,864)	(3,474,974)
Income Tax Expense	-	-	-
<b>Net Loss for the period</b>	<b>(921,676)</b>	<b>(2,626,864)</b>	<b>(3,474,974)</b>
<b>Loss per share</b>	<b>(₱0.0003)</b>	<b>(₱0.0008)</b>	<b>(₱0.0011)</b>

##### • Unaudited Balance Sheet

	March 31, 2024	March 31, 2023	March 31, 2022
<b><i>Balance Sheet</i></b>			
Current Assets	₱52,426,425	₱50,879,197	₱61,441,850
Noncurrent Assets	1,564,964,259	1,580,091,734	1,587,320,663
<b>Total Assets</b>	<b>1,617,390,684</b>	<b>1,630,970,931</b>	<b>1,648,762,513</b>
Current Liabilities	16,144,830	11,662,934	14,166,340
Noncurrent Liabilities	398,412,899	421,785,772	435,212,015
Total Liabilities	414,557,729	433,448,706	449,378,355
Stockholders' Equity	1,202,832,955	1,197,522,224	1,199,384,158
<b>Total Liabilities and Equity</b>	<b>₱1,617,390,684</b>	<b>₱1,630,970,931</b>	<b>₱1,648,762,513</b>

#### **Quarter ended March 31, 2024 as compared with quarter ended March 31, 2023**

##### **Key Performance Indicators**

The Parent Company is in the process of discussing with potential investors for planned forays into new business lines. Its subsidiary, PCIC, ceased its manufacturing operation since 2002 due to the Asian crises and stiff business competition and had leased out its building facilities for revenue. The Group determines their performance on the following five (5) key performance indicators:

1. Revenue Growth – the company gauge its performances by determining Rental Income and the number of tenants for the year. For the first quarter of 2024, the company has an average of ₱253,589 rental income per tenant or a decreased by ₱10,081 rental income per tenant or 3.82% as compared to first quarter of 2023 with an average of ₱263,670 with 23 areas being leased out. Despite giving lower average rental income per tenant to accommodate more tenant at competitive rate on the market, current quarter recorded higher rent income of ₱8.4 million or an increase of ₱3.1 million or 58.49%.
2. Receivables - the company assesses collection of receivables and management of credit by determining the past due ratio done through the aging of receivables. For the first quarter of 2024, ratio of past due receivables to total outstanding was 99.47%. The current quarter exceeds the management

gauge on past due receivables due to significant number of receivables from third parties which are no longer operating. These third parties are previous subsidiary of the Group.

3. Gross Profit Margin - this is derived by dividing the gross profit over the revenues amount. The first quarter of 2024 has a gross profit margin of 90.84%, higher than the first quarter of 2023. Increase pertains to higher sales for the current quarter.
4. Working Capital – to meet the obligations of the company, it is measured by determining current assets over current obligations. Working capital ratio for first quarter of 2024 was 324.73% as compared to 436.25% on the first quarter of 2023. Decrease in ratio is attributable to increase in current assets by ₱1.5 million or 3.04% and increase in current liabilities by ₱4.5 million or 38.43%.
5. Advances by the Affiliates - For the first quarter of 2024, the company has total advances from affiliates amounting to ₱397.5 million or a decrease of ₱23.4 million or 5.56% from last year's ₱420.9 million balance. Total amount added/(deducted) from advances for the 1<sup>st</sup> quarter of 2024 amounted to ₱2.7 or 0.67% of total advances as compared to 1<sup>st</sup> quarter of 2023 of ₱7 million or 1.65%.

	<b>March 31, 2024</b>	March 31, 2023
Revenue growth ratio	<b>(3.82%)</b>	(24.08%)
Past due ratio on receivables	<b>99.47%</b>	98.56%
Gross profit margin	<b>90.84%</b>	85.47%
Current ratio	<b>324.73%</b>	436.25%
Advances ratio	<b>0.67%</b>	1.65%

### **Revenue and Earnings (Loss) Per Share**

As of the quarter ending March 31, 2024, the company continues to lease out its warehouse facilities. Total revenue recorded for the 1st quarter of 2024 amounted to ₱8.4 million as compared to the same quarter of 2023 amounting to ₱5.3 million or an increase of ₱3.1 million or 58.49% due to increase in number of tenants and areas being leased out for the current quarter. Number of areas being leased out for the 1st quarter of 2024 greater than the 1<sup>st</sup> quarter of 2023.

Income/(Loss) per share comparison for the quarter ended March 31, 2024 and 2023 are (₱0.003) and (₱0.0008), respectively.

As of March 31, 2024, there are twenty-nine (29) companies leasing inside the PCIC compound occupying thirty-three (33) areas.

### **Cost and Expenses and Other Income (Expenses)**

Direct cost and operating expenses for the 1st quarter of 2024 totaled ₱9.1 million as compared to ₱8.0 million for the 1st quarter of 2023 or a decrease of ₱1.1 million or 13.75%. The amount was recorded and mainly attributable to the following:

1. Direct cost for the 1st quarter of 2024 and 2023 consists of security services, depreciation expense, property taxes and repairs and maintenance. Total direct cost recorded for the 1st quarter of 2024 amounted to ₱0.80 million and ₱0.80 million for the 1st quarter of 2023. Only item directly charged to cost for the current quarter is depreciation of investment properties.
2. Operating expenses recorded for the 1st quarter of 2024 amounted to ₱8.3 or an increase by ₱1.1 million or 15.28% as compared to the 1st quarter of 2023 of ₱7.2 million, which resulted from the following movements: increase in professional fees by ₱0.05 million, increase in salaries and wages by ₱0.2 million, increase in taxes and licenses by ₱0.4 million, increase in rent, light and water by ₱0.3 million, increase in commission by ₱0.1 million, increase in SSS, Medicare and EC contributions by ₱0.05 million, decrease in depreciation by ₱0.1 million and increase in miscellaneous by ₱0.1 million.

Other Income (Expenses) consist of interest income, other income, penalties and surcharges and interest expense. Total Other Income (Expenses) for the 1st quarter of 2024 and 2023 is (₱217,311) and ₱73,739, respectively. For the 1st quarter of 2024, one of the subsidiary paid for penalties for late payment of taxes, thus incurring higher other expense as compared to last year of the same quarter.

The Group does not recognize a finance cost for 1st quarter of 2024 and 2023.

*Further discussion of accounts of which registered an increased or decreased by 10% or more follows:*

#### Cash

The Group's cash increase by ₱0.3 million or 4.32% for the first quarter of 2024 as compared to first quarter 2023 due to the following activities: (a) net cash used in operating activities is ₱0.9 million, (b) net cash generated in investing activities is ₱1 million and (c) net cash used in financing activities ₱2.7 million.

#### Trade and Other Receivables

Trade and other receivables (net) increase by ₱1.2 million or 4.30% in the 1st quarter of 2024 as compared to last 1st quarter of 2023. This is mostly attributable to the increase in rental receivables by ₱0.4 million and increase in other receivables by ₱0.8 million. Certain trade receivables were found to be impaired using the provisional matrix as determined by the management, hence, adequate amounts of allowance for impairment have been recognized (Note 22).

#### Advances to related parties

Advances to related parties decrease by ₱1.2 million or 4.78% in the 1st quarter of 2024 as compared to the 1st quarter of 2023 due to payments made by the related parties.

#### Property and Equipment

There's a decrease in property and equipment amounting to ₱0.5 million or 57.61% on the first quarter of 2024 as compared to last year's first quarter of 2023 due to depreciation.

#### Advances from lessees

Advances from lessees decrease by ₱2.2 million or 67.21% in the 1st quarter of 2024 as compared to the 1st quarter of 2023.

#### Deferred Asset and Liabilities

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying 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 asset to be utilized. The recognition of deferred tax assets is based on the assessment that the Group will generate sufficient taxable profit to allow all or part of the deferred tax assets will be utilized. The Group's deferred asset account in the first quarter of 2024 decrease by ₱35,837 or 74.79% as compared to the first quarter of 2023.

The Group also has deferred liabilities which was decreased by ₱35,635 or 75% in the first quarter of 2024 as compared to last year's first quarter of 2023.

#### Lease liability

Lease liability composed of current and non-current portion. The current portion decrease by ₱95,026 or by 66.29% while the non-current portion decreased by ₱48,323 or 100% in the first quarter of 2024.

#### Borrowing

The Group's borrowings consist of current portion and non-current portion. The Group recorded a current borrowing portion amounting to nil and ₱313,434 for the first quarter of 2024 and 2023, respectively, with a decrease by ₱313,434 or 100% and no non-current borrowing portion as the borrowing is to be settled within the year 2023.

### **Undertaking**

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

## **(i) Summary of Material Trends, Events and Uncertainties**

### **Wellex Industries, Inc.**

The Parent Company has properties in Rodriguez (formerly Montalban), Rizal, with an aggregate cost of ₱51,782,495 and ₱51,782,495 and with an area of 402,692 sq. meters and 402,576 sq. meters as at March 31, 2026 and 2025, respectively. Land was received in exchange for its shares of stock in accordance with stock-for-assets swap arrangement entered into with various affiliates.

During the year 2024, the Parent Company recorded back a previously foreclosed property (as third party mortgagor) located in Pasig City with an area of 2,868 sqm. by virtue of an affiliate's case Order issued by the Supreme Court on September 15, 2021 declaring the foreclosure proceedings last November 24, 2009 as Null and Void. A partial compliance to the Writ of Execution issued last October 18, 2024 was implemented by reconstituting TCT No. PT-101859 (under new TCT No. 011-2023000787) and restoring actual possession of the property. The Parent Company closed its advances to Polymax Worldwide Limited (party to the case) amounting to ₱105,060,000, recorded an investment property amounting to its old book value of ₱186,420,000 and a recovery of impairment loss of ₱81,360,000.

Total investment properties located in Rodriguez (formerly Montalban) and Pasig City of the Parent Company as of March 31, 2026 and 2025 amounted to ₱238,202,495 and ₱238,202,495, respectively.

The fair value of land as at March 31, 2026 and 2025 amounted to ₱1,208,256,000 and ₱1,316,866,600, respectively.

The fair value of the land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at March 31, 2026 and 2025, the Parent Company's properties are not subject to any liens or encumbrances.

The Company is considering re-entry into the real estate market, specifically the development of industrial estates/subdivisions, for which it has already gained sufficient expertise in its operations in Valenzuela City. The Group elected not to pursue their Agreement with Avida Land Corp. on the Memorandum of Agreement signed last December 17, 2012 by virtue of a Rescission Agreement dated November 29, 2019. The project will now be undertaken in a joint venture with Philippine Estate Corporation (PHES), an affiliate, and will involve the conversion of the industrial estate into a mixed-use hub with complimentary commercial, office and residential zones. The Parent Company is certain that this shift in character will greatly increase the value of the property and will encourage the development and growth of a new Central Business District for Valenzuela City.

The Company had put on hold its plans to acquire a mining company with an existing MPSA with the Mines and Geosciences Bureau (MGB). This is due to the stringent requirements that the Department of Environment and Natural Resources (DENR) had placed on several dormant mining companies and the subsequent business slowdown in the industry as a result thereof.

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

There are no events that will trigger direct or contingent financial obligation that is material to Wellex Industries Inc. and its subsidiaries including any default or 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 Wellex Industries Inc. with unconsolidated entities or other persons created during the reporting period. The present activity of the company is focused on reorganizing its operations in preparation for its new businesses.

### **(iv) Commitment for Capital Expenditures**

Since the Plastic City Industrial Corporation ceased manufacturing and commercial operations, there are no commitments on major capital expenditures.

**(v) Any Known Trends, Events of Uncertainties (Material Impact on Net Sales / Net Income and Liquidity)**

The Group has ceased manufacturing operations since 2002 and currently disposed to lease out its warehouse facilities. Rental Income recorded for the first quarter of 2026 compared to 2025 decreased by ₱3.4 million or 44.15% due to nonrenewal of lease contracts from some clients.

As of March 31, 2026, there are sixteen (16) lessees occupying seventeen (17) areas such as the warehouses, shipyards, open spaces and extensions inside the Plastic City premise.

Current ratio (current assets over current liabilities) as of March 31, 2026 is 465.59% with current assets of ₱57.2 million over ₱12.3 million current liabilities. The Group's policy to address liquidity risk is to maintain a balance between continuity of funding through cash advances from the Parent Company and affiliates. Payment of current liabilities such as government taxes, employees' premium contributions, etc. was funded through these cash advances. The Group does not expect to pay its liabilities to related parties within twelve months after the reporting date. Furthermore, advances from affiliates and stockholders were settled through assignment and offsetting among the Group.

**(vi) Significant Element of Income or Loss That Did Not Arise From Continuing Operation**

The Group adopted PFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on deficit as at January 1, 2019, without restatement of comparative figures.

The Company has adopted the PFRS 9 Financial Instruments from January 1, 2018 and resulted in changes in accounting policies and adjusted amounts recognized in the financial statements. The comparative figures have been restated to comply with the transitional provisions in PFRS 9.

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

Material changes on line items in financial statements are presented under the "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Please refer to the attached Notes to of the Audited Financial Statements.

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

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

**MARKET INFORMATION**

The principal market of Wellex Industries Inc. common equity is the Philippine Stock Exchange, Inc. (PSE) where it was listed in 1958. List of the high and low sales price by quarter for the last 3 years are as follows:

		High	Low
2026	First Quarter	0.290	0.290
2025	First Quarter	0.270	0.270
	Second Quarter	0.250	0.250
	Third Quarter	0.275	0.275
	Fourth Quarter	0.260	0.260
2024	First Quarter	0.240	0.240
	Second Quarter	0.260	0.260
	Third Quarter	0.211	0.211
	Fourth Quarter	0.212	0.212
2023	First Quarter	0.260	0.230
	Second Quarter	0.222	0.222
	Third Quarter	0.275	0.270
	Fourth Quarter	0.230	0.230

The high, low and close price information as of May 26, 2026, the last practicable trading date, was ₱0.29, ₱0.29 and ₱0.29 per share, respectively.

**(2) Holders**

The numbers of shareholders of record as of May 31, 2026 were 999 and common shares issued and subscribed were 3,271,952,740.

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

	<b>STOCKHOLDER'S NAME</b>	<b>NATIONALITY</b>	<b>SUBSCRIBED</b>	<b>% TOTAL</b>
1	PCD NOMINEE CORP.	FILIPINO	944,404,415	28.864
2	WILLIAM T. GATCHALIAN	FILIPINO	835,000,100	25.520
3	DEE HUA T. GATCHALIAN	FILIPINO	492,962,532	15.066
4	SHERWIN T. GATCHALIAN	FILIPINO	317,750,100	9.711
5	SHINJI KOBAYASHI	FILIPINO	210,650,000	6.438
6	ELVIRA A. TING	FILIPINO	111,850,000	3.418
7	KENNETH T. GATCHALIAN	FILIPINO	100,000,100	3.056
8	THE WELLEX GROUP, INC.	FILIPINO	80,000,000	2.445
9	RECOVERY DEVELOPMENT CORPORATION	FILIPINO	52,335,090	1.600
10	PACIFIC REHOUSE CORPORATION	FILIPINO	50,000,000	1.528
11	ORIENT PACIFIC CORPORATION	FILIPINO	36,340,000	1.111
12	PCD NOMINEE CORPORATION (NON-FILIPINO)	OTHERS	20,740,030	0.634
13	WELLEX GLOBAL EQUITIES, INC.	FILIPINO	4,050,000	0.124
14	INTERNATIONAL POLYMER CORP.	FILIPINO	2,700,000	0.083
15	SOLAR SECURITIES, INC	FILIPINO	2,500,000	0.076
16	JOAQUIN EUGENIO MATTHEW S. CHIPECO III	FILIPINO	1,660,000	0.051
17	RODOLFO S. ETRELLADO	FILIPINO	750,000	0.023
18	PROBITY SEC. MGT. CORP.	FILIPINO	463,200	0.014
19	RICHARD L. RICARDO	FILIPINO	460,000	0.014
20	REGINA CAPITAL DEVELOPMENT CORPORATION	FILIPINO	300,000	0.009

**CASH AND STOCK DIVIDEND DECLARED**

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. (Page 13 of Amended By-Laws, October 11, 2007)

**RESTRICTION THAT LIMITS THE PAYMENT OF DIVIDENDS ON COMMON SHARES**

None.

**RECENT SALES OF UNREGISTERED SECURITIES**

Not applicable.

**DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS**

**Directors and Executive Officers**

Names, ages, citizenship and position and office of all directors and executive officers:

<b>Name</b>	<b>Age</b>	<b>Citizenship</b>	<b>Position</b>	<b>Years of Service</b>
Atty. Ruben D. Torres	83	Filipino	Chairman	2021-Present 8 years
			Independent Director	2018-2022 4 years
Elvira A. Ting	64	Filipino	Director	1999-Present 27 years
			Vice President	1999-Jul2025 26.5 years
			Vice Chairman	Jul2025-Present 1 year
Richard L. Ricardo	62	Filipino	Director	2014-Present 12 years
			President	Jul2025-Present 1 year
Hannel T. Ngo	43	Filipino	Director	Jul2025-Present 1 year
Atty. Lamberto B. Mercado, Jr.	61	Filipino	Director	1998-Present 28 years
			Treasurer	Jul2025-Present 1 year
William T. Gatchalian	76	Filipino	Director	1999-Present 27 years
Renato C. Francisco	77	Filipino	Independent Director	2021-Present 5 years
Sergio Antonio S. Ortiz-Luis	51	Filipino	Independent Director	2024-Present 2 years
Josaias T. Dela Cruz	64	Filipino	Independent Director	2021-Present 5 years
Atty. Aristeo R. Cruz	59	Filipino	Independent Director	2021-Present 5 years
Omar M. Guinomla	53	Filipino	Director	2014-Present 12 years
Amando J. Ponsaran, Jr.	55	Filipino	Corporate Secretary	2022-Present 4 years
Atty. Karen Mae S. Abarra	32	Filipino	Assistant Corporate Secretary	Jul2025-Present 1 year
Annabelle T. Abunda	49	Filipino	Compliance Officer	2017-Present 9 years
			Finance Officer	2022-Present 4 years

A brief description of the directors' and executive officers' business experience and other directorship held in other reporting companies for the last five (5) years are provided as follows:

<b>Name and Position</b>	<b>Companies</b>	<b>Position</b>
<b>Atty. Ruben D. Torres</b> Chairman/Director Filipino 83 years old B.A. in Political Science Bachelor of Laws University of the Philippines	Services Exporters Risk Management & Consultancy Co	Chairman/CEO
	BPO Workers Association of the Phils.	President
	Trade Union Congress of the Phils.	VP-International Affairs
	Torres Caparas Torres Law Offices	Senior Partner
	Waterfront Phils., Inc.	Director
	Acesite (Phils.) Hotel Corp.	Independent Director
	Forum Pacific, Inc.	Chairman/Director
	Waterfront Manila Premier Dev't., Inc.	Chairman/Director
	Alliance Energy Power and Dev't., Inc.	Chairman/Director
	Aristocrat Manila City Holdings, Inc.	Chairman/Director
	Pacific Concorde Corp.	President/Director
	Philippine Estates Corp.	Independent Director
	Taguig Lake City Dev't. Corp.	Chairman/Director
	Wellex Mining Corp.	Corp. Treasurer/Director
Triton Construction and Dev't. Corp.	Chairman/Director	

<b>Elvira A. Ting</b> Vice-President/Director Filipino 64 years old BS in Business Administration Major in Management Philippine School of Business Administration	Waterfront Philippines, Inc.	Corp. Treasurer/Director
	Forum Pacific, Inc.	President/Director
	Acesite (Phils.) Hotel Corp.	Corp. Treasurer/Director
	Metro Alliance Holdings & Equities Corp.	Chairman/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

	<p>Rexlon Realty Group, Inc.  Pacific Rehouse Corp.  Westland Pacific Properties Corp.  Heritage Pacific Corp.  Palawan Estate Corp.  Poly Premier Property Dev't Corp.  Wanda Prime Property Dev't, Inc.  Bocau Prime Estate Corp.  Bulacan Fortune Land Dev't Corp.  Taguig Lake City Dev't Corp.  Country Garden Agri-Tourism Dev't, Inc.  Alliance Energy Power &amp; Dev't Corp.  North Luzon Premier Dev't Corp.  Shangrila Global Estate Ventures Corp.  Aristocrat Manila City Holdings, Inc.  Seabrook Resources &amp; Dev't, Corp.</p>	<p>Chairman/President/Director  Corp. Treasurer/Director  Asst. Corp. Sec./Director  Chairman/President/Director  Asst. Corp. Sec./Director  Corp. Treasurer/Director  President/ Director  President/ Director  Chairman/President/Director  President/ Director  Corp. Treasurer/Director  Corp. Secretary/Director  President/ Director  Chairman/Director  President/Director  Corp. Treasurer/Director</p>
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<p><b>Richard L. Ricardo</b>  Treasurer/Investor Relations  Officer/Director  Filipino  62 years old  B.S. in Business Management  A.B. in Economics  <i>Ateneo de Manila University</i></p>	<p>Forum Pacific, Inc.  Waterfront Philippines, Inc.    Acesite (Phils.) Hotel Corp.    Metro Alliance Holdings &amp; Equities Corp.    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 &amp; Dev't. Corp.  Manila Bay Front Hotels, Inc.  Shanghai Global Estate Ventures Corp.  Bulacan Country Garden Dev't. Corp.  Alliance Energy Power &amp; Dev't. Inc.</p>	<p>Investor Relations Officer/Director  Corporate Affairs  Officer/Compliance Officer  Vice President for Corporate  Affairs/Compliance Officer  Corp. Treasurer/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</p>
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<p><b>Atty. Lamberto B. Mercado, Jr.</b>  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.  Forum Pacific, Inc.  Acesite (Phils.) Hotels Corp.  Metro Alliance Holdings &amp; Equities Corp.  Philippine National Construction Corp.  Consumer Product Distribution Services  Rexlon Realty Group, Inc.  Wellex Mining Corp.  Southernpec Phils., Inc.  Dubai Gold Mining Corp.  Sands Mining &amp; Dev't. Corp.  Bulacan Harbour Dev't. Corp.  Wanda Prime Property Dev't., Inc.  Seabrook Resources &amp; 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/Compliance Officer  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><b>Aristeo R. Cruz</b>  Independent Director  Filipino  59 years old  CPA Lawyer  B.S. in Commerce Major in  Accountancy  <i>De La Salle University</i></p> <p>Bachelor of Laws (LLB)  <i>New Era University</i></p>	<p>Metro Alliance Holdings &amp; Equities Corp.  Forum Pacific, Inc.  Acesite (Phils.) Hotel Corp.  Waterfront Philippines Inc  Liberty Bank (A Rural Bank), Inc.  Meycauayan College, Inc.</p> <p>Philstar Innovation Realty Corp.  Cruz Altares &amp; Associates Law Office  (formerly Cruz, Castro &amp; Altares Law  Office)  Idealland Realty &amp; Dev't. Corp.</p> <p>Statosphere Realty &amp; Dev't. Corp.</p> <p>Waterstreet Realty Corp.  Jose &amp; Luz Locsin Foundation  Justino Emilia Realty and Mngt &amp; Dev't. Corp</p>	<p>Director  Independent Director  Independent Director  Independent Director  Vice-President  Vice-Chairman of the Board,  Executive Vice-President  Director and Corp. Secretary  Founding and Managing Partner</p> <p>President and Chief Operating  Officer (COO)  President and Chief Operating  Officer (COO)  President  President  Corp. Secretary</p>
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<p><b>William T. Gatchalian</b>  Director  Filipino  76 years old  B.S in Management  <i>University of the East</i></p>	<p>The Wellex Group, Inc.  Wellex Petroleum, Inc.  Manila Sands Hotel &amp; Casino, Inc.  Bulacan Harbour Dev't. Corp.  Philippine International Airways</p>	<p>Chairman/Director  Chairman/Director  Chairman/Director  Chairman/Director  Director</p>
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<p><b>Sergio Antonio S. Ortiz-Luis</b>  Independent Director  51 years old  Bachelor of Fine Arts  <i>University of Sto. Tomas</i></p>	<p>Wellex Industries, Inc.  Metro Alliance Holdings &amp; Equities Corp.  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</p>	<p>Independent Director  Independent Director  Sole Proprietor  Director</p> <p>Director/Vice President  Vice President  Vice Chairman  President</p> <p>Vice President  Proprietor</p>
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<p><b>Omar M. Guinomla</b>  Director  Filipino  53 years old  A.B. Management  <i>De La Salle University</i>  Master's in Business  Administration  <i>Ateneo de Manila University</i></p>	<p>Recovery Real Estate Corp.  Forum Pacific, Inc.  Pacific Rehouse Corp.  Orient Pacific Corp.  Recovery Dev't. Corp.  Philippine International Airways  Continental Wire &amp; Cable Corp.  Shanghai Resources Corp.  Calinan Star Mining, Inc.  Dubai Gold Mining Corp.  Sands Mining &amp; Dev't. Corp.  Manila Bay Front Hotels, Inc.  Silverquest Mining Resources Inc.  Bulacan Fortune Land Dev't. Corp.  Triton Construction &amp; Dev't. Corp.</p>	<p>Director  Director  Director  Assist. Corp. Sec./Director  Assist. Corp. Sec./Director  Corp. Treasurer/Director  Director  Chairman/President/Director  Director  Director  Corp. Secretary/Director  Corp. Secretary/Director  Corp. Treasurer/Director  Corp. Secretary/Director  Corp. Secretary/Director</p>
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<p><b>Haniel T. Ngo</b>  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</p> <p>Building and Construction Authority (Singapore)  Triton Construction &amp; Development Corp.  Altai Philippines Mining Corp.  Clean Patrol Cleaning Services, Inc.  1931 &amp; Co. Management Services, Inc.  Orient Pacific Corporation  Pacific Rehouse Corporation  Crisanta Realty Development Corporation  Forum Holdings Corporation  Pacific Wide Holdings, Inc.  Triton Construction and Development Corporation</p>	<p>Authorized Managing Officer</p> <p>Construction Occupational Safety and Health Officer  Risk Management Officer</p> <p>President</p> <p>President  President  President  Corporate Secretary  Asst. Corporate Secretary  Vice President</p> <p>Chairman &amp; President  Director  President/Director</p>
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<p><b>Renato C. Francisco</b>  Independent Director  Filipino  77 years old  Bachelor of Laws  <i>Ateneo de Manila University</i>  B.A. in English and Philosophy  <i>San Beda College</i></p>	<p>Forum Pacific Inc  Philippine Estates Corp.  Acesite (Phils.) Hotel Corp.  Waterfront Phil., Inc.  Sta. Lucia Land, Inc.</p>	<p>Independent Director  Independent Director  Independent Director  Independent Director  Independent Director</p>
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<p><b>Josaias T. Dela Cruz</b>  Independent Director  Filipino  64 years old  B.S. in Business Management  <i>Ateneo de Manila University</i></p>	<p>Forum Pacific, Inc.  Philippine Estates Corp.  JTDC Spinmeister Laundry Service  Metro Alliance Holdings &amp; Equities Corp.</p>	<p>Independent Director  Independent Director  Sole Proprietor  Independent Director</p>
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<p><b>Amando J. Ponsaran, Jr.</b>  Corporate Secretary  Filipino  55 years old  BSBA-Finance/Marketing  <i>University of San Agustin – Iloilo</i>  Bachelor of Laws  <i>Arellano Law School/Philippine Christian University</i></p>	<p>Philippine Estates Corp.  Corporate Counsels, Phils. Law Offices</p> <p>Forum Pacific, Inc.  Consumer Products Distribution Services Inc</p>	<p>Assistant Corporate Secretary  Senior Manager – Corporate Services Group  Assistant Corporate Secretary  Corporate Secretary</p>
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<p><b>Annabelle T. Abunda</b>  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></p>	<p>Pacific Rehouse Corp.  Pacific Wide Holdings, Inc.  Forum Pacific, Inc.  Metro Alliance Holdings &amp; Equities Corp.</p>	<p>Finance &amp; Administration Manager  Accounting Manager  Finance and Compliance Officer  Finance and Compliance Officer</p>
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## **CORPORATE GOVERNANCE**

The Corporation adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual and related SEC Circulars. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Corporation observes good governance and management practices. This is to assure the shareholders that the Corporation conducts its business with the highest level of integrity, transparency and accountability.

The board of Directors has approved its Corporate Governance Compliance Evaluation System in order to check and assess the level of compliance of the Company with leading practices on good corporate governance as specified in its Corporate Governance Manual and pertinent SEC Circulars. The System likewise highlights areas for compliance improvement and action to be taken. One of the system's output is the Annual Corporate Governance Compliance Evaluation Form submitted by the Corporation every year to the SEC and PSE.

There were no deviations from the Corporation's Manual on Corporate Governance during the period ended December 31, 2025 and 2024.

The Company submitted its Integrated Annual Corporate Governance Report (IACGR) on May 5, 2026 covering the year 2025. All directors and officers of the company attended the Corporate Governance webinar conducted by an SEC accredited provider, Risk Opportunities Assessment and Management (ROAM), Inc. last November 12, 2025 and submitted their certificate of compliance last November 17, 2025. The independent directors have also submitted their Certificate of Qualification as required by the SEC vis-à-vis Section 38 of the Securities Regulation Code.

\* \* \*



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Tungk Line No:02-5222-7696 Email Us:www.sec.gov.ph/message@sec.gov.ph



The following document has been received:

Receiving: ICTD ERMD

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## Company Information

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**SEC Registration No.:** 0000011790

**Company Name:** WELLEX INDUSTRIES INC.

**Industry Classification:** K74000

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST104162026811231411

**Document Type:** Financial Statement

**Document Code:** FS

**Period Covered:** December 31, 2025

**Submission Type:** Consolidated

**Remarks:** None

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

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	1	7	9	0					
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### COMPANY NAME

W	E	L	L	E	X		I	N	D	U	S	T	R	I	E	S		I	N	C	O	R	P	O	R	A	T	E	D	
A	N	D		S	U	B	S	I	D	I	A	R	I	E	S															

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

3	5	T	H		F	L	O	O	R	,		O	N	E		C	O	R	P	O	R	A	T	E					
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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	,		P	H	I	L	I	P	P	I	N	E	S

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, if Applicable

N	A		
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### COMPANY INFORMATION

Company's email Address

wellexindustries@yahoo.com

Company's Telephone Number

8706-7888

Mobile Number

09177904371

No. of Stockholders

999

Annual Meeting (Month/Day)

Every 3rd Monday of July

Fiscal Year (Month/Day)

December/31

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Amando J. Ponsaran, Jr.

Email Address

ajponsaran@ccplaw.com.ph

Telephone Number/s

8687-7536

Mobile Number

09285026399

### CONTACT PERSON'S ADDRESS

Unit 3104, Antel Global Corporate Center, #3 Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City

**Note 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

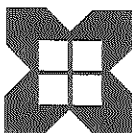
**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

***Wellex Industries Incorporated  
and Subsidiaries***

***Financial Statements  
December 31, 2025 and 2024***

***and***

***Independent Auditors' Report***



**WELLEX INDUSTRIES, INC.**  
LISTED IN THE PHILIPPINE STOCK EXCHANGE

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

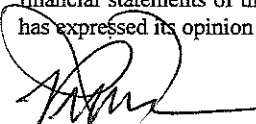
The management of **WELLEX INDUSTRIES, INCORPORATED AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial 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.

Diaz Murillo Dalupan and Company, 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.

  
**RUBEN D. TORRES**  
Chairman of the Board

  
**RICHARD L. RICARDO**  
President

  
**ATTY. LAMBERTO B. MERCADO, JR.**  
Corporate Treasurer

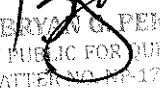
APR 16 2025

**SUBSCRIBED AND SWORN** to before me in QUEZON CITY City/Province, Philippines on \_\_\_\_\_, affiants personally appeared before me and exhibited to me their

Name	Tax Identification Number
1. RUBEN D. TORRES	135-071-068
2. RICHARD L. RICARDO	140-853-860
3. LAMBERTO B. MERCADO, JR.	136-012-428

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

DOC NO: 90 :  
PAGE NO: 15 :  
BOOK NO: 15 :  
SERIES OF 15

  
**ATTY. BRYAN G. PEKAS**  
NOTARY PUBLIC FOR QUEZON CITY  
ADM. MATTER NO. 171 VALID UNTIL DEC. 31, 2025  
ROLL OF ATTORNEY NO. 66392, TIN 289-467-753  
JPF NO. 576603 DECEMBER 30, 2015, QUEZON CITY  
MCLE NO. VIII-0013054, VALID UNTIL 14/APR/2018  
PTR NO. 10438501, JANUARY 5, 2020, MARIKINA C.ITY  
403 EDSA DIAMOND FINANCE, CUBAO, Q.C.

## Independent Auditors' Report

To the Board of Directors and Stockholders of  
**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
35<sup>th</sup> Floor, One Corporate Center  
Doña Julia Vargas Ave., cor. Meralco Ave.  
Ortigas Center, Pasig City, Philippines

### **Report on the Audits of the Consolidated Financial Statements**

#### *Opinion*

We have audited the consolidated financial statements of **Wellex Industries Incorporated and Subsidiaries** (the 'Group'), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to consolidated financial statements, including material accounting policy information.

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

#### *Basis for Opinion*

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

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group has been incurring losses in current and prior years and has accumulated a deficit of ₱1,908,945,535 and ₱1,897,821,614 as at December 31, 2025 and 2024, respectively. As stated in Note 1, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Should there be an opportunity for an interesting business acquisition, there might be a need to raise funds via a stock rights offering with the local bourse. The Group also has substantial amount of advances to related parties which are realizable upon demand. We have conducted sufficient audit procedures to verify the validity of the management plan to address the material uncertainty related to going concern. Our opinion is not modified in respect of this matter.

#### **Global Reach, Global Quality**

Head Office : 7th Floor, Don Jacinto Building, De la Rosa corner Salcedo Sts., Legaspi Village, Makati City 1229 Philippines • Phone: +63(2) 8894 5892 / 8844 9421 / Fax: +63(2) 8818 1872  
Cebu Office : Unit 504 Cebu Holdings Building, Cebu Business Park, Mabolo, Cebu City 6000 Philippines • Phone: +63(32) 415 8108 - 10 / Fax: +63(32) 232 8029  
Davao Office : 3rd Floor Building B Plaza De Luisa, Ramon Magsaysay Avenue, Davao City 8000 Philippines • Phone/Fax: +63(82) 222 6636  
Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580  
Website : [www.dmdcpa.com.ph](http://www.dmdcpa.com.ph)

## *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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### *Adequacy of Allowance for Expected Credit Losses on Receivables and Advances to Related Parties*

The Group's assumptions used in calculating the allowance for expected credit losses (ECL) is significant to our audit as it involves the exercise of significant management judgement. Key judgment areas include, historical credit loss experience based on past due status of debtors and current conditions and estimates of future economic conditions. Allowance for ECL on trade and other receivables amounted to ₱82,324,388 and ₱82,283,167 as at December 31, 2025 and 2024, respectively. Allowance for ECL on advances to related parties amounted to ₱7,860,250 as at December 31, 2025 and 2024.

The disclosures related to allowance for ECL on receivables and advances to related parties are included in Note 24.

### *Our Response*

Our audit procedures to address the adequacy of allowance for ECL, includes the following:

- Obtained understanding of the approved methodologies used by the Group and assessed whether these are acceptable under the requisites of PFRS 9.
- For trade and other receivables, checked the methodology used in applying the simplified approach by evaluating the key inputs, assumptions, and formulas used.
- For advances to related parties, recalculated the allowance for ECL based on management assertions and policy of the Group in adopting general approach.
- Tested the definition of default against historical analysis of accounts and credit risk management policies and practices.
- Tested loss given default by inspecting historical recoveries including the timing, related costs, and write-offs.

### *Other information*

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

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

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

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

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

## *Auditors' Responsibilities for the Audits of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### **DIAZ MURILLO DALUPAN AND COMPANY**

Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and valid in the audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

By:

  
Richard Noel M. Ponce  
Partner

CPA Certificate No. 120457

SEC Accreditation No. 1738-A, Group A, issued on March 31, 2022 and valid in the audit of 2021 to 2025 financial statements

Tax Identification No. 257-600-228

PTR No. 10771458, January 11, 2026, Makati City

BIR Accreditation No. 08-001911-006-2025, effective until October 10, 2028

April 13, 2026

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Financial Position**

	As at December 31	
	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash - note 4	₱ 5,096,638	₱ 12,660,454
Trade and other receivables (net) - note 5	30,736,176	30,503,323
Prepayments and other current assets - note 6	17,495,113	17,094,554
	<b>53,327,927</b>	<b>60,258,331</b>
<b>Noncurrent Assets</b>		
Financial assets at fair value through other comprehensive income (FVOCI) - note 7	11,993,750	11,993,750
Advances to related parties (net) - note 19	29,155,628	34,336,512
Investment properties (net) - note 8	1,188,686,486	1,190,192,822
Interest in joint operation (net) - note 9	522,916,369	522,916,369
Property and equipment (net) - note 10	140,481	401,650
Deferred tax assets (net) - note 18	11,732	46,210
Other assets	103,674	95,844
	<b>1,753,008,120</b>	<b>1,759,983,157</b>
<b>TOTAL ASSETS</b>	<b>₱ 1,806,336,047</b>	<b>₱ 1,820,241,488</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other liabilities - note 11	₱ 7,132,028	₱ 8,346,599
Advances from lessees - note 21	2,893,062	5,658,449
Lease liability - note 19	46,930	137,908
	<b>10,072,020</b>	<b>14,142,956</b>
<b>Noncurrent Liabilities</b>		
Advances from related parties - note 19	404,216,901	402,888,139
Retirement benefits obligation - note 17	959,100	917,400
Lease liability (net of current portion) - note 19	-	46,930
Deferred tax liability - note 18	11,373	45,489
	<b>405,187,374</b>	<b>403,897,958</b>
	<b>415,259,394</b>	<b>418,040,914</b>
<b>Equity</b>		
Capital stock - note 12	3,276,045,637	3,276,045,637
Additional paid-in capital	24,492,801	24,492,801
Unrealized fair value loss on financial assets at FVOCI	(506,250)	(506,250)
Deficit	(1,908,945,535)	(1,897,821,614)
	<b>1,391,086,653</b>	<b>1,402,210,574</b>
Treasury stock - note 13	( 10,000)	( 10,000)
	<b>1,391,076,653</b>	<b>1,402,200,574</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱ 1,806,336,047</b>	<b>₱ 1,820,241,488</b>

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**

**For the Years Ended December 31**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>RENTAL INCOME</b> - notes 8 and 21	<b>₱ 24,003,357</b>	<b>₱ 32,563,156</b>	<b>₱ 25,749,089</b>
<b>DIRECT COSTS AND EXPENSES</b> - note 13	<b>( 8,002,206)</b>	<b>( 12,763,135)</b>	<b>( 12,393,069)</b>
<b>GROSS INCOME</b>	<b>16,001,151</b>	<b>19,800,021</b>	<b>13,356,020</b>
<b>OPERATING EXPENSES</b> - note 14	<b>( 25,550,427)</b>	<b>( 19,490,546)</b>	<b>( 17,334,069)</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>( 9,549,276)</b>	<b>309,475</b>	<b>( 3,978,049)</b>
<b>OTHER INCOME (NET)</b> - note 15	<b>900,138</b>	<b>202,008,519</b>	<b>12,908,251</b>
<b>FINANCE COSTS</b> - note 16	<b>( 772,560)</b>	<b>( 774,049)</b>	<b>( 740,619)</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>( 9,421,698)</b>	<b>201,543,945</b>	<b>8,189,583</b>
<b>PROVISION FOR INCOME TAX</b> - note 18			
Current	<b>( 1,701,862)</b>	<b>( 2,592,270)</b>	<b>( 4,583,838)</b>
Deferred	<b>( 361)</b>	<b>518</b>	<b>( 202)</b>
	<b>( 1,702,223)</b>	<b>( 2,591,752)</b>	<b>( 4,584,040)</b>
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>(₱ 11,123,921)</b>	<b>₱ 198,952,193</b>	<b>₱ 3,605,543</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
Item that will not reclassified subsequently to profit or loss:			
Unrealized fair value loss on financial assets at FVOCI - note 7	<b>—</b>	<b>( 506,250)</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(₱ 11,123,921)</b>	<b>₱ 198,445,943</b>	<b>₱ 3,605,543</b>
<b>EARNINGS (LOSS) PER SHARE</b> - note 22	<b>(₱ 0.0034)</b>	<b>₱ 0.0607</b>	<b>₱ 0.0011</b>

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

	<b>Capital Stock (Note 12)</b>	<b>Additional Paid- in Capital</b>	<b>Deficit</b>	<b>Unrealized fair value loss on financial assets at FVOCI</b>	<b>Treasury Stock (Note 12)</b>	<b>Total</b>
Balance at January 1, 2023	₱ 3,276,045,637	₱ 24,492,801	(₱ 2,100,379,350)	₱ —	(₱ 10,000)	₱ 1,200,149,088
Net loss for the year	—	—	3,605,543	—	—	3,605,543
Balance at December 31, 2023	3,276,045,637	24,492,801	( 2,096,773,807)	—	( 10,000)	1,203,754,631
Net income for the year	—	—	198,952,193	—	—	198,952,193
Other comprehensive loss	—	—	—	( 506,250)	—	( 506,250)
<b>Balance at December 31, 2024</b>	<b>3,276,045,637</b>	<b>24,492,801</b>	<b>( 1,897,821,614)</b>	<b>( 506,250)</b>	<b>( 10,000)</b>	<b>1,402,200,574</b>
<b>Net income for the year</b>	<b>—</b>	<b>—</b>	<b>( 11,123,921)</b>	<b>—</b>	<b>—</b>	<b>( 11,123,921)</b>
<b>Balance at December 31, 2025</b>	<b>₱ 3,276,045,637</b>	<b>₱ 24,492,801</b>	<b>(₱ 1,908,945,535)</b>	<b>(₱ 506,250)</b>	<b>(₱ 10,000)</b>	<b>₱ 1,391,076,653</b>

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**
**Consolidated Statements of Cash Flows**

	For the Years Ended December 31		
	2025	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before tax	(₱ 9,421,698)	₱ 201,543,945	₱ 8,189,583
Adjustments for:			
Depreciation - notes 8 and 10	3,068,318	3,140,078	3,783,571
Provision for (reversal of) ECL on:			
Trade and other receivables - note 5	41,221	66,310	743,999
Advances to related parties - note 19	-	( 119,772,360)	( 1,378,081)
Reversal of allowance for impairment on investment property - note 15	-	( 81,360,000)	-
Provision for retirement benefits - note 17	41,700	41,700	41,700
Finance costs - note 16	772,560	774,049	740,619
Interest income - notes 4 and 19	( 941,359)	( 942,469)	( 941,956)
Gain on sale of investment properties - note 8	-	-	( 11,332,213)
Operating income (loss) before working capital changes	( 6,439,258)	3,491,253	( 152,778)
Decrease (increase) in:			
Trade and other receivables	( 274,074)	( 424,273)	( 1,142,132)
Prepayments and other current assets	( 400,558)	444,440	( 401,552)
Increase (decrease) in:			
Accounts payable and other liabilities	( 1,214,571)	( 4,953,540)	8,271,916
Advances from lessees	( 2,765,387)	331,435	1,695,259
Net cash generated from (used in) operations	( 11,093,848)	( 1,110,685)	8,270,713
Interest received - note 4	9,794	10,904	10,391
Income tax paid	( 1,701,862)	( 2,592,270)	( 4,593,154)
Net cash provided by (used in) operating activities	( 12,785,916)	( 3,692,051)	3,687,950
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Collection of advances to related parties	6,112,449	5,605,132	3,686,491
Proceeds from sale of investment properties - note 8	-	-	27,890,121
Additions to property and equipment - note 8	-	-	( 5,932,415)
Additions to interest in joint operation - note 9	-	-	( 374,108)
Additions to investment properties - note 8	( 1,300,813)	-	-
Additions to other assets	( 7,830)	-	-
Net cash provided by investing activities	4,803,806	5,605,132	25,270,089
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of advances from related parties	-	-	( 28,130,805)
Additional advances from related parties	568,294	1,919,955	-
Payment of lease liability	( 150,000)	( 150,000)	( 150,000)
Payment of borrowings	-	-	( 413,082)
Finance cost paid	-	-	( 21,486)
Net cash provided by (used in) financing activities	418,294	1,769,955	( 28,715,373)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>( 7,563,816)</b>	<b>3,683,036</b>	<b>242,666</b>
<b>CASH - note 4</b>			
At beginning of year	12,660,454	8,977,418	8,734,752
At end of year	₱ 5,096,638	₱ 12,660,454	8,977,418

*(The accompanying notes are an integral part of these consolidated financial statements.)*

## **WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements**

As at December 31, 2025 and 2024 and for each of the three years  
in the period ended December 31, 2025

#### **1. CORPORATE INFORMATION, STATUS OF OPERATIONS AND MANAGEMENT PLANS**

**Wellex Industries Incorporated** (the 'Parent Company') was incorporated in the Philippines on October 19, 1956. The Parent Company engaged primarily in the business of mining and oil exploration and was known as Republic Resources and Development Corporation (REDECO). The Parent Company extended its corporate life for another fifty (50) years up to October 19, 2056 which was approved by the Securities and Exchange Commission (SEC) on July 20, 2007.

The Parent Company's shares are listed and traded in the Philippine Stock Exchange (PSE).

The Parent Company wholly-owns Plastic City Industrial Corporation (PCIC). PCIC has ceased its commercial operations, but PCIC subsidiaries have leased out their warehouse and building facilities.

The financial position and results of operations of the Parent Company and its Subsidiaries, (herein referred to as the 'Group') are consolidated in these financial statements.

The registered office address of the Parent Company is located at 35<sup>th</sup> Floor, One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City, Philippines.

The consolidated financial statements as at and for the year ended December 31, 2025, including its comparatives for 2024 and 2023, were authorized and approved for issue by the Board of Directors (BOD) of the Parent Company on April 13, 2026.

#### **Status of Operations and Management Plans**

The Group has incurred losses resulting in a deficit of ₱1,908,945,535 and ₱1,897,821,614 as at December 31, 2025 and 2024, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. Albeit these conditions, management believes that the Group will be able to meet all its outstanding obligations and continue to operate as a going concern.

To continue as a going concern, the officers and major stockholders of the Group have committed to provide full financial support to the Group to sustain its operations, meet the working capital requirements and settle obligations as they fall due.

In prior years, the Parent Company's business of mining and oil exploration became secondary to real estate and energy development. On January 28, 2008, the BOD approved the amendment of the Parent Company's primary purpose from a holding company to a company engaged in the business of mining and oil exploration.

The purpose of the amendment of the primary purpose was essentially to enable the Group to ride the crest of a resurgent mining industry including oil exploration of the country's offshore oil fields. The Group's strategy is to identify mining properties with proven mineral deposits particularly nickel, chromite, gold and copper covered by Mineral Production Sharing Agreements (MPSA) and to negotiate for either a buy-out or enter into a viable joint venture arrangement. For its oil and mineral exploration activities, the Group has identified and conducted initial discussions with potential investors.

However, the continuing global financial crises dampened the metal and oil prices that adversely affected the investment environment of mining and oil, and mineral exploration industry of the country. To finance its operating expenses, the Group obtains advances from related parties.

The Group has put on hold its plans to acquire a mining company with an existing MPSA with the Mines and Geosciences Bureau (MGB). This is due to the stringent requirements that the Department of Environment and Natural Resources (DENR) had placed on several dormant mining companies and the subsequent business slowdown in the industry as a result thereof.

#### *Redevelopment of the Plastic City Complex in Valenzuela*

On December 17, 2012, the Group and other related parties entered into a Memorandum of Agreement (MOA) with Avida Land Corp (ALC) for the development of 21.3 hectares of land located in Valenzuela City into a residential cluster of condominium, townhouses, house and lots. Out of the total 21.3 hectares, 12.8 hectares (representing 60% of the aggregate area) was owned by the Group and its affiliates and around 8.47 hectares were owned by related parties.

By virtue of a Rescission Agreement dated November 29, 2019, the Group elected not to pursue their Agreement with ALC for the development of the real estate. The project will now be undertaken in a joint venture with Philippine Estate Corporation (PHES), an affiliate, and will involve the conversion of the industrial estate into a mixed-use hub with complimentary commercial, office and residential zones. The Parent Company is certain that this shift in character will greatly increase the value of their property and will encourage the development and growth of a new Central Business District for Valenzuela City. The commencement of the redevelopment, however, will depend on the strengthening of real estate demand for mid-market projects.

#### *Business and Operations*

Based on current operation, the Group's cash requirements can be generated internally from rental income from remaining lease contracts of its subsidiaries. The management believes that resources are sufficient for projected leasing plans for the next twelve (12) months. However, should there be an opportunity for an interesting business acquisition as related above, there might be a need to raise funds via a stock rights offering with the local bourse. In any case, the Group has substantial amount of advances to related parties which are realizable upon demand.

The Group will explore new business opportunities in the development of industrial estates and logistics hubs, and to this end, ocular inspections for suitable raw land for development into industrial estates and logistics hubs are being carried out in Cavite, Laguna, Batangas and Bulacan. Discussions have been carried out with local government city planning officials in order to determine which sites are candidates for long-term success, and the Group is in constant communication with urban planners and construction engineers in order to fully understand the financial feasibility models for the development of these industrial estates and logistics hubs.

Project manpower will be outsourced when needed. Technical and managerial positions will be filled when future operations commence in either the mining sector or industrial estate development. A capital-infusion and build-up program will address the Group's financial standing, the size and timing of which will be directly related to the planned entry into new business endeavors.

Despite the stabilization of global travel and renewed business interest in the Philippines, new territorial issues with claim have risen at the West Philippines Sea. This, together with economic turbulence brought about by the war in Ukraine, Venezuelan conflict and civil unrest in Iran, has made management cautious about entering into new business ventures.

The Group's consolidated financial statements have been prepared assuming that the Group will continue as a going concern. The Group's consolidated financial statements do not include any adjustments relating to the recoverability and classification of the recorded assets or the recognition and classification of liabilities that might result from the outcome of this uncertainty.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

### Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

### Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique.

### Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso (₱), the Group's functional currency. All amounts are rounded to the nearest peso except when otherwise indicated.

### Current and Non-Current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current 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 twelve months after the reporting period; or
- cash or cash equivalent 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 non-current.

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.

All other liabilities are classified as non-current.

Deferred tax assets and tax liability are classified as non-current assets and non-current liabilities, respectively.

### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Parent Company and subsidiaries it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Parent Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. 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 Group's voting rights and potential voting rights.

Consolidation of subsidiaries begins when the Parent Company obtains control over the subsidiaries and ceases when the Parent Company loses control of the subsidiaries. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiaries.

The financial statements of the subsidiaries are prepared for the same reporting year, using accounting policies that are consistent with those of the Parent Company. Intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Changes in the ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions.

If the Parent Company loses control over its subsidiaries, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in consolidated statements of comprehensive income.

### Composition of the Group

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2025 and 2024. The details of its subsidiaries are as follows:

Subsidiaries	Principal Activity	Ownership	
		2025	2024
<b>Direct Ownership</b>			
PCIC	Manufacturing	100%	100%
<b>Indirect Ownership (Subsidiaries of PCIC)</b>			
ICC	Manufacturing	100%	100%
KCC	Manufacturing	100%	100%
PPC	Manufacturing	100%	100%
Rexlon Industrial Corporation (RIC)	Manufacturing	100%	100%

a) Direct ownership

*PCIC*

PCIC and its subsidiaries have ceased operations but have leased out their warehouse facilities. The intention of the Group is to continue its operation by focusing on “injection molding” due to its very encouraging prospect and which has shown to have a high viability rating that will contribute highly towards the Group’s maximum operation and financial position. Management is continuously searching for reliable joint venture partners who have the means to continue its operations.

b) Indirect ownership

*ICC*

ICC was incorporated in the Philippines and registered with the SEC on June 23, 1981, primarily to engage in the manufacture of plastic containers. The Company ceased its commercial operations on July 30, 2000, and has leased out its buildings as warehouses.

*KCC*

KCC was incorporated in the Philippines and registered with the SEC on February 14, 1983. The Company was established to manufacture all kinds of plastic containers. The Company ceased its commercial operations on April 30, 2002, and has leased out its buildings as warehouses.

*PPC*

PPC was incorporated in the Philippines and registered with the SEC on October 1, 1982. The Company was established primarily to manufacture plastic raw materials, rigid and non-rigid plastic products, plastic compounds, derivatives and other related chemical substances. The Company ceased its commercial operations on May 16, 2002, and has leased out its buildings as warehouses.

## RIC

RIC was incorporated in the Philippines and registered with the SEC on October 9, 1984. The Company was engaged in the business of manufacturing and molding plastic products. The Company ceased its commercial operations on April 30, 2002.

### Changes in Accounting Policies and Disclosures

The Group adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2025.

*Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1).* The narrow-scope amendments to PAS 1, *Presentation of Financial Statements* clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.

The amendments affect only the presentation of liabilities as current or non-current in the statements of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

*Noncurrent Liabilities with Covenants (Amendments to PAS 1).* The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as either current or non-current. In addition, an entity has to disclose information in the notes that enable users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2025. The management assessed that the amendments have no significant impact to the Group.

*Lease Liability in a Sale and Leaseback (Amendments to PFRS 16).* The amendment clarifies the how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments to PFRS 16 specify that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in PFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. The amendments are effective for annual periods beginning on or after January 1, 2025. The management assessed that the amendments have no significant impact to the Group.

*Cash Flow Statements and PFRS 7 (Amendments), Financial Instruments: Disclosures – Supplier Finance Arrangements.* The amendment notes that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements. The entities will have to disclose in the notes information that enables users of the financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and understand its effect on exposure to liquidity risk and how the entity may be affected if the arrangements were no longer available.

The amendments are effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.

The amendments contain specific transition provisions for the first annual reporting period in which the group applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments.
- the information otherwise required by PAS as at the beginning of the annual reporting period in which the entity first applies those amendments.

The management assessed that the amendments have no significant impact to the Group.

#### **New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to January 1, 2025**

*The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (Amendments to PAS 21).* The amendment specifies that a currency is exchangeable when an entity can exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at measurement date and for a specified purpose while a currency is not exchangeable into other currency if an entity can only obtain an insignificant amount of the other currency. When a currency is not exchangeable, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions. The amendment requires the disclosure of additional information when a currency is not exchangeable.

The amendment is effective for annual periods beginning on or after January 1, 2025, with earlier application permitted. The Management assessed that the application of these amendments will not have an impact on the Group's consolidated financial statements in future periods.

*PFRS 18, Presentation and Disclosure in Financial Statements.* This standard supersedes *PAS 1, Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The standard requires an entity to clearly identify the financial statements, which must be distinguished from other information in the same published document, as well as each primary financial statement and the notes to the financial statements. In addition, the following information must be displayed prominently, and repeated as necessary:

- the name of the reporting entity and any change in the name
- whether the financial statements are a group of entities or an individual entity
- information about the reporting period
- the presentation currency (as defined by *PAS 21, The Effects of Changes in Foreign Exchange Rates*)

- the level of rounding used (e.g., thousands, millions).

Retrospective application of the standard is mandatory for annual reporting periods starting from January 1, 2027 onwards but earlier application is permitted provided that this fact is disclosed. The Management assessed that the application of these amendments will have an impact on the Group's consolidated financial statements in future periods.

PFRS 18 supersedes PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements with movements on certain paragraphs into PAS 8 and PFRS 7. Furthermore, there were also minor amendments to PAS 7 and PAS 33 earnings per share. The new standard introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

The amendment is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies PFRS 18.

The Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

*PFRS 19, Subsidiaries without Public Accountability: Disclosures.* The standard specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other PFRS. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate.

A subsidiary has public accountability if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

An entity electing to apply PFRS 19 applies the requirements in other PFRS, except for the disclosure requirements. Instead of the disclosure requirements, the entity applies the requirements in PFRS 19. Therefore, an entity applying PFRS 19 is not required to apply the disclosure requirements in other PFRS nor apply any statements about, or references to, those disclosure requirements except for certain exceptions. An entity is required to consider whether to provide additional disclosures when compliance with the specific requirements in PFRS 19 is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity's financial position and financial performance.

The new standard is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted provided that this fact is disclosed.

The management assessed that the amendments are not applicable to the Group.

*Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7).* The amendments address matters identified during the post-implementation review of the classification and measurement requirements of *PFRS 9, Financial Instruments*. The amendments include:

- a) derecognition of financial liability settled through electronic transfer - The amendments to the application guidance of PFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- b) classification of financial assets - The amendments provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement, enhance description of the term 'non-recourse' and clarify the characteristics of contractually linked instruments that distinguish them from other transactions.
- c) disclosures - The requirements in PFRS 7 are amended for disclosures that an entity provides in respect of investments in equity instruments designated at fair value through other comprehensive income. The amendments also require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

The amendments also include amendments to *PFRS 19, Subsidiaries without Public Accountability: Disclosures*, which limit the disclosure requirements for qualifying subsidiaries.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted provided that this fact is disclosed.

*Annual Improvements to PFRS — Volume 11.* The pronouncement comprises the following amendments:

- PFRS 1: Hedge accounting by a first-time adopter - The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9 Financial Instruments.
- PFRS 7: Gain or loss on derecognition - The amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13 Fair Value Measurement was issued.
- PFRS 7: Disclosure of deferred difference between fair value and transaction price - The amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- PFRS 7: Introduction and credit risk disclosures - The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- PFRS 9: Lessee derecognition of lease liabilities - The amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.

- PFRS 9: Transaction price - The amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15 Revenue from Contracts with Customers while term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- PFRS 10: Determination of a 'de facto agent' - The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- PAS 7: Cost method - The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted provided that this fact is disclosed.

The Group has not early adopted the previously mentioned new, amended and improved accounting standards and interpretations. The Group continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to January 1, 2025 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

#### **Determination of Fair Value and Fair Value Hierarchy**

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

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Group determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

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

Fair value measurement disclosures of financial and non-financial assets are presented in Note 26 to the consolidated financial statements.

#### **“Day 1” Difference**

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

#### **Financial Instruments**

##### *Initial Recognition, Measurement and Classification*

The Group recognizes financial assets and financial liabilities in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets, that require delivery of assets within the time frame established by regulation or convention in the marketplace, are recognized on the settlement date.

With the exception of trade receivables that do not contain a significant financing component, financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred. Trade receivables that do not contain a significant financing component are recognized initially at their transaction price.

The Group classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL.

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing the financial assets. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method or at FVPL.

The Group does not have any financial instruments that are measured and classified at FVPL.

#### *Financial Assets at Amortized Cost*

Financial assets are measured at amortized cost when 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 measurement, financial assets at amortized cost are subsequently measured using the effective interest method less allowance for impairment. Gains and losses are recognized in the statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within twelve (12) months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, included under financial assets at amortized cost are the Group's cash, trade and other receivables, and advances to related parties (see Notes 4, 5 and 19).

#### *Cash*

The Group's cash includes cash on hand and in banks. Cash in banks earn interest at respective bank deposit rates.

#### *Trade and other receivables*

Receivables consist of trade receivable, advances to third parties, rental receivable and utilities receivable.

#### *Advances to related parties*

Represent non-interest bearing cash advances to related parties for working capital requirements.

### *Equity Instruments Designated at FVOCI*

Upon initial recognition, the Group may make an irrevocable election to present in other comprehensive income changes in the fair value of an equity investment that is not held for trading. The classification is determined on an instrument-by-instrument basis.

When the equity instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred to retained earnings. Dividends on such investments are recognized in profit or loss when the right of payment has been established, except when the dividends represent a recovery of part of the cost of the investment, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. These financial assets are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Group elected to classify irrevocably its unquoted equity investments under this category (see Note 7).

### *Financial Liabilities at Amortized Cost*

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at December 31, 2025 and 2024, included in financial liabilities at amortized cost are the Group's accounts payable and other liabilities, advances from related parties, lease liability and advances from lessees (see Notes 11, 19 and 21).

### *Accounts payable and other liabilities*

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other current liabilities include non-trade payables and accrued expenses.

### *Advances from related parties*

Represents cash advances to related parties for working capital requirements.

### *Advances from lessees*

Represent payment of advance rental which shall be refunded without interest on the expiration of the lease or pre-termination of the lease period.

### *Borrowings*

Borrowings are recognized initially at the transaction price which is composed of the present value of cash payable to the bank, including transaction costs. Borrowings are subsequently stated at amortized cost.

All borrowing costs are recognized as an expense in profit or loss in the period incurred. Borrowing costs are recognized on the basis of the effective interest method and are included under 'Finance costs' in the consolidated statements of comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### *Lease liability*

Lease liability represents the Group's obligation to make lease payments for all leases with a term of more than twelve (12) months, unless the underlying asset is of low value is effectively treated as a financial liability which is measured at amortized cost, using its incremental borrowing rate as the discount rate.

### **Offsetting of Financial Instruments**

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

### **Derecognition of Financial Instruments**

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the 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 was discharged, cancelled or has expired.

Where 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 statement of comprehensive income.

### **Impairment of Financial Assets**

The Group recognizes an allowance for ECL for all debt instruments that are measured at amortized cost or at FVOCI. ECL is a probability-weighted estimate of credit losses over the expected life of the financial asset.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECL. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve (12) months after the reporting period.

For trade and other receivables, the Group applies a simplified in calculating ECL. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

For advances to third parties and related parties, the Group applies a general approach in calculating ECL. The Company recognizes a loss allowance using management's adopted policy on ECL at the end of each reporting period.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Group recognizes impairment loss (reversals) in consolidated statements of comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are one (1) day past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group)

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one (1) year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### *Write-off policy*

The Group writes-off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and contract assets, when the amounts are over five (5) years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in consolidated statements of comprehensive income.

### **Prepayments and Other Current Assets**

Prepayments are expenses paid in advance and recorded as assets before they are utilized. Prepayments are initially recognized at cost and subsequently measured at cost less any utilized portion and impairment loss. This account comprises prepaid items which are apportioned over the period covered by the payment and charged to the appropriate accounts in the consolidated statements of comprehensive income when incurred.

Prepayments that are expected to be realized for not more than twelve (12) months after the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. Prepaid expenses are derecognized upon consumption and usage.

#### *Input value-added tax (VAT) and Other Prepaid Taxes*

Input VAT is the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person. Creditable withholding tax pertains to taxes withheld by the customers upon payment and is to be deducted from income tax payable of the Group.

The Group's input tax and other prepaid taxes are initially recognized at face value and subsequently measured at face value less provision for impairment, if any. Allowance for unrecoverable input tax and other prepaid taxes, if any, are maintained by the Group at a level considered adequate to provide for potential uncollectible portion of the claims. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment loss.

### **Property and Equipment**

Property and equipment are tangible assets that are held for use supply of services, for rental to others, or for administrative purposes, and are expected to be used during more than one (1) period.

Property and equipment are initially measured at cost. The cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location of its intended use.

Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and any impairment in value.

Expenses that provide incremental future economic benefits to the Group are added to the carrying amount of an item of property and equipment. All other expenses are recognized in the consolidated statements of comprehensive income as incurred.

Depreciation of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the estimated useful life of property and equipment as follows:

	In Years
Buildings and improvements	5 to 50
Machinery and equipment	4 to 32
Transportation equipment and tools	5 to 10
Furniture and fixtures	3 to 10
Right-of-use asset	2

The useful lives and depreciation method are reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations. Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

### **Investment Properties**

Investment properties are for rental and capital appreciation, and not occupied by the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties (except land) are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value.

Expenses that provide incremental future economic benefits to the Group are added to the carrying amount of an item of property and equipment. All other expenses are recognized in the consolidated statements of comprehensive income as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	In Years
Land improvements	5
Buildings and improvements	50

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

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation and commencement of an operating lease to another party. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

### **Interest in Joint Operation**

The Group has entered into joint operations for the development of properties.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the PFRS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

### **Impairment of Non-financial Assets**

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at 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 which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increase to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

## **Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are measured (initial and subsequent) at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### *Capital stock*

Capital stock represents the par value of the shares of the Parent Company that are issued and outstanding as of reporting date.

### *Additional paid-in capital*

Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

### *Treasury shares*

Treasury shares are own equity instruments which are reacquired and are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Treasury shares represent capital stock of the Parent Company that is owned by its subsidiary.

### *Deficit*

Deficit includes all current and prior period results of operation as disclosed in the consolidated statements of comprehensive income.

## **Revenue Recognition**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the entity and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided in the normal course of business.

### *Rental income*

Rental from investment properties that is leased to a third party under an operating lease is recognized in the consolidated statements of comprehensive income on a straight-line basis over the lease term. Rental received in advance is treated as advances from lessees and recognized as income when actually earned.

### *Interest income*

Interest income is accrued on a time proportion basis, by reference to the principal amount outstanding and at the effective interest rate applicable.

### *Other income*

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably.

## **Expense Recognition**

Cost and expenses are recognized in the consolidated statements of comprehensive income when the decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses in the consolidated statements of comprehensive income are presented using the functional method.

### *Direct cost and expenses*

Direct cost and expenses are recognized as expense when the related services are rendered.

### *Operating expenses*

Operating expenses constitute costs of operating and administering the business and are expensed as incurred.

## **Income Tax**

The tax expense for the period comprises current tax only. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates and laws, in the period the temporary difference is expected to be recovered or settled, that have been enacted or substantively enacted as at reporting period.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date, the Group reassesses the need to recognize previously unrecognized deferred income tax asset.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## Leases

### *Group as Lessee*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group applies the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

### *Group as Lessor*

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating lease. Lease income from operating lease is recognized in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Group is a party to operating leases as a lessor. Rentals received under operating leases are charged to consolidated statements of comprehensive income (net of any incentives).

### **Related Party Relationships and Transactions**

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; and (b) when any of the following conditions apply: (i) the entity and the Group are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the Group; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the Group or to the parent of the Company; (viii) a person identified in (a) 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.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely the legal form.

### **Retirement Benefits Obligation**

The Group has no formal retirement plan for its employees as it does not meet the minimum number of employees required for the establishment of a retirement benefit plan, but accrues the estimated cost of retirement benefits required by the provisions of Republic Act (RA) No. 7641 (Retirement Law). Under RA 7641, the Group is required to provide minimum retirement benefits to qualified employees. The retirement cost accrued includes current service cost and estimated past service cost as determined under RA 7641.

## **Segment Reporting**

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Operating segments are reported on the basis upon which the Group reports its primary segment information. Financial information on business segments is presented in Note 20.

## **Earnings (Loss) Per Share**

Earnings (loss) per share are determined by dividing net income (loss) for the year by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Group and held as treasury shares.

## **Provisions and Contingencies**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the consolidated statements of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the 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 consolidated financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

### **Events After the Reporting Date**

The Group identifies post-year events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

### **3. MATERIAL ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements. These judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group believes the following represent a summary of these material judgments and estimate and related impact and associated risks in the consolidated financial statements.

#### **Material Accounting Judgments in Applying the Group's Accounting**

In the process of applying the Group's accounting policies, management has made the following judgments apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

##### *Leases*

###### *Group as lessee*

The Group has entered into contract of lease for its office space it occupies. In determining the substance of the lease, the Group considered, among others, whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Based on management judgment, the Group's lease for its office space has substance of lease, thus, the Group recognized right-of-use asset representing the right to use the leased asset and lease liability representing its obligation to make lease payments.

###### *Group as lessor*

The Group has entered into property leases on its buildings classified as investment properties. The Group has determined that it retains all significant risks and rewards of ownership of the property as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as non-cancellable operating leases. In determining whether a lease contract is non-cancellable, the Group considers the provisions in the lease contract which among others, the payment of rental corresponding to the unexpired portion of the lease period. The Group accounts the lease of its buildings under operating lease in accordance with the provision of lease contract and terms of the lease.

*Distinction between investment properties and interest in joint operation*

The Group determines whether a property contributed to joint venture operations will be classified as investment properties or investment in joint venture. In making this judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group or whether it will be retained as part of the Group's asset and treated as the Group's share in the joint venture, based on the provisions governing the joint venture agreement. The Group considers land contributed to the joint venture as its investment. The Group, in the normal course of business does not hold land to earn rentals or for capital appreciation; accordingly, land invested in the joint venture is classified as interest in joint operation (see Note 9).

*Realizability of input VAT*

The Group reviews and assesses its input VAT for its recoverability. Factors which primarily affect the recoverability include the completeness of the supporting documentation, entitlement to claim VAT paid as input tax credit against output tax liabilities and future vatable revenue. As at December 31, 2025 and 2024, the Group assessed that its input VAT is recoverable in future periods.

The Group's input VAT amounted to ₱5,837,805 and ₱4,953,133 as at December 31, 2025 and 2024, respectively (see Note 6).

*Operating segments*

The Group is organized and managed separately according to the nature of business. The Group reports its segment information according to its activities. Reportable segment operation pertains to the Group's leasing activity, while the non-reportable segment operation pertains to manufacturing operation, and mining and oil exploration (see Note 20).

*Provisions and contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.

**Significant Accounting Estimates and Assumptions**

*Determination of ECL on trade and other receivables, and advances to related parties*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 24.

The carrying amount of the Group's trade and other receivables amounted to ₱30,736,176 and ₱30,503,323 as at December 31, 2025 and 2024, respectively. Allowance for ECL recognized in the statements of financial position amounted to ₱82,324,388 and ₱82,283,167 as at December 31, 2025 and 2024, respectively (see Note 5).

The carrying amount of the Group's advances to related parties amounted to ₱29,155,628 and ₱34,336,512 as at December 31, 2025 and 2024, respectively. Allowance for ECL recognized in the statements of financial position amounted to ₱7,860,250 as at December 31, 2025 and 2024 (see Note 19).

*Useful lives of property and equipment, and investment properties*

The Group estimates the useful lives of property and equipment, and investment properties, except land, are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed and updated if expectations differ from previous estimates due to physical wear and tear. The estimation of the useful lives of the property and equipment, and investment properties is based on a collective assessment of industry practice and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment, and investment properties would increase recorded operating expenses and decrease noncurrent assets.

The net carrying values of the Group's investment properties (except land) and property and equipment as at December 31 are as follows:

	2025	2024
Investment properties - note 8	₱38,875,632	₱40,381,968
Property and equipment - note 10	140,481	401,650
	<b>₱39,016,113</b>	<b>₱40,783,618</b>

*Impairment of non-financial assets*

Non-financial assets are periodically reviewed to determine any indication of impairment. Though management believes that the assumptions used in the estimation of fair values are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

The accumulated impairment losses on investment properties, investment in joint operation, and property and equipment amounted to ₱365,169,438 and ₱365,169,438, and ₱47,641,000 respectively, as at December 31, 2025, 2024 and 2023 (see Notes 8, 9 and 10).

*Retirement benefits obligation*

The determination of the Group's obligation and cost of pension benefits is dependent on certain assumptions used by management in calculating such amounts. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation. In estimating the Group's retirement benefit obligation, the Group used the minimum required retirement payment of 22 ½ days for every year of service as mandated by RA 7641. The Group also the employees' current salary rate and the employees' number of service years considers.

Retirement benefits obligation as at December 31, 2025 and 2024, amounted to ₱959,100 and ₱917,400, respectively (see Note 17). The Group believes that the retirement benefits obligation and retirement expense would not materially differ had the Group used projected unit credit method for the computation of retirement benefits because of minimal number of employees.

### *Deferred tax assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying 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 asset to be utilized. The recognition of deferred tax assets is based on the assessment that the Group will generate sufficient taxable profit to allow all or part of the deferred tax assets to be utilized.

The Group looks at its projected performance in assessing the sufficiency and timing of future taxable income. Based on management assessment, the Group would not be able to realize the deferred tax assets in the near future. as at December 31, 2025 and 2024, the Group's unrecognized deferred tax assets amounted to ₱144,327,964 and ₱147,135,798, respectively, is disclosed in Note 18.

## 4. CASH

Cash as at December 31 are as follows:

	2025	2024
Cash on hand	₱ 20,000	₱ 20,000
Cash in banks	5,076,638	12,640,454
	<b>₱ 5,096,638</b>	<b>₱ 12,660,454</b>

Cash in banks earn interest at the respective bank deposit rates ranging from 0.16% to 0.24% per annum in 2025, 2024 and 2023. Interest income earned from deposit amounted to ₱9,794, ₱10,904, and ₱10,391 in 2025, 2024, and 2023 respectively (see Note 15).

There is no restriction on the Group's cash in banks as at December 31, 2025 and 2024.

## 5. TRADE AND OTHER RECEIVABLES (net)

Trade and other receivables (net) as at December 31 are as follows:

	2025	2024
Trade receivable – note 19	₱ 318,506	₱ 318,506
Advances to third parties	111,910,177	111,239,168
Rental receivable – note 21	538,062	615,895
Utilities receivable	241,169	522,307
Others	52,650	90,614
	<b>113,060,564</b>	<b>112,786,490</b>
Allowance for ECL	<b>(82,324,388)</b>	<b>(82,283,167)</b>
	<b>₱30,736,176</b>	<b>₱ 30,503,323</b>

Rent receivables are non-interest bearing and are collectible within thirty (30) days.

Advances to third parties represent receivable from previously disposed subsidiaries.

Other receivables include advances to employees and reimbursable expenses from PCIC subsidiaries' tenants.

Certain receivables were found to be impaired using the provisional matrix as determined by the management, hence, adequate amounts of allowance for impairment have been recognized (see Note 24).

The movement in the allowance for ECL is as follows:

	2025	2024
Balance at beginning of year	₱82,283,167	₱82,216,857
Provision for ECL – note 15	41,221	66,310
At end of year	<b>₱82,324,388</b>	<b>₱82,283,167</b>

The Group's trade and other receivables as at December 31, 2025 and 2024 are not held as collateral for its liabilities and are free from any encumbrances.

## 6. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets as at December 31 are as follows:

	2025	2024
Creditable withholding tax	₱11,377,595	₱12,071,579
Input VAT	5,837,085	4,953,133
Refundable deposit	200,000	–
Prepaid withholding tax	70,268	69,842
Prepaid insurance	10,165	–
	<b>₱17,495,113</b>	<b>₱17,094,554</b>

Refundable deposit pertains to construction bond in relation to the improvements made to one of its investment properties.

As at December 31, 2025 and 2024, respectively, no provision for impairment has been recorded since management believes that the accounts are fully realizable.

## 7. FINANCIAL ASSET AT FVOCI

Financial assets at FVOCI as at December 31 consist of:

	2025	2024
<b>Unquoted shares</b>		
Cost	₱12,500,000	₱12,500,000
Unrealized fair value loss	(506,250)	(506,250)
	<b>₱11,993,750</b>	<b>₱11,993,750</b>

The Group's financial asset at FVOCI consists of investment in unquoted shares of stock in Bulacan Harbour Dev't. Corp. This investment is irrevocably designated at FVOCI as the Group considers this investment to be strategic in nature and it holds this investment to foreseeable future.

The Group's financial assets at FVOCI as at December 31, 2025 and 2024 are not held as collateral for its financial liabilities.

8. INVESTMENT PROPERTIES (net)

Details of investment properties as at December 31 are as follows:

December 31, 2025	Land	Land improvements	Buildings and improvements	Total
<b>Cost</b>				
Balance at beginning of year	₱1,210,621,504	₱3,290,824	₱ 312,179,250	₱1,526,091,578
Additions	–	1,300,813	–	1,300,813
Balance at end of year	1,210,621,504	4,591,637	312,179,250	1,527,392,391
<b>Accumulated depreciation</b>				
Balance at beginning of year	–	3,290,824	95,199,693	98,490,517
Depreciation – note 13	–	–	2,807,149	2,807,149
Balance at end of year	–	3,290,824	98,006,842	101,297,666
<b>Accumulated impairment loss</b>				
Balance at beginning and end of year	60,810,650	–	176,597,589	237,408,239
<b>Net carrying amounts, December 31, 2025</b>	<b>₱1,149,810,854</b>	<b>₱1,300,813</b>	<b>₱37,574,819</b>	<b>₱1,188,686,486</b>
<b>December 31, 2024</b>				
December 31, 2024	Land	Land improvements	Buildings and improvements	Total
<b>Cost</b>				
Balance at beginning of year	₱1,024,201,504	₱ 3,290,824	₱ 312,179,250	₱1,339,671,578
Other movement	186,420,000	–	–	186,420,000
Balance at end of year	1,210,621,504	3,290,824	312,179,250	1,526,091,578
<b>Accumulated depreciation</b>				
Balance at beginning of year	–	3,290,824	92,392,544	95,683,368
Depreciation – note 13	–	–	2,807,149	2,807,149
Balance at end of year	–	3,290,824	95,199,693	98,490,517
<b>Accumulated impairment loss</b>				
Balance at beginning and end of year	60,810,650	–	176,597,589	237,408,239
<b>Net carrying amounts, December 31, 2024</b>	<b>₱1,149,810,854</b>	<b>₱ –</b>	<b>₱ 40,381,968</b>	<b>₱1,190,192,822</b>

In 2023, the Group sold parcels of land for ₱27,890,121 resulting to a gain of ₱11,332,213 (see Note 15).

In 2024, certain investment property consisting of a parcel of land with an area of 2,868 sq. meters, which was foreclosed to secure payment of loan of an affiliate by virtue of the real estate mortgage, was returned and reinstated to the Parent Company upon finality of the civil case involving a related party (see Note 19).

Rental income earned on the above investment properties amounted to ₱24,003,357, ₱32,563,156, and ₱25,749,089 for the years ended December 31, 2025, 2024, and 2023, respectively (see Note 21). While direct costs and expenses incurred on the buildings amounted to ₱8.00 million, ₱12.76 million, and ₱12.39 million in 2025, 2024, and 2023 respectively, shown under “Direct costs and expenses” in the consolidated statements of comprehensive income (see Note 13).

Fully depreciated investment properties still in use as at December 31, 2025 and 2024 amounted to ₱3,290,824.

The aggregate fair value of the investment properties amounted to ₱4,012,200,013 and ₱4,393,513,600 as at December 31, 2025 and 2024, respectively.

The fair values are based on combination of appraisal done by an independent appraiser on various dates in 2024 and 2022 and using the market approach, in which the fair value is based on prices recently paid for similar assets, with adjustment made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable.

The fair value of the land was arrived using the sales comparison approach. This comparative approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by process involving comparison. The value of the building and improvements was arrived at using cost approach. In the cost approach, an estimate is made of the current replacement/reproduction cost, new of the replaceable property in accordance with the prevailing market prices for materials, equipment, labor, contractor's overhead, profit, fees and all other attendant costs associated with its acquisition, installation and construction in place, but without provision for overtime or bonuses for labor and premiums for materials.

The fair value information of investment properties is disclosed in Note 26.

Except from restrictions described above, there are no other restrictions on the realizability of its investment properties and no other contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance, and enhancements.

## 9. INTEREST IN JOINT OPERATION (net)

The Group's interest in joint operation represents land contributed to the Joint Operation.

In July 1997, the Group, together with International Polymer Corp. (IPC), Pacific Rehouse Corp. (PRC) and Ropeman International Corp. (RIC), entered into a Joint Venture Agreement (the "Agreement") as Owners with Philippine Estates Corporation (PHES), as Developer. Under the Agreement, the owners contributed land with an approximate area of 29.5629 hectares located in Canumay, Valenzuela City, whereby PHES will develop an industrial estate in accordance with the plans mutually agreed by venturers.

The developer is entitled to forty percent (40%) of the net proceeds after deducting all relevant taxes, marketing and administrative expenses, and the remaining sixty percent (60%) of shall constitute the owners share, divided proportionately to the areas of property contributed.

The carrying amount of land held for joint operation is as follows:

	2025	2024
<b>Cost</b>		
Balance at beginning and end of year	<b>₱570,557,369</b>	₱570,557,369
<b>Accumulated impairment loss</b>		
Balance at beginning and end of year	47,641,000	47,641,000
<b>Net carrying amounts, December 31</b>	<b>₱522,916,369</b>	₱522,916,369

The fair value information of investment in joint operation is disclosed in Note 27.

No liabilities, revenue and expenses recognized in relation to the joint venture in 2025 and 2024.

## 10. PROPERTY AND EQUIPMENT (net)

The reconciliation of property and equipment (net) as at December 31 as follows:

	Building and Improvements	Machinery and Equipment	Transportation Equipment and Tools	Furniture and Fixtures	Right-of- use asset	Total
<b>Cost</b>						
Balance at beginning and end of year	₱ 800,000	₱547,522,657	₱ 9,917,567	₱ 10,043,310	₱ 272,934	₱568,556,468
<b>Accumulated depreciation</b>						
Balance at beginning of year	800,000	467,402,458	9,917,567	9,823,617	90,977	488,034,619
Depreciation – note 14	–	–	–	124,702	136,467	261,169
Balance at end of year	800,000	467,402,458	9,917,567	9,948,319	227,444	488,295,788
<b>Impairment loss</b>						
Balance at beginning and end of year	–	80,120,199	–	–	–	80,120,199
<b>Net carrying amounts, December 31, 2025</b>	<b>₱ –</b>	<b>₱ –</b>	<b>₱ –</b>	<b>₱ 94,991</b>	<b>₱ 45,490</b>	<b>₱ 140,481</b>

	Building and Improvements	Machinery and Equipment	Transportation Equipment and Tools	Furniture and Fixtures	Right-of- use asset	Total
<b>Cost</b>						
Balance at beginning of year	₱ 800,000	₱547,522,657	₱ 9,917,567	₱ 10,043,310	₱ 285,077	₱568,568,611
Additions	–	–	–	–	272,934	272,934
Reversal	–	–	–	–	(285,077)	(285,077)
Balance at end of year	800,000	547,522,657	9,917,567	10,043,310	272,934	568,556,468
<b>Accumulated depreciation</b>						
Balance at beginning of year	800,000	467,402,458	9,917,567	9,629,178	237,564	487,986,767
Depreciation – note 14	–	–	–	194,439	138,490	332,929
Reversal	–	–	–	–	(285,077)	(285,077)
Balance at end of year	800,000	467,402,458	9,917,567	9,823,617	90,977	488,034,619
<b>Impairment loss</b>						
Balance at beginning and end of year	–	80,120,199	–	–	–	80,120,199
<b>Net carrying amounts, December 31, 2024</b>	<b>₱ –</b>	<b>₱ –</b>	<b>₱ –</b>	<b>₱ 219,693</b>	<b>₱ 181,957</b>	<b>₱ 401,650</b>

Reversal of right-of-use assets pertains to expired lease contract.

Fully depreciated property and equipment still in use as at December 31, 2025 and 2024 amounted ₱567,909,424.

## 11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities as at December 31 are as follows:

	2025	2024
Accounts payable	₱ 4,273,736	₱ 1,947,173
Deferred rental – note 21	2,029,505	4,598,670
Government liabilities	828,787	1,800,756
	<b>₱ 7,132,028</b>	<b>₱ 8,346,599</b>

Accounts payable pertain to the amount due to suppliers which are payable from thirty (30) to ninety (90) days from the date of purchase and do not bear any interest.

Deferred rental represents advance rental paid by the lessees.

Government liabilities include Social Security System (SSS) payables, Home Development Mutual Fund (HDMF) payables, Philippine Health Insurance Corporation (PhilHealth) payables, withholding taxes and other taxes payable to government agencies

There were no assets of the Group that were collateralized for the above accounts payable and other liabilities as at December 31, 2025 and 2024.

## 12. CAPITAL STOCK

Details of the Parent Company's capital stock as at December 31 are as follows:

	2025	2024	2023
Authorized – 3,500,000,000 shares at ₱1 par value per share	<b>₱ 3,500,000,000</b>	₱ 3,500,000,000	₱ 3,500,000,000
Issued and fully paid – 3,276,045,637 shares at ₱1 par value per share	<b>₱ 3,276,045,637</b>	₱ 3,276,045,637	₱ 3,276,045,637
Treasury stock – 10,000 shares	( 10,000 )	( 10,000 )	( 10,000 )
	<b>₱ 3,276,035,637</b>	₱ 3,276,035,637	₱ 3,276,035,637

### *Track record of registration of securities*

The Parent Company was originally registered as REDECO with the SEC on October 19, 1956. The Parent Company was listed with the PSE on January 9, 1958 with an initial registered 200,000,000 shares.

On May 25, 1995, the BOD and stockholders approved a reverse stock split and a subsequent increase in the authorized capital stock in line with its recapitalization program. Accordingly, on November 15, 1995, the Parent Company filed with the SEC a motion to effect a 1-for-5 reverse stock split which decreased its authorized capital from ₱75 million divided into 75 million shares to ₱15 million divided into 15 million shares, both with a par value of P1 per share. It was approved by the SEC on January 15, 1996. This was also done in order to recall all outstanding stock certificates and be able to account for the over-issuance of shares which management has decided to be absorbed by the Parent Company.

On January 8, 1996, the Parent Company filed with the SEC a motion to increase its authorized capital stock from ₱15 million divided into 15 million shares to ₱1 billion divided into 1 billion shares with a par value of P1. The increase was approved by the SEC on May 16, 1996. Subscriptions to the increase in authorized capital stock were made through stocks-for-assets swap.

On September 2, 1996, the BOD and the stockholders approved a resolution to amend the Parent Company's Articles of Incorporation changing the par value per share of its capital stock from ₱0.01 to ₱1.00, removing the pre-emptive rights of shareholders and increasing the authorized capital stock from ₱500 million divided by 50 billion shares with a par value of ₱0.01 per share to ₱2.0 billion divided into 2.0 billion shares with a par value of ₱1.00 per share. The proposed amendments were approved by the SEC on September 27, 1996.

Relative to the approval of the proposed amendment, any part of such stock or other securities may, at any time, be issued, optioned for sale and sold or disposed of by the Parent Company pursuant to resolution of the BOD, to such persons and upon such terms as the BOD may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

On August 22, 1997, the BOD and the stockholders approved a further increase in the Parent Company's authorized capital stock from ₱2.0 billion to ₱3.5 billion divided into 3.5 billion shares with a par value of ₱1.00 per share. On March 11, 1998, the SEC approved the increase in the Parent Company's authorized capital stock.

As at December 31, 2025, 2024 and 2023, the Parent Company has 3,271,952,740 shares under its name. Remaining unconverted shares under REDECO as at December 31, 2025, 2024, and 2023, is 4,092,897 shares. Outstanding shares owned by the public are 1,415,857,414 shares, 1,417,900,305 shares and 1,413,817,408 shares in 2025, 2024 and 2023, respectively.

The historical market values of the Group's shares as published in the PSE are as follows:

	Market value per share
<b>December 31, 2025</b>	<b>₱0.26</b>
December 31, 2024	0.21
December 31, 2023	0.23

*Treasury shares*

Treasury shares represent 29,486,633 Parent Company's shares of stock acquired by RIC, a wholly owned subsidiary of PCIC, in prior years. In 2007 and 2009, RIC sold 13,000,000 and 16,476,633 shares of the Parent Company to a third party.

**13. DIRECT COSTS AND EXPENSES**

Direct costs and expenses for the years ended December 31 are as follows:

	2025	2024	2023
Property taxes	₱ 3,019,492	₱ 4,809,418	₱4,782,794
Depreciation - note 8	2,807,149	2,807,149	2,807,149
Security services	2,069,875	4,428,461	4,423,210
Repairs and maintenance	73,554	683,181	214,286
Insurance	32,136	34,926	165,630
	<b>₱ 8,002,206</b>	<b>₱ 12,763,135</b>	<b>₱12,393,069</b>

**14. OPERATING EXPENSES**

Operating expenses for the years ended December 31 are as follows:

	2025	2024	2023
Taxes and licenses	P 5,430,821	P 2,936,192	P 3,467,381
Security service	4,668,660	2,375,758	1,888,365
Salaries and wages	4,455,565	5,558,744	4,342,170
Professional fees	3,462,125	2,520,000	2,340,000
Repairs and maintenance	2,404,704	214,286	214,286
Communication, light and power	2,215,030	2,275,009	1,863,878
Commission	606,532	835,206	663,295
SSS, Medicare and EC contributions	539,482	515,677	481,741
Listing and maintenance fee	505,704	268,748	297,241
Outside services	410,038	-	-
Depreciation - note 10	261,169	332,929	976,422
Publication expense	77,981	87,680	82,820
Transportation and travel	57,252	31,104	48,968
Insurance	2,033	-	74,705
Miscellaneous	453,331	1,539,213	592,797
	<b>P25,550,427</b>	<b>P19,490,546</b>	<b>P17,334,069</b>

Miscellaneous expenses mainly pertain to penalties paid.

**15. OTHER INCOME-- (net)**

Other income (net) for the years ended December 31 is as follows:

	2025	2024	2023
Interest income			
Cash in banks – note 4	P 9,794	P 10,904	P 10,391
Advances to related party – note 19	931,565	931,565	931,565
Recovery of (provision for) ECL:			
Trade and other receivables – note 5	(41,221)	(66,310)	(743,999)
Advances to related parties – note 19	-	119,772,360	1,378,081
Reversal of allowance for impairment of investment properties	-	81,360,000	-
Gain on sale of investment properties – note 8	-	-	11,332,213
	<b>P 900,138</b>	<b>P202,008,519</b>	<b>P12,908,251</b>

**16. FINANCE COSTS**

Details of finance costs for the years ended December 31 is as follows:

	2025	2024	2023
Advances from related parties – note 19	P 760,468	P 760,468	P712,482
Lease liability – note 19	12,092	13,581	6,651
Borrowings	-	-	21,486
	<b>P 772,560</b>	<b>P 774,049</b>	<b>P740,619</b>

## 17. RETIREMENT BENEFITS OBLIGATION

The Group adopted RA No. 7641 as its arrangement to provide retirement benefits to all its regular employees. In case of retirement, employees shall be entitled to receive such retirement benefits as may have been earned under the existing laws.

The movements in the defined benefit obligation recognized and presented as accrued retirement benefit obligation in the consolidated statements of financial position are as follows:

	2025	2024	2023
Balance at beginning of year	<b>₱917,400</b>	₱875,700	₱834,000
Provision for retirement	<b>41,700</b>	41,700	41,700
Balance at end of year	<b>₱959,100</b>	₱917,400	₱875,700

The provision for retirement benefits in 2025, 2024, and 2023 were included under salaries and wages account in the consolidated statements of comprehensive income. Management believes that the defined benefit obligation computed using the provisions of R.A. 7641 is not materially different with the amount computed using the projected unit credit method as required under PAS 19, *Employee Benefits*.

## 18. INCOME TAX

### *Reconciliation of tax expense*

The reconciliation of income (loss) before tax is computed at the regular corporate tax rate to the provision for income tax as shown in the consolidated statements of comprehensive income as follows:

	2025	2024	2023
Income (loss) before tax	<b>(₱9,421,698)</b>	₱ 201,543,945	₱ 8,189,583
Tax benefit at its statutory rate	<b>(₱2,355,425)</b>	₱ 50,385,986	₱ 2,047,396
Tax effect on:			
Expired NOLCO	<b>6,628,782</b>	–	–
Non-deductible expenses	<b>8,751</b>	269,591	15,769
Expired MCIT	<b>40,280</b>	12,530	4,598
Non-deductible portion of interest expense	<b>190,117</b>	190,117	178,121
Non-taxable income	–	(20,340,000)	–
Income subject to final tax	<b>(2,448)</b>	(2,726)	(2,598)
Changes in unrecognized deferred tax assets	<b>(2,807,834)</b>	(27,923,746)	2,340,754
	<b>₱1,702,223</b>	₱ 2,591,752	₱ 4,584,040

The component of the Group's deferred tax assets (net) and deferred tax liability as at December 31 are as follows:

	2025	2024
<b>Recognised deferred tax asset</b>		
Lease liability	₱ 11,732	₱ 46,210
<b>Unrecognised deferred tax assets</b>		
Allowance for:		
ECL	₱22,546,159	₱ 22,535,854
Impairment loss on properties	109,550,831	109,550,831
NOLCO	11,530,450	14,469,732
Accrued retirement benefits	239,775	229,350
MCIT	460,749	350,031
Unrecognized deferred tax assets	₱144,327,964	₱147,135,798
<b>Deferred tax liability</b>		
Right-of-use asset (net)	(₱11,373)	(₱45,489)

As at December 31, 2025, the Group's NOLCO that can be claimed as deduction from future taxable income as follows:

Year Incurred	Expiration Date	Beginning balance	Additions	Expired	Claimed	Ending balance
2025	2028	₱ –	₱14,758,002	₱ –	₱ –	₱14,758,002
2024	2027	9,549,748				9,549,748
2023	2026	9,534,762				9,534,762
2022	2025	13,217,337		(13,217,337)		–
2021	2026	12,279,289				12,279,289
2020	2025	13,297,793		(13,297,793)		–
		₱57,878,929	₱14,758,002	(₱26,515,130)	₱ –	₱46,121,801

As at December 31, 2025, the Group's MCIT that can be claimed as deduction from future income tax payable as follows:

Year Incurred	Expiration Date	Beginning balance	Additions	Expired	Claimed	Ending balance
2025	2028	₱ –	₱150,998	₱ –	₱ –	₱150,998
2024	2027	199,995				199,995
2023	2026	109,756				109,756
2022	2025	40,280		(40,280)		–
		₱350,031	₱150,998	(₱40,280)	₱ –	₱460,749

Deferred tax assets and liability are determined using the income tax rates in the period the temporary differences are expected to be recovered and settled.

**19. RELATED PARTY TRANSACTIONS**

The Group, in the normal course of business, has transactions with related parties. The specific relationships, amount of transaction, account balances, the terms and conditions and the nature of the consideration to be provided in settlement are shown below.

Category	Amount/ Volume		Trade Receivables (Note 5)		Terms and conditions
	2025	2024	2025	2024	
<b>Receivable from related parties with common key management</b>					
Genwire Manufacturing Corp. (GMC)	₱ -	₱ -	₱318,506	₱318,506	(a)

Category	Amount/Volume		Advances to related parties		Terms and conditions
	2025	2024	2025	2024	
<b>Advances to related parties with common key management</b>					
Polymax Worldwide Limited (PWL)	₱ -	(₱105,060,000)	₱ -	₱ -	(b)
TWGI					
Cash advances	(5,991,061)	(2,687,067)	36,199,201	42,190,262	(b)
Interest income – note 15	931,565	931,565	-	-	(b)
Consultancy fee	( 480,000)	( 480,000)	-	-	(b)
Rental and utilities	( 72,000)	( 72,000)	-	-	(b)
Concept Moulding Corp. (CMC)	-	(1,986,500)	6,500	6,500	(b)
Triton Construction and Development Corp.	810,177	-	810,177	-	(b)
	(4,801,319)	(109,354,002)	37,015,878	42,196,762	
Allowance for ECL	-	119,772,360	(7,860,250)	(7,860,250)	
	(₱4,801,319)	₱ 10,418,358	₱29,155,628	₱ 34,336,512	

Category	Amount/Volume		Advances from related parties		Terms and conditions
	2025	2024	2025	2024	
<b>Advances from related parties with common key management</b>					
PCC	(P205,625)	(P 190,985)	P 82,075,372	P 82,280,997	(c)
Diamond Stainless Corp. (DSC)	—	—	70,557,800	70,557,800	(c)
PHES	851,724	2,851,724	37,726,851	36,875,127	(d)
IPC	16,024	19,684	24,280,304	24,264,280	(c)
KIC	—	—	23,539,858	23,539,858	(c)
Rexlon Realty Corp. (RRC)	—	—	23,187,370	23,187,370	(c)
PRC	—	—	15,540,753	15,540,753	(c)
The Wellex Group, Inc.	—	—	13,722,810	13,722,810	(b)
Ropeman Int'l Corp.	—	—	3,202,528	3,202,528	(c)
CMC	666,639	—	666,639	—	(c)
Polymaster Industrial Corporation	—	—	62,500	62,500	(c)
	<b>1,328,762</b>	<b>2,680,423</b>	<b>294,562,785</b>	<b>293,234,023</b>	
<b>Advances from stockholders/key management personnel</b>					
Key management and officers	—	—	109,654,116	109,654,116	(e)
	<b>P1,328,762</b>	<b>P2,680,423</b>	<b>P 404,216,901</b>	<b>P402,888,139</b>	

(a) *Receivable from related parties with common key management*

The Group pays operating expenses on behalf of GMC. These receivables are normally collected the following year, unsecured, non-interest bearing and with no guarantee and to be settled in cash. The Group has also made offsetting arrangements to settle intercompany receivables and payables.

(b) *Advances to related parties with common key management*

*PWL*

The Parent Company acted as a third-party mortgagor on a P350 million loan obtained by its affiliates, Metro Alliance Holdings & Equities Corp. (MAHEC) and PWL, from Philippine Veterans Bank (PVB) on December 29, 2006. A parcel of land owned by the Parent Company located in Pasig City, under Title No. TCT PT-101589, with a total area of 2,868 sqm. was used as a collateral for the loan.

Due to default in payments, PVB foreclosed the property on November 24, 2009, despite legal efforts by MAHEC and PWL to prevent the foreclosure. PVB subsequently sold the foreclosed property to a third party in March 2012.

The Parent Company recognized advances to PWL of P105.06 million for the net carrying value of the land foreclosed to settle the affiliate loan with the bank. Prior to the foreclosure, the Parent Company recognized impairment losses on the property amounting to P57.36 million in 2006, based on an appraisal as of September 18, 2006, and an additional P24.00 million in 2008 due to further decline in the prevailing market value. The total impairment loss recognized as of foreclosure date amounted to P81.36 million.

Legal proceedings continued and culminated in a decision by the Supreme Court (SC) on September 15, 2021, which affirmed with modifications the earlier rulings that declared the loan as fully paid and voided the foreclosure and sale of the property.

On October 30, 2024, the Sheriff enforced the SC's Writ of Execution, and PVB formally relinquished its claim and turned over the title and collateral documents to the Sheriff. This action allowed the Parent Company to regain possession of the Pasig property. Consequently, the Parent Company recognized the return of the investment property based on the original cost amounting to ₱186.42 million (see Note 8). Previously recorded impairment loss amounting to ₱81.36 million was reversed, accordingly.

#### *TWGI*

On December 16, 2020, TWGI issued promissory note amounting to ₱46,578,262 for five years maturing December 15, 2025 and bear an interest of 2% per annum. Interest income earned amounted to ₱931,565 for the years ended December 31, 2025, 2024 and 2023 (see Note 15).

To settle the outstanding advances, the Group entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

- The Group entered into a Consultancy Agreement with TWGI which is valid until April 30, 2024. Total consultancy fees incurred for the years December 31, 2025, 2024 and 2023 amounted to ₱480,000, shown under 'Professional fees' account in operating expenses.
- Lease Agreement for the Group's office space for a monthly rental of ₱12,500, utilities of ₱5,000, and storage fee of ₱1,000 which is valid until April 30, 2024. Total utilities amounted ₱72,000 for the years ended December 31, 2025, 2024 and 2023. The Group recognized the asset as 'right-of-use asset' and corresponding lease liability.

The present value of the lease liability as at December 31 is as follows:

	2025	2024
Current	₱ 46,930	₱ 137,908
Noncurrent	-	46,930
	<b>₱ 46,930</b>	<b>₱ 184,838</b>

The future minimum lease payments as at December 31 are as follows:

	2025	2024
Not later than one year	₱ 50,000	₱ 150,000
Later than one year but not later than five years	-	50,000
Future minimum lease payments	50,000	200,000
Amounts representing finance charges	(3,070)	(15,162)
	<b>₱ 46,930</b>	<b>₱ 184,838</b>

The net carrying amount of the right-of-use assets recognized as at December 31, 2025 and 2024 is disclosed in Note 10.

Total finance costs charged to operations for the years ended December 31, 2025, 2024 and 2023 amounted to ₱12,092, ₱13,581 and ₱6,651, respectively (see Note 16).

*CMC*

The Group provided non-interest bearing and unguaranteed advances to CMC for working capital requirements. The advances are unsecured, with no definite terms of repayment and with no guarantee.

Certain advances to related parties were found to be impaired using the provisional matrix as determined by the management, hence, adequate amounts of allowance for ECL have been recognized (see Note 24).

The movement in the allowance for ECL is as follows:

	2025	2024
Balance at beginning of year	P 7,860,250	P127,632,610
Recovery of ECL – note 15	–	(119,772,360)
At end of year	P 7,860,250	P 7,860,250

*(c) Advances from related parties*

In prior years, the Group obtained unguaranteed and non-interest-bearing cash advances from related parties intended to finance its operating expenses, capital expenditures and payment of outstanding obligations. The Group has not made any arrangement for the terms, security and guarantee on the advances as the subsidiaries have ceased its manufacturing operations. The advances are payable in cash upon settlement depending on the availability of funds. The Group was granted an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The management assessed that the advances from the related parties are not expected to be settled within 12 months from the reporting period.

*(d) PHES*

In 2009, the Group and PHES executed unsecured promissory note (PN) for the advances from PHES with a term of five (5) years, and bear interest of three percent (3%) per annum, renewable upon agreement of the parties. This PN was renewed in 2014 with a three-year term which matured during 2018 at interest of two percent (2%) per annum. This cash advance is to be settled through cash payments. On December 29, 2016, the PN was renewed for three (3) years and matured in 2020. The promissory note is extended for an additional three (3) years from January 31, 2021 to January 31, 2024. On January 31, 2024, the promissory note is extended for an additional three (3) years from January 31, 2024 to January 31, 2027. Finance cost recognized in the statements of comprehensive income amounted to P760,468, P760,468 and P712,482 in 2025, 2024, and 2023, respectively (see Note 16).

*(e) Advances from stockholders/ key management personnel*

The Group obtains non-interest bearing and unsecured advances from stockholders and key officers for working capital purposes. The advances have no guarantee and definite terms of repayment. Payment will depend on the availability of funds. The Group was granted an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The management assessed that the advances from the related parties are not expected to be settled within 12 months from the reporting period.

*(f) Remuneration of key management personnel.*

Directors' fees paid for the years ended December 31, 2025, 2024 and 2023 amounted to P50,000, P50,000 and P50,000, respectively.

With the cessation of the subsidiaries commercial operations in prior years and the Group is in tight cash position, management decided to suspend any form of compensation to key management and officers effective in 2004.

## 20. BUSINESS SEGMENT INFORMATION

### a) Segment information

The Group's operating business segments are organized and managed separately according to business activities. The Group's management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group's financing which includes finance cost, impairment of assets and income taxes are managed on a group basis and are not allocated to operating segments.

The Group has no geographical segment for segment reporting format as the Group's risks and rates of return are in the same economic and political environment, with the Group is incorporated and operating in the Philippines.

The Group has only one (1) operating segment representing the Group's leasing activity on its idle properties as warehouses to third parties. Non-reportable segments represent the Parent Company's discontinued operations of the manufacturing operation and mining and oil exploration which is under development. The Parent Company does not earn revenue or may earn revenue that is only incidental to activities such as interest income.

The segment information on reportable segment is as follows:

	2025	2024	2023
Revenue of reportable segment	P 24,003,357	P 32,563,156	P 25,749,089
Other income (expense)	(155,555)	(2,424,241)	8,758,608
Depreciation	(2,914,291)	(3,745,783)	(3,658,938)
Direct costs and expenses	(6,489,864)	(11,250,793)	(8,862,968)
Operating expenses	(12,995,844)	(12,633,974)	(9,582,874)
Finance cost	(760,468)	(760,468)	(733,968)
Income tax	(1,676,802)	(2,567,210)	(4,565,043)
<b>Segment net income (loss)</b>	<b>(P 989,467)</b>	<b>(P 819,313)</b>	<b>P 7,103,906</b>
<b>Total segment assets</b>	<b>P1,380,118,210</b>	<b>P1,388,832,929</b>	<b>P 1,395,186,160</b>
<b>Expenditure for non-current assets</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>
<b>Total segment liabilities</b>	<b>P 536,291,607</b>	<b>P 544,016,859</b>	<b>P 554,057,028</b>

As at December 31, 2025, 2024, and 2023, the Group has no intersegment revenue to be reported.

The following reconciliations were provided for additional segment information:

*Net income (loss)*

	2025	2024	2023
Net income (loss) of reportable segment	(P989,467)	P 3,686,938	P 7,871,586
Net loss (income) of non-reportable segment	(8,870,116)	143,281,022	(12,103,215)
Intercompany income/expenses eliminated in the consolidation	(1,264,338)	51,984,233	7,837,172
Net income (loss) reported in the consolidated statements of comprehensive income	<b>(P11,123,921)</b>	<b>P 198,952,193</b>	<b>P3,605,543</b>

*Assets*

	2025	2024
Assets of reportable segment	<b>P1,380,118,210</b>	P1,388,741,673
Assets of non-reportable segment	1,411,557,145	1,418,175,743
Intercompany receivables eliminated in the consolidation	(985,339,308)	(986,675,928)
Assets reported in the consolidated statements of financial position	<b>P1,806,336,047</b>	<b>P1,820,241,488</b>

*Liabilities*

	2025	2024
Liabilities of reportable segment	<b>P536,291,607</b>	P 543,925,603
Liabilities of non-reportable segment	174,068,642	171,817,604
Intercompany liabilities eliminated in the consolidation	(295,100,855)	(297,702,293)
Liabilities reported in the consolidated statements of financial position	<b>P415,259,394</b>	<b>P418,040,914</b>

b) Entity-wide information

The Group is domiciled in the Philippines. All revenues generated are from the Philippines. The revenue shown above represents the total Group's revenue from lease of real properties.

## 21. LEASES

The Group entered into lease contracts with various tenants for the rental of the Group's warehouse and building facilities. The lease term ranges from three (3) months to one (1) year and is renewable under such terms and conditions as the parties may agree, provided that at least ninety (90) days prior to the expiration of the lease period, the lessee shall inform the lessor in writing of his desire to renew the lease.

Lease contracts include payment of advance rental by the lessee which shall be refunded without interest on the expiration of the lease or pre-termination of the lease period, less any corresponding obligation and damages. Outstanding advances from lessees amounted to P2,893,062 and P5,658,449 as at December 31, 2025 and 2024, respectively, as shown in the consolidated statements financial position.

Deferred rental income relative to the lease amounted to P2,029,505 and P4,598,670 as at December 31, 2025 and 2024, respectively, as shown under 'Accounts payable and other liabilities' account (see Note 11).

The future minimum lease receivables are as follows:

	2025	2024	2023
Due within 1 year	<b>₱2,029,505</b>	₱4,598,670	₱3,873,553
Due beyond 1 year but not more than 5 years	—	—	—
	<b>₱2,029,505</b>	₱4,598,670	₱3,873,553

Outstanding balance of receivable from tenants as at December 31, 2025 and 2024 amounted to ₱538,062 and ₱615,895, respectively (see Note 5). Total rental income is ₱24,003,357, ₱32,563,156, and ₱25,749,089 in 2025, 2024, and 2023, respectively (see Note 8).

## 22. EARNINGS (LOSS) PER SHARE

The following table presents information necessary to calculate the earnings (loss) per share:

	2025	2024	2023
Consolidated net income (loss) for the year	<b>(₱11,123,921)</b>	₱ 198,952,193	₱3,605,543
Weighted average number of common shares outstanding during the year	<b>3,276,035,637</b>	3,276,035,637	3,276,035,637
Earnings (loss) per share	<b>₱0.0034</b>	₱0.0607	₱ 0.0011

## 23. COMMITMENTS AND CONTINGENCIES

Commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group are not reflected in the accompanying Group consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Group consolidated financial statements.

- a. On September 7, 1999, the BOD approved the execution of a third-party real estate mortgage on the Group's properties located in Quezon City with an actual area of 6,678 square meters to secure the loan of Waterfront Philippines, Incorporated (WPI), an affiliate, with the Social Security System (SSS) amounting to ₱375 million. In 2003, SSS foreclosed the asset mortgaged in the amount of ₱198,639,000.

The Group filed a civil case against SSS on the foreclosed property claiming for sum of money and damages in the amount of ₱500 million. On January 12, 2015, the contract of loan and real estate mortgage were declared null and void by the RTC. Thus, WPI was directed to return the amount of ₱375 million to SSS and for SSS to return the properties and shares used as collateral. SSS filed an appeal to the Court of Appeals.

On August 30, 2019, the Court of Appeals issued its Decision reversing the RTC's Decision dated January 13, 2015 and Order dated May 11, 2015. The CA declared that the October 28, 1999 "Contract of Loan with Real Estate Mortgage and Assignment of Shares with Option to Convert to Shares of Stock" and the extra judicial foreclosure sale of the Green Meadows properties covered by Transfer Certificate of Title Nos. N-153395 and N-153396 are valid.

The CA ordered WPI to satisfy the deficiency under the October 28, 1999 "Contract of Loan with Real Estate Mortgage and Assignment of Shares with Option to Convert to Shares of Stock" in the sum of ₱841,567,136.85 due to SSS as of April 30, 2010. This obligation shall earn the stipulated interest and penalty charges, in accordance with the terms and conditions of the October 28, 1999 "Contract of Loan with Real Estate Mortgage and Assignment of Shares with Option to Convert to Shares of Stock", computed from April 30, 2010 until finality of the Decision.

On November 4, 2019, the Group together with WPI and TWGI filed a Petition for Review on Certiorari before the Supreme Court (SC). The SC in its decision dated July 6, 2021 granted the petition and the CA's Decision dated August 30, 2019 was reversed and set aside. SSS filed its Motion for Reconsideration dated January 28, 2022 praying for the dismissal of WPI's Petition for Certiorari. On September 21, 2022, the SC issued a resolution denying SSS's Motion for Reconsideration with finality. On December 20, 2022, the SC issued an Entry of Judgment.

In compliance with the SC's Decision, both parties submitted their respective proposed computation of all amounts to be paid as well as a list of all properties to be returned by each party before the RTC. Thereafter, the RTC issued an Order dated August 17, 2023, to order WPI to pay ₱258,117,750 to SSS. In the same Order, SSS was ordered to return to the Group the original copies of Transfer Certificate of Title (TCT) Nos. N-153395 and N-153396, T-558207, T-186142, T-180250, T-180246, T-180247, T-180248, T-180249 and T-180250, together with the original tax declarations, if any, within a period of ten (10) days from receipt of the Order and reconvey to the Group the properties covered by TCT Nos. N-153395 and N-153396 within a period of sixty (60) days from receipt of the Order. Regina Capital Corporation is ordered to release to TWGI the Stock Certificates representing 235,000,000 shares of WPI within a period of ten (10) days from the date of receipt of the Order; and to release to the Group the Stock Certificates representing the 80,000,000 shares of the Parent Company within a period of ten (10) days from the date of receipt of the Order.

SSS filed a Motion for Reconsideration to the aforesaid Order but the same was denied by the RTC in its Order dated January 12, 2024. SSS filed its Manifestation of Conditional Acceptance. The Parent Company together with WPI and TWGI then filed a Motion to Direct the Register of Deeds of Quezon City to cancel TCT Nos. N-281261 and N-281262 and to reinstate TCT Nos. N-153395 and N-153396 to which the Court granted in its Order dated August 6, 2024.

Thereafter, SSS filed its Urgent Omnibus Motion for Reconsideration of the August 6, 2024 and for Inhibition of Hon. Presiding Judge Renato M. Pambid ("Hon. Pambid"). The said Motion was denied by the Court on October 3, 2024.

On December 3, 2024, SSS filed a Petition for Certiorari (with Application for Temporary Restraining Order and/or Preliminary Injunction) against Hon. Pambid, WPI, TWGI and the Parent Company before the CA, docketed as CA G.R. SP No. 187166.

On May 19, 2025, the Corporate Counsels, Philippines Law Offices filed Notices of Withdrawal in both CA G.R. SP No. 183716 and CA G.R. SP No. 187166, informing the CA of its withdrawal of appearance as counsel for WPI, TWGI and the Parent Company.

As of the reporting date, the cases remain pending before the Court of Appeals, and management continues to monitor developments.

## 24. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which results from both its operating and financing activities. The Group's risk management is coordinated with the Group, in close cooperation with the BOD, and focuses on actively securing the short-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the Group is exposed to are described below.

### *Credit risk*

Credit risk refers to the risk that counterparty will default its contractual obligation resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its financial assets which composed of cash, trade and other receivables and advances to related parties.

The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments, as summarized below:

### *Credit risk exposure*

The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements arises from the carrying amount financial assets recognized in the consolidated statements of financial position.

In order to minimize credit risk, the Group has developed and maintained internal credit risk grading to categorize exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group's current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECLs	Base	Minimum allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL	0%	0%	1
Doubtful	Amount is 1-30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	25%	1%	2
	Amount is 31-90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	5%	2
	Amount is 91-180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	10%	2
	Amount is 181-360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	25%	2
In default	Amount is over 1 year to 2 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	50%	25%	3

	Amount is over 2 year to 3 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	25%	3
	Amount is over 3 year to 5 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	50%	3
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	100%	100%	3

The maximum credit risk exposure of the financial assets is the carrying amount of the financial assets shown on the face of consolidated statements of financial position, as summarized below:

December 31, 2025					
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks – note 4	(a)		P5,076,638	P –	P5,076,638
Trade and other receivables – note 5	(b)	Lifetime ECL	113,060,564	(82,324,388)	30,736,176
Advances to related parties – note 19	(b)	Lifetime ECL	37,015,878	(7,860,250)	29,155,628
<b>Total</b>			<b>P155,153,080</b>	<b>(P90,184,638)</b>	<b>P64,968,442</b>

December 31, 2024					
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks – note 4	(a)		P 12,640,454	P –	P12,640,454
Trade and other receivables – note 5	(b)	Lifetime ECL	112,786,490	(82,283,167)	30,503,323
Advances to related parties – note 19	(b)	Lifetime ECL	42,196,762	(7,860,250)	34,336,512
<b>Total</b>			<b>P167,623,706</b>	<b>(P90,143,417)</b>	<b>P77,480,289</b>

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

*(a) Cash in banks*

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1,000,000 for every depositor per banking institution.

*(b) Trade and other receivables and advances to related parties*

Trade and other receivables

Credit risk arising from rental income from leasing of buildings is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants.

For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

The Group has applied simplified approach to measure the loss allowance using management's adopted policy on ECL on trade and other receivables.

Advances to related parties

For advances to related parties, the Group has applied the general approach to measure the loss allowance using management's adopted policy on ECL. The Group determines the ECL on these items by using historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade and other receivables parties are a reasonable approximation of the loss rates for the financial assets.

***Equity price risk***

Equity price risk is the risk that the fair value of equity instrument decreases as a result of changes in the value of individual stocks. The Group's exposure to equity price risk arises from investments held by the Group and classified in the Group's consolidated statements of financial position as financial asset at FVOCI.

Equity instruments designated at FVOCI in unquoted price are held for strategic rather than trading purposes. The Group does not actively trade these investments.

If the price of the financial assets at FVOCI had been 10% higher/lower the other comprehensive income for the years ended December 31, 2025 and 2024 would decrease/increase by ₱1,199,375.

***Liquidity risk***

The Group's policy is to maintain a balance between continuity of funding through cash advances from related parties.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table below has been drawn up based on undiscounted cash flows of financial liabilities based on earliest date on which the Group can be required to pay.

December 31, 2025	With indefinite term of maturity	With definite term of maturity		Total
		Due within one year	More than one year	
Accounts payable and other liabilities*	₱ –	₱6,303,241	₱ –	₱6,303,241
Lease liability		46,930	–	46,930
Advances from related parties	404,216,901	–	–	404,216,901
Advances from lessees	–	2,893,062	–	2,893,062
	<b>₱404,216,901</b>	<b>₱9,243,233</b>	<b>₱ –</b>	<b>₱413,460,134</b>

\*excluding government liabilities

December 31, 2024	With indefinite term of maturity	With definite term of maturity		Total
		Due within one year	More than one year	
Accounts payable and other liabilities*	₱ –	₱ 6,545,843	₱ –	₱ 6,545,843
Lease liability	–	137,908	46,930	184,838
Advances from related parties	402,888,139	–	–	402,888,139
Advances from lessees	–	5,658,449	–	5,658,449
	<b>₱ 402,888,139</b>	<b>₱12,342,200</b>	<b>₱ 46,930</b>	<b>₱415,277,269</b>

\*excluding government liabilities

Substantial portion of the Group's financial liabilities consist of advances from related parties. There is no specific terms of advances agreed with the related parties. The Group does not expect to pay its liabilities to related parties nor expect related parties to collect within twelve (12) months after the reporting date. Furthermore, advances from affiliates and stockholders were settled through assignment and offsetting among the Group.

## 25. CAPITAL RISKS MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for stockholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as share capital and deficit for the purpose of capital management.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities as shown in the consolidated statements of financial position less cash. Total capital is calculated as Equity as shown in the consolidated statements of financial position plus Net debt.

Gearing ratio compares some form of owner's equity to borrowed funds. It is a measure of financial leverage demonstrating the degree to which the Group's activities are funded by owner's funds versus creditors' funds.

In 2025, the Group's strategy, which was unchanged from 2024, was to keep the gearing ratio below 50% as proportion to net debt to capital. The gearing ratios as at December 31 were as follows:

	2025	2024
Debt	₱415,259,394	₱ 418,132,170
Cash	( 5,096,638)	(12,660,454)
Net debt	410,162,756	405,471,716
Total equity	1,391,076,653	1,402,200,574
Total capital	1,801,239,409	1,807,672,290
Gearing ratio	0.23:1.00	0.22:1.00

The status of the Group's operation and management plan is fully disclosed in Note 1.

The Parent Company is subject to externally imposed capital requirement amounting to ₱6,250,000 which is the minimum paid-up capital requirement of SEC for mining companies. as at December 31, 2025 and 2024, the Parent Company is in compliance with this externally imposed capital requirement.

On the other hand, the Parent Company's subsidiaries are not subject to any externally imposed capital requirements.

## 26. FAIR VALUE INFORMATION

### *Assets measured at fair value*

The following table gives information about how the fair values of the Company's assets, which are measured at fair value at the end of each reporting period, are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at December 31		Fair value hierarchy	Valuation techniques
	2025	2024		
<b>Financial assets at FVOCI</b>				
Unquoted shares	₱11,993,750	₱11,993,750	Level 3	Adjusted net asset method

### *Assets and liabilities not measured at fair value*

The following table gives information about how the fair values of the Group's assets and liabilities, which are not measured at fair value but the fair values are disclosed at the end of each reporting period, are determined.

	2025		Fair value hierarchy	Valuation techniques
	Carrying Value	Fair Value		
<b>Financial Assets</b>				
Advances to related parties	₱ 29,155,628	₱27,539,760	Level 2	(a)
<b>Non-Financial Assets</b>				
Investment properties	1,188,686,486	4,012,200,013	Level 2	(b)
Interest in joint operation	522,916,369	2,406,850,000	Level 2	(b)
	₱1,711,602,855	₱6,419,050,013		

	2025		Fair value hierarchy	Valuation techniques
	Carrying Value	Fair Value		
<b>Financial Liabilities</b>				
<b>Advances from related parties</b>	<b>₱ 404,216,901</b>	<b>₱381,814,327</b>	<b>Level 2</b>	<b>(a)</b>
<hr/>				
	2024		Fair value hierarchy	Valuation techniques
	Carrying Value	Fair Value		
<b>Financial Assets</b>				
<b>Advances to related parties</b>	<b>₱ 34,336,512</b>	<b>₱ 32,433,508</b>	<b>Level 2</b>	<b>(a)</b>
<b>Non-Financial Assets</b>				
Investment properties	1,190,192,822	4,393,513,600	Level 2	(b)
Interest in joint operation	522,916,369	2,406,850,000	Level 2	(b)
	<b>₱1,713,109,191</b>	<b>₱6,800,363,600</b>		
<hr/>				
	2024		Fair value hierarchy	Valuation techniques
	Carrying Value	Fair Value		
<b>Financial Liabilities</b>				
<b>Advances from related parties</b>	<b>₱402,888,139</b>	<b>₱ 380,559,208</b>	<b>Level 2</b>	<b>(a)</b>

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

- (a) The fair values of advances to related parties and advances from related parties are determined based on the discounted value of future cash flows using the prevailing PHP BVAL rates that are specific to the tenor of the instruments' cash flow as at reporting date. Discount rates used is 5.04% in 2025 and 6.18% in 2024.
- (b) The fair values are based on combination of appraisal done by an independent appraiser on various dates in 2025 and 2024 and using the market approach, in which the fair value is based on prices recently paid for similar assets, with adjustment made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable.

The fair value of cash in banks, trade and other receivables, accounts payable and other liabilities (excluding government liabilities), lease liability, borrowings and advances from lessees approximate carrying value due to relatively short-term maturities.

## 27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation about the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes for the years ended December 31 are as follows:

	Balance as at January 1, 2025	Changes from financing cash flows	Balance as at December 31, 2025
<b>Advances from related parties</b>	<b>₱402,888,139</b>	<b>₱ 1,328,762</b>	<b>₱404,216,901</b>
<b>Lease liability</b>	<b>184,838</b>	<b>(137,908)</b>	<b>46,930</b>
	<b>₱403,072,977</b>	<b>₱ 1,190,854</b>	<b>₱404,263,831</b>

December 31, 2024	Balance as at January 1, 2024	Changes from financing cash flows	Balance as at December 31, 2024
Advances from related parties	₱400,207,716	₱2,680,423	₱402,888,139
Lease liability	48,323	136,515	184,838
	₱400,256,039	₱2,816,938	₱403,072,977

\* \* \* \*

**Independent Auditors' Report on  
Components of Financial Soundness Indicators**

To the Board of Directors and Stockholders of  
**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
35<sup>th</sup> Floor, One Corporate Center  
Doña Julia Vargas Ave., cor. Meralco Ave.  
Ortigas Center, Pasig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Wellex Industries Incorporated and Subsidiaries** (the 'Group') as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 13, 2026. 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, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

**DIAZ MURILLO DALUPAN AND COMPANY**

Tax Identification No. 003-294-822  
BOA/PRC No. 0234, effective until June 23, 2026  
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and  
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions  
BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

By:   
Richard Noel M. Ponce  
Partner

CPA Certificate No. 120457  
SEC Accreditation No. 1738-A, Group A, issued on March 31, 2022 and  
valid in the audit of 2021 to 2025 financial statements  
Tax Identification No. 257-600-228  
PTR No. 10771458, January 11, 2026, Makati City  
BIR Accreditation No. 08-001911-006-2025, effective until October 10, 2028

April 13, 2026

**Global Reach, Global Quality**

Head Office : 7th Floor, Don Jacinto Building, De la Rosa corner Salcedo Sts., Legaspi Village, Makati City 1229 Philippines • Phone: +63(2) 8894 5892 / 8844 9421 / Fax: +63(2) 8818 1872  
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Davao Office : 3rd Floor Building B Plaza De Luisa, Ramon Magsaysay Avenue, Davao City 8000 Philippines • Phone/Fax: +63(82) 222 6636  
Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580  
Website : www.dmdcpa.com.ph

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**SCHEDULE SHOWING FINANCIAL SOUNDNESS**  
**PURSUANT TO REVISED SRC RULE 68**  
**DECEMBER 31, 2025**

Ratio	Formula	2025	2024
Profitability ratios: Return on assets	Net income	N/A	₱ 198,952,193
	Divided by: Total assets	N/A	1,820,241,488
	Return on assets	N/A	10.93%
Return on equity	Net income	N/A	₱ 198,952,193
	Divided by: Total equity	N/A	1,402,200,574
	Return on equity	N/A	14.19%
Net income (loss) margin	Net income (loss)	(₱11,123,921)	₱ 198,952,193
	Divided by: Total revenue	24,003,357	32,563,156
	Net income (loss) margin	-46%	611%
Gross profit margin	Total revenue	₱ 24,003,357	₱ 32,563,156
	Less: Cost of service	(8,002,206)	(12,763,135)
	Gross profit	16,001,151	19,800,021
	Divided by: Total revenue	24,003,357	32,563,156
	Gross profit margin	0.67:1	0.61:1
Solvency and liquidity ratios: Current ratio	Current assets	₱ 53,327,927	₱ 60,258,331
	Divided by: Current liabilities	10,072,020	14,142,956
	Current ratio	5.29:1	4.26:1
Debt to equity ratio	Total liabilities	₱ 415,259,394	₱ 418,040,914
	Divided by: Total shareholder's equity	1,391,076,653	1,402,200,574
	Debt to equity ratio	0.30:1	0.30:1
Quick ratio	Quick assets*	₱ 35,832,814	₱ 43,163,777
	Divided by: Current liabilities	10,072,020	14,142,956
	Quick ratio	3.56:1	3.05:1
Cashflow liquidity ratio	Cashflow from operations	(₱ 1,701,862)	₱ 3,687,950
	Divided by: Current liabilities	10,072,020	14,142,956
	Cashflow liquidity ratio	(0.17):1	0.26:1

Financial leverage ratio Asset to equity ratio	Total assets	₱ 1,806,336,047	₱ 1,820,241,488
	Divided by: Total shareholder's equity	1,391,076,653	1,402,200,574
	Asset to equity ratio	1.30:1	1.30:1
Debt to asset ratio	Total liabilities	₱ 415,259,394	₱ 418,040,914
	Divided by: Total assets	1,806,336,047	1,820,241,488
	Debt to asset ratio	0.23:1	0.23:1

*\*Includes Cash and Current Receivables*

**Statement Required by Rule 68, Part I, Section 5,  
Revised Securities Regulation Code (SRC)**

To the Board of Directors and Stockholders of  
**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
35<sup>th</sup> Floor, One Corporate Center  
Doña Julia Vargas Ave., cor. Meralco Avenue  
Ortigas Center, Pasig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Wellex Industries Incorporated and Subsidiaries** as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 13, 2026. The supplementary information shown in the *List of Supplementary Information* is presented for the purpose of filing with the Securities and Exchange Commission and are not required part of basic consolidated financial statements. Such information is the responsibility of management and has been subjected to auditing procedures applied in the audits of basic consolidated financial statements. In our opinion, the information has been prepared in accordance with Rule 68 of the Revised Securities Regulation Code.

**DIAZ MURILLO DALUPAN AND COMPANY**


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By:

  
Richard Noel M. Ponce  
Partner

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**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**

List of Supplementary Information  
DECEMBER 31, 2025

**SEC Supplementary Schedule as Required by the Revised SRC Rule 68**

- A. Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)
- B. Amounts Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
- D. Long-Term Debt
- E. Indebtedness of Related Parties
- F. Guarantees of Securities of Other Issuers
- G. Capital Stock

**Other Required Information**

Reconciliation of Retained Earnings Available for Dividend Declaration

Map showing the Relationship between the Company and its Related Entities

Supplementary Schedule of External Auditor Fee-Related Information

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Schedule A. Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)**  
**December 31, 2025**

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the Statement of Financial Position	Valued based on market quotation at balance sheet date	Income received and accrued
<b>Financial assets at FVOCI</b>				
Bulacan Harbour Dev't. Corp.	125,000	P11,993,750	P -	P -

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Schedule B – Amounts Receivable from Directors, Officers, Employees,**  
**Related Parties and Principal Stockholders (Other Than Related Parties)**  
**December 31, 2025**

Name and designation of debtor	Balance at beginning of period	Amounts collected	Amounts written-off	Current	Non-Current	Balance at end of period
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**Not Applicable**

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**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statement**  
**December 31, 2025**

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-Current	Balance at end of period
<b>Direct Subsidiaries</b>							
Plastic City Industrial Corporation	₱51,185,954	₱ -	(₱978,686)	₱ -	₱ -	₱50,207,268	₱50,207,268
<b>Indirect Subsidiaries (PCIC Subsidiaries)</b>							
Pacific Plastic Corporation	83,684,764	-	(4,150,006)	-	-	79,534,758	79,534,758
Kennex Container Corporation	89,424,869	-	(1,148,901)	-	-	88,275,968	88,275,968
Inland Container Corporation	40,609,187	1,418,032	-	-	-	42,027,219	42,027,219
Rexlon Industrial Corp.	20,746,269	2,068,527	-	-	-	22,814,796	22,814,796
	₱285,651,043	₱3,486,559	(₱6,277,593)	₱ -	₱ -	₱282,860,009	₱282,860,009

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Schedule D – Long-term Debt**  
**December 31, 2025**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related statement of financial position	Amount shown under caption "Long-term debt" in the related statement of financial position
Borrowings	Not Applicable	P-	P-

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Schedule E – Indebtedness to Related Parties (Long Term Loans**  
**From Related Companies)**  
**December 31, 2025**

Name of related party	Balance at beginning of period	Balance at end of period
Diamond Stainless Corporation	₱ 70,557,800	₱ 70,557,800
Plastic City Corporation	82,280,997	82,075,372
International Polymer Corp.	24,264,280	24,280,304
Philippine Estates Corporation	36,875,127	37,726,851
Kenstar Industrial Corporation	23,539,858	23,539,858
Rexlon Realty Corp.	23,187,370	23,187,370
Pacific Rehouse Corp.	15,540,753	15,540,753
Ropeman International Corp.	3,202,528	3,202,528
Concept Moulding Corp	–	666,639
Polymaster Industrial Corporation	62,500	62,500
The Wellex Group, Inc.	13,722,810	13,722,810
Key officers	109,654,116	109,654,116
	<b>₱402,888,139</b>	<b>₱404,216,901</b>

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Schedule F – Guarantees of Securities of Other Issuers**  
**December 31, 2025**

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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**Not Applicable**

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**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**

**Schedule G – Capital Stock**

December 31, 2025

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reversed for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
<b>Common shares</b>	3,500,000,000	3,276,045,637	P –	10,000	1,858,135,332	1,417,900,305

**Reconciliation of Retained Earnings Available for Dividend Declaration**

For the reporting ended December 31, 2025

**WELLEX INDUSTRIES INCORPORATED AND ITS SUBSIDIARIES**

35<sup>th</sup> Floor, One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City,  
Philippines

<b>Unappropriated Retained Earnings, beginning of reporting period</b>	<b>P</b>	—
<b>Add: <u>Category A: Items that are directly credited to Unappropriated Retained Earnings</u></b>		
Reversal of Retained Earnings Appropriation/s	—	
Effect of restatements or prior-period adjustments	—	
Others	—	—
<b>Less: <u>Category B: Items that are directly debited to Unappropriated Retained Earnings</u></b>		
Dividend declaration during the reporting period	—	
Retained Earnings appropriated during the reporting period	—	
Effect of restatements or prior-period adjustments	—	
Others	—	—
<b>Unappropriated Retained Earnings, as adjusted</b>		—
<b>Add/Less: Net Income (loss) for the current year</b>		—
<b>Less: <u>Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</u></b>		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) to financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a Result of certain transactions accounted for under the PFRS	—	
Sub-total	—	—
<b>Add: <u>Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</u></b>		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	
Sub-total	—	—

**Add: Category C.3: Unrealized income recognized in profit or loss in  
Prior periods but reversed in the current reporting period (net of tax)**

Reversal of previously recorded foreign exchange gain, except those  
attributable to cash and cash equivalents

—

Reversal of previously recorded fair value adjustment (mark-to-  
market gains) of financial instruments at fair value through profit or  
loss (FVTPL)

—

Reversal of previously recorded fair value gain of Investment Property

—

Reversal of other unrealized gains or adjustments to the retained  
earnings as a result of certain transactions accounted for under the  
PFRS, previously recorded

—

Sub-total

—

**Adjusted Net Income/Loss**

—

**Add: Category D: Non-actual losses recognized in profit or loss during  
the reporting period (net of tax)**

Depreciation on revaluation increment (after tax)

—

Sub-total

—

**Add/Less: Category E: Adjustments related to relief granted by the SEC  
And BSP**

Amortization of the effect of reporting relief

—

Total amount of reporting relief granted during the year

—

Others

—

Sub-total

—

**Add/Less: Category F: Other items that should be excluded from the  
Determination of the amount of available for dividends distribution**

Net movement of treasury shares (except for reacquisition of  
redeemable shares)

—

Net movement of deferred tax asset not considered in the reconciling  
items under the previous categories

—

Net movement in deferred tax asset and deferred tax liabilities

—

Related to same transaction, e.g., set up of right of use asset and  
lease liability, set-up of asset and asset retirement obligation, and set-  
up of service concession asset and concession payable

—

Adjustment due to deviation from PFRS/GAAP – gain (loss)

—

Others

—

Sub-total

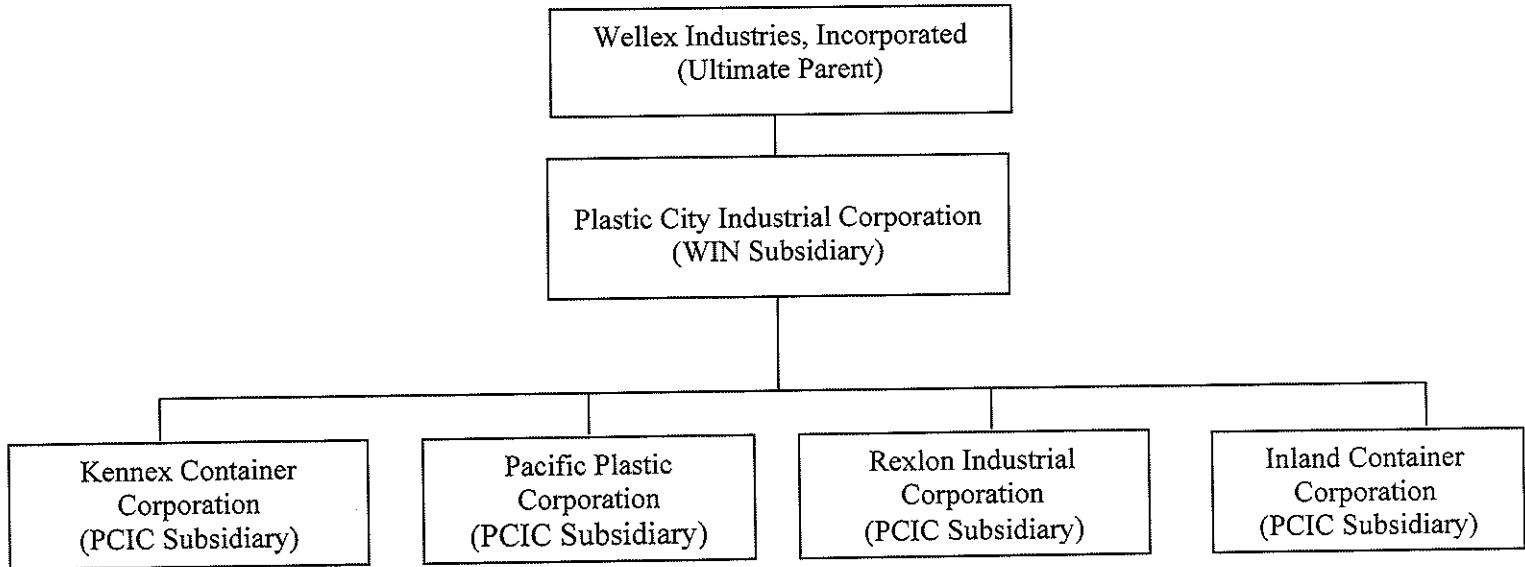
—

**Total Retained Earnings, end of the reporting period available for dividend**

**P**

—

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Map of Conglomerate or Group of Companies within Which the Company Belongs**  
**December 31, 2025**



**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Supplementary Schedule of External Auditor Fee-Related Information**  
**December 31, 2025**

	2025	2024
<b>Total Audit Fees (Parent Company)</b>	<b>₱ 560,000</b>	<b>₱ 540,000</b>
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
<b>Total Non-audit Fees</b>	<b>—</b>	<b>—</b>
<b>Total Audit and Non-audit Fees</b>	<b>₱ 560,000</b>	<b>₱ 540,000</b>

**Audit and Non-audit fees of other related entities**

	2025	2024
Audit Fees (Subsidiaries)	₱700,000	₱675,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
<b>Total Audit and Non-audit Fees of other related entities</b>	<b>₱700,000</b>	<b>₱675,000</b>



# 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:**

**Receiving:** DONNA ENCARNADO

**Receipt Date and Time:** May 08, 2026 01:02:02 PM

## Company Information

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**SEC Registration No.:** 0000011790

**Company Name:** WELLEX INDUSTRIES INC.

**Industry Classification:** K74000

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST105082026811322319

**Document Type:** Quarterly Report

**Document Code:** SEC\_Form\_17-Q

**Period Covered:** March 31, 2026

**Submission Type:** Original Filing

**Remarks:** None

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

# Certification

I, Annabelle T. Abunda, Finance and Compliance Officer of Wellex Industries, Inc., with SEC registration number 0000011790 with principal office at 35<sup>th</sup> Flr. One Corporate Center, Doña Julia Vargas, cor. Meralco Ave., Ortigas Center, Pasig City, on oath state:

- 1) That on behalf of Wellex Industries, Inc., 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, Wellex Industries, Inc., 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.

MAY 08 2026

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

MAY 08 2026

Annabelle T. Abunda

Affiant

TIN: 205-231-659

PASIG CITY

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

NOTARY PUBLIC

JOC NO. 445  
PAGE NO. 90  
BOOK NO. 40  
SERIES OF 2026

FERDINAND D. AYAHAO

Notary Public

For and in Pasig City and the Municipality of Pateros  
Commission No. 122 (2016-2027) valid until 12/31/2027  
MCLE Exemption No. VIII-BEP003234, until 04/14/28  
Roll No. 46377; IBP LRN 02459; CR 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**

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SEC Registration No.

W E L L E X I N D U S T R I E S , I N C .  
 A N D 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 E R

D O Ñ 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 S . , 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)

**Amando J. Ponsaran, Jr.**

Contact Person

**(632) 8706-7888**

Contact Telephone No.

1 2 3 1

Fiscal Year

1 7 - Q

FORM TYPE

Every 3<sup>rd</sup> Monday of July

Month Day Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

**999**

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_

LCU

Document I.D.

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Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**1<sup>st</sup> QUARTER REPORT: WIN**

**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. SEC Identification Number: **11790**
3. BIR Tax Identification No.: **003-946-426-000**
4. **WELLEX INDUSTRIES, INCORPORATED**  
Exact name of registrant 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<sup>th</sup> Flr. One Corporate Center, Doña Julia Vargas cor. Meralco Aves., Ortigas Center, Pasig City**  
Address of principal office
8. **Telephone No. (02) 8706-7888**  
Registrant'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 Shares – ₱1.00 par value	Issued - ₱3,276,035,637

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes [  ]                      No. [  ]

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The

Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [ x ]                      No [ ]

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

Yes [ x ]                      No [ ]

13. The aggregate market value of the voting stock held by non-affiliates: ₱411,188,159

14. Not Applicable

## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements

See Annex A.1 to A.4, and the accompanying notes to financial statements

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

	Amounts in PhP		
	March 31, 2026	March 31, 2025	March 31, 2024
<b>Income Statement</b>			
Rental Income	₱4,263,254	₱7,741,707	₱8,368,451
Direct Costs and Expenses	766,397	839,951	766,397
Gross Profit	3,496,857	6,901,756	7,602,054
Operating Expenses	7,914,302	9,670,750	8,306,419
Loss from Operations	(4,417,445)	(2,768,994)	(704,365)
Other Income (Expense)	81,349	83,154	(217,311)
Loss before Tax	(4,336,096)	(2,685,840)	(921,676)
Income Tax Expense	-	-	-
<b>Net Loss for the period</b>	<b>(4,336,096)</b>	<b>(2,685,840)</b>	<b>(921,676)</b>
<b>Loss per share</b>	<b>(₱0.0013)</b>	<b>(₱0.0008)</b>	<b>(₱0.0003)</b>

	March 31, 2026	March 31, 2025	December 31, 2025
	<b>Balance Sheet</b>		
Current Assets	₱57,156,461	₱64,791,419	₱53,327,927
Noncurrent Assets	1,755,057,955	1,760,978,375	1,753,008,120
<b>Total Assets</b>	<b>1,812,214,416</b>	<b>1,825,769,794</b>	<b>1,806,336,047</b>
Current Liabilities	12,276,020	15,800,575	10,072,020
Noncurrent Liabilities	413,197,839	410,454,485	405,187,374
Total Liabilities	425,473,859	426,255,060	415,259,394
Stockholders' Equity	1,386,740,557	1,399,514,734	1,391,076,653
<b>Total Liabilities and Equity</b>	<b>₱1,812,214,416</b>	<b>₱1,825,769,794</b>	<b>₱1,806,336,047</b>

#### **Quarter ended March 31, 2026 as compared with quarter ended March 31, 2025**

##### **Revenue and Earnings (Loss) Per Share**

As of the quarter ending March 31, 2026, the company continues to lease out its warehouse facilities. Total revenue recorded for the 1st quarter of 2026 amounted to ₱4.3 million as compared to the same quarter of 2025 amounting to ₱7.7 million or a decrease of ₱3.4 million or 44.16% due to some tenants who don't renew their lease contracts for the current quarter (e.g. San Miguel group). Number of areas being leased out for the 1st quarter of 2026 was lesser than that of the 1<sup>st</sup> quarter of 2025.

Income/(Loss) per share comparison for the quarter ended March 31, 2026 and 2025 are (₱0.0013) and (₱0.0008), respectively.

As of March 31, 2026, there are sixteen (16) companies leasing inside the PCIC compound occupying seventeen (17) areas. List of companies are as follows:

	Tenants	Co.	Area in sqm	Contract Period	1st Qtr Rental Income (in PhP)
1	CRISTINE GUEVARRA - bldg 34A	ICC	500	10/01/25 - 09/30/26	180,000
2	YT SERVICES CORPORATION – 34C	ICC	500	10/01/25 - 09/30/26	180,000
3	ABS ALL BEST SUPPLIES INC. - Bldg 37 Yard	ICC	400	10/01/25 - 09/30/26	107,143
4	ASILO LOGISTICS AND FREIGHT SERVICES - SPF Yard	ICC	500	01/17/26 - 01/16/27	107,143
5	JESSIE LYN B. TAJALE – B43	KCC	1,100	01/01/26 - 12/31/26	412,500
6	HAKIMA TRUCKING SERVICES – open yard	KCC	1,000	09/15/25 - 09/14/26	214,286

7	RCAC Airconditioning Corporation – B-35	KCC	625	10/01/25 - 01/31/26	251,116
8	GOENG MARKETING, INC. – Office B26	PPC	524	01/01/26 - 12/31/26	210,536
9	HIGANTIS CONTRACTOR CORP.-bldg 18	PPC	698	08/01/25 - 07/31/26	280,246
10	RDB TECSON & ASSOCIATES – bldg. 24	PPC	1,476	04/01/25 - 03/31/26	593,036
11	RDBT CONSTTRUCTION CORP. – bldg. 24 open space	PPC	216	04/01/25 - 03/31/26	46,286
12	ROSEMARIE O. TAI	PPC	1,478	06/15/25 - 04/15/26	623,531
13	GO TRANSFERRED CARGO AND LOGISTICS CORP. – YARD 27	PPC	1,000	08/10/25 - 08/09/26	214,286
14	GO TRANSFERRED CARGO AND LOGISTICS CORP. – YARD 27	PPC	500	10/01/25 - 07/31/26	107,143
15	RSG TRUCKING SERVICES-B25 YARD	PPC	750	10/08/25 - 10/07/26	168,147
16	ARLYN G. CABISCUELAS – B21 YARD	PPC	1,600	10/01/25 - 09/30/26	342,857
17	AGUILEON CARGO EXPRESS CORP.	PPC	1,200	10/01/25 - 09/30/26	225,000
	<b>TOTAL</b>				<b>4,263,254</b>

*Companies owning the above properties (Subsidiaries of Plastic City Industrial Corp.):*

*ICC – Inland Container Corp.*

*KCC – Kennex Container Corp.*

*PPC – Pacific Plastic Corp.*

### **Cost and Expenses and Other Income (Expenses)**

Direct cost and operating expenses for the 1st quarter of 2026 totaled ₱8.7 million as compared to ₱10.5 million for the 1st quarter of 2025 or an increase of ₱1.8 million or 17.14%. The amount was recorded and mainly attributable to the following:

1. Direct cost for the 1st quarter of 2026 and 2025 consists of security services, depreciation expense, property taxes and repairs and maintenance. Total direct cost recorded for the 1st quarter of 2026 amounted to ₱0.80 million and ₱0.80 million for the 1st quarter of 2025. Only item directly charged to cost for the current quarter is depreciation of investment properties and repairs and maintenance.
2. Operating expenses recorded for the 1st quarter of 2026 amounted to ₱7.9 or a decrease by ₱1.8 million or 18.56% as compared to the 1st quarter of 2025 of ₱9.7 million, which resulted from the following movements: decrease in taxes and licenses by ₱1.2 million, increase in salaries and wages by ₱0.1 million, decrease in commission by ₱0.1 million and increase in miscellaneous expenses by ₱0.6 million.

Other Income (Expenses) consist of interest income, other income, penalties and surcharges and interest expense. Total Other Income (Expenses) for the 1st quarter of 2026 and 2025 is ₱81,349 and ₱83,154, respectively.

The Group does not recognize a finance cost for 1st quarter of 2026 and 2025.

### **Key Performance Indicators**

The Parent Company is in the process of discussing with potential investors for planned forays into new business lines. Its subsidiary, PCIC, ceased its manufacturing operation since 2002 due to the Asian crises and stiff business competition and had leased out its building facilities for revenue. The Group determines their performance on the following five (5) key performance indicators:

1. Revenue Growth – the company gauge its performances by determining Rental Income and the number of tenants for the year. For the first quarter of 2026, the company has an average of ₱250,750 rental income per tenant or a decreased by ₱35,980 rental income per tenant or 12.55% as compared to first quarter of 2025 with an average of ₱286,730 with 27 areas being leased out. Rental income for the current quarter decreased due to nonrenewal of lease contracts of some clients. The company is studying the market for warehousing to assess competition in terms of rental rates and demands.
2. Receivables - the company assesses collection of receivables and management of credit by determining the past due ratio done through the aging of receivables. For the first quarter of 2026, ratio of past due receivables to total outstanding was 99.61%. The current quarter exceeds the management gauge on past due receivables due to significant number of receivables from third parties which are no longer operating. These third parties are previous subsidiary of the Group.

3. Gross Profit Margin - this is derived by dividing the gross profit over the revenues amount. The first quarter of 2026 has a gross profit margin of 82.02%, lower than the first quarter of 2025. Decrease pertains to decrease in sales for the current quarter.
4. Working Capital – to meet the obligations of the company, it is measured by determining current assets over current obligations. Working capital ratio for first quarter of 2026 was 465.59% as compared to 410.06% on the first quarter of 2025. Increase in ratio is attributable to decrease in current assets by ₱7.6 million or 11.78% and decrease in current liabilities by ₱3.5 million or 22.31%.
5. Advances by the Affiliates - For the first quarter of 2026, the company has total advances from affiliates amounting to ₱412.2 million or an increase of ₱2.8 million or 0.68% from last year's ₱409.4 million balance. Total amount added/(deducted) from advances for the 1<sup>st</sup> quarter of 2026 amounted to ₱8 million or 1.98% of total advances as compared to 1<sup>st</sup> quarter of 2025 of ₱6.6 million or 1.63%.

	<b>March 31, 2026</b>	March 31, 2025
Revenue growth ratio	<b>(12.55%)</b>	13.07%
Past due ratio on receivables	<b>99.61%</b>	99.30%
Gross profit margin	<b>82.02%</b>	89.15%
Current ratio	<b>465.59%</b>	410.06%
Advances ratio	<b>1.98%</b>	1.63%

*Further discussion of accounts of which registered an increased or decreased by 10% or more follows:*

#### Cash

The Group's cash decreased by ₱8 million or 77.20% for the first quarter of 2026 as compared to first quarter 2025 due to the following activities: (a) net cash used in operating activities is ₱7.9 million, (b) net cash generated in investing activities is ₱2.8 million and (c) net cash used in financing activities ₱2.8 million.

#### Trade and Other Receivables

Trade and other receivables (net) increase by ₱85,492 or 0.23% in the 1st quarter of 2026 as compared to last 1st quarter of 2025. This is mostly attributable to the increase in rental receivables by ₱427,388, decrease in utilities receivables by ₱171,660 and decrease in other receivables by ₱170,236. Certain trade receivables were found to be impaired using the provisional matrix as determined by the management, hence, adequate amounts of allowance for impairment have been recognized (Note 22).

#### Advances to related parties

Advances to related parties decrease by ₱5.2 million or 14.52% in the 1st quarter of 2026 as compared to the 1st quarter of 2025 due to collection of advances during the current quarter.

#### Property and Equipment

There's a decrease in property and equipment amounting to ₱0.2 million or 70.50% on the first quarter of 2026 as compared to last year's first quarter of 2025 due to depreciation and adjustment on right-of-use asset account.

#### Advances from lessees

Advances from lessees decrease by ₱2.8 million or 49.38% in the 1st quarter of 2026 as compared to the 1st quarter of 2025 due to some lease contracts terminated or no longer renewed by tenants (e.g. San Miguel).

#### Deferred Asset and Liabilities

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying 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 asset to be utilized. The recognition of deferred tax assets is based on the assessment that the Group will generate sufficient taxable profit to allow all or part of the deferred tax assets will be utilized. The Group's deferred asset account in the first quarter of 2026 decrease by ₱34,478 or 74.61% as compared to the first quarter of 2025 from usage of tax benefit arising from net loss carry-over.

The Group also has deferred liabilities which was decreased by ₱34,116 or 75% in the first quarter of 2026 as compared to last year's first quarter of 2025 due to recognition of tax on advances from lessee.

#### Lease liability

Lease liability composed of current and non-current portion. The current portion decrease by ₱90,978 or by 65.97% while the non-current portion decreased by ₱46,930 or 100% in the first quarter of 2026 due to expiration of some of lease contracts in the current quarter.

### **(i) Summary of Material Trends, Events and Uncertainties**

#### **Wellex Industries, Inc.**

The Parent Company has properties in Rodriguez (formerly Montalban), Rizal, with an aggregate cost of ₱51,782,495 and ₱51,782,495 and with an area of 402,692 sq. meters and 402,576 sq. meters as at March 31, 2026 and 2025, respectively. Land was received in exchange for its shares of stock in accordance with stock-for-assets swap arrangement entered into with various affiliates.

During the year 2024, the Parent Company recorded back a previously foreclosed property (as third party mortgagor) located in Pasig City with an area of 2,868 sqm. by virtue of an affiliate's case Order issued by the Supreme Court on September 15, 2021 declaring the foreclosure proceedings last November 24, 2009 as Null and Void. A partial compliance to the Writ of Execution issued last October 18, 2024 was implemented by reconstituting TCT No. PT-101859 (under new TCT No. 011-2023000787) and restoring actual possession of the property. The Parent Company closed its advances to Polymax Worldwide Limited (party to the case) amounting to ₱105,060,000, recorded an investment property amounting to its old book value of ₱186,420,000 and a recovery of impairment loss of ₱81,360,000.

Total investment properties located in Rodriguez (formerly Montalban) and Pasig City of the Parent Company as of March 31, 2026 and 2025 amounted to ₱238,202,495 and ₱238,202,495, respectively.

The fair value of land as at March 31, 2026 and 2025 amounted to ₱1,208,256,000 and ₱1,316,866,600, respectively.

The fair value of the land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at March 31, 2026 and 2025, the Parent Company's properties are not subject to any liens or encumbrances.

The Company is considering re-entry into the real estate market, specifically the development of industrial estates/subdivisions, for which it has already gained sufficient expertise in its operations in Valenzuela City. The Group elected not to pursue their Agreement with Avida Land Corp. on the Memorandum of Agreement signed last December 17, 2012 by virtue of a Rescission Agreement dated November 29, 2019. The project will now be undertaken in a joint venture with Philippine Estate Corporation (PHES), an affiliate, and will involve the conversion of the industrial estate into a mixed-use hub with complimentary commercial, office and residential zones. The Parent Company is certain that this shift in character will greatly increase the value of the property and will encourage the development and growth of a new Central Business District for Valenzuela City.

The Company had put on hold its plans to acquire a mining company with an existing MPSA with the Mines and Geosciences Bureau (MGB). This is due to the stringent requirements that the Department of Environment and Natural Resources (DENR) had placed on several dormant mining companies and the subsequent business slowdown in the industry as a result thereof.

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

There are no events that will trigger direct or contingent financial obligation that is material to Wellex Industries Inc. and its subsidiaries including any default or 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 Wellex Industries Inc. with unconsolidated entities or other

persons created during the reporting period. The present activity of the company is focused on reorganizing its operations in preparation for its new businesses.

**(iv) Commitment for Capital Expenditures**

Since the Plastic City Industrial Corporation ceased in manufacturing and commercial operation there are no commitments on major capital expenditures.

**(v) Any Known Trends, Events of Uncertainties (Material Impact on Net Sales / Net Income and Liquidity)**

The Group has ceased manufacturing operations since 2002 and currently disposed to lease out its warehouse facilities. Rental Income recorded for the first quarter of 2026 compared to 2025 decreased by ₱3.4 million or 44.15% due to nonrenewal of lease contracts from some clients.

As of March 31, 2026, there are sixteen (16) lessees occupying seventeen (17) areas such as the warehouses, shipyards, open spaces and extensions inside the Plastic City premise.

Current ratio (current assets over current liabilities) as of March 31, 2026 is 465.59% with current assets of ₱57.2 million over ₱12.3 million current liabilities. The Group's policy to address liquidity risk is to maintain a balance between continuity of funding through cash advances from the Parent Company and affiliates. Payment of current liabilities such as government taxes, employees' premium contributions, etc. was funded through these cash advances. The Group does not expect to pay its liabilities to related parties within twelve months after the reporting date. Furthermore, advances from affiliates and stockholders were settled through assignment and offsetting among the Group.

**(vi) Significant Element of Income or Loss That Did Not Arise from Continuing Operation**

The Group adopted PFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on deficit as at January 1, 2019, without restatement of comparative figures.

The Company has adopted the PFRS 9 Financial Instruments from January 1, 2018 and resulted in changes in accounting policies and adjusted amounts recognized in the financial statements. The comparative figures have been restated to comply with the transitional provisions in PFRS 9.

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

Material changes on line items in financial statements are presented under the "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Please refer to the attached Annex A.1 to A.5.

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

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

**(ix) Financial Risk Disclosure**

The Group is exposed to a variety of financial risk which results from both its operating and financing activities. The Group's risk management is coordinated with the Board of Directors, and focuses on actively securing the short-term cash flows by minimizing the exposure to financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. Please refer to Annex A.5.

**(x) Disclosure under SEC Memorandum Circular No. 3, Series of 2012**

*PFRS 9, Financial Instruments (2014)*. PFRS 9, Financial Instruments replaces PAS 39 Financial Instruments – Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The standard requires all recognized financial assets that are within the scope of PAS 39 to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flow that are solely for payments of principal and interest on the outstanding balance are generally measured at amortized cost at the end of subsequent reporting periods. All other debts investments and equity investments are measured at their fair values at the end of subsequent reporting periods. For financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that are attributable to changes in the credit risk of that liability is presented in other comprehensive income would create or increase as accounting mismatch in profit or loss. Changes in fair value attributable to a financial

liability's credit risk are not subsequently reclassified to profit or loss. The Company has adopted the PFRS 9 Financial Instruments from January 1, 2018 and resulted in changes in accounting policies and adjusted amounts recognized in the financial statements. The comparative figures have been restated to comply with the transitional provisions in PFRS 9.

## **PART II – OTHER INFORMATION**

### **(1) Market Information**

The principal market of Wellex Industries Inc. common equity is the Philippine Stock Exchange, Inc. (PSE) where it was listed in 1958. List of the high and low sales price by quarter for the last 3 years are as follows:

		High	Low
2026	First Quarter	0.290	0.290
2025	First Quarter	0.270	0.270
	Second Quarter	0.250	0.250
	Third Quarter	0.275	0.275
	Fourth Quarter	0.260	0.260
2024	First Quarter	0.240	0.240
	Second Quarter	0.260	0.260
	Third Quarter	0.211	0.211
	Fourth Quarter	0.212	0.212
2023	First Quarter	0.260	0.230
	Second Quarter	0.222	0.222
	Third Quarter	0.275	0.270
	Fourth Quarter	0.230	0.230

The high, low and close price information as of May 7, 2026, the last practicable trading date, was ₱0.295, ₱0.295 and ₱0.295 per share, respectively.

**(2) Holders**

The numbers of shareholders of record as of March 31, 2026 were 999. Common shares issued and subscribed as of March 31, 2026 were 3,276,035,637.

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

	<b>STOCKHOLDER'S NAME</b>	<b>NATIONALITY</b>	<b>SUBSCRIBED STOCKS</b>	<b>% TO TOTAL</b>
1	PCD NOMINEE CORP.	FILIPINO	943,904,409	28.848
2	WILLIAM T. GATCHALIAN	FILIPINO	835,000,100	25.520
3	DEE HUA T. GATCHALIAN	FILIPINO	492,962,532	15.066
4	SHERWIN T. GATCHALIAN	FILIPINO	317,750,100	9.711
5	SHINJI KOBAYASHI	FILIPINO	210,650,000	6.438
6	ELVIRA A. TING	FILIPINO	111,850,000	3.418
7	KENNETH T. GATCHALIAN	FILIPINO	100,000,100	3.056
8	THE WELLEX GROUP, INC.	FILIPINO	80,000,000	2.445
9	RECOVERY DEVELOPMENT CORP.	FILIPINO	52,335,090	1.600
10	PACIFIC REHOUSE CORPORATION	FILIPINO	50,000,000	1.528
11	ORIENT PACIFIC CORPORATION	FILIPINO	36,340,000	1.111
12	PCD NOMINEE CORP. (NON-FILIPINO)	OTHERS	21,240,036	0.649
13	WELLEX GLOBAL EQUITIES, INC.	FILIPINO	4,050,000	0.124
14	INTERNATIONAL POLYMER CORP.	FILIPINO	2,700,000	0.083
15	SOLAR SECURITIES, INC.	FILIPINO	2,500,000	0.076
16	JOAQUIN EUGENIO MATTHEW S. CHIPECO III	FILIPINO	1,660,000	0.051
17	RODOLFO S. ETRELLADO	FILIPINO	750,000	0.023
18	PROBITY SEC. MGT. CORP.	FILIPINO	463,200	0.014
19	RICHARD L. RICARDO	FILIPINO	460,000	0.014
20	REGINA CAPITAL DEVELOPMENT CORPORATION	FILIPINO	300,000	0.009

**SIGNATURES**

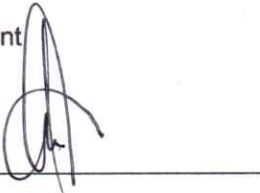
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **WELLEX INDUSTRIES, INC.**

Signature 

Richard L. Ricardo

Title President

Signature 

Annabelle T. Abunda

Title Finance and Compliance Officer

Date MAY 08 2026

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Financial Position**

**ANNEX A.1**

		<b>Unaudited 31-Mar-26</b>	Unaudited 31-Mar-25	Audited 31-Dec-25
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	4	<b>₱2,367,720</b>	₱10,384,243	₱5,096,638
Trade and other receivables (net)	5	<b>36,808,800</b>	36,723,308	30,736,176
Prepayments and other current assets	6	<b>17,979,941</b>	17,683,868	17,495,113
		<b>57,156,461</b>	64,791,419	53,327,927
<b>Noncurrent Assets</b>				
Financial Assets at FVOCI	7	<b>11,993,750</b>	11,993,750	11,993,750
Advances to related parties (net)	18	<b>30,881,690</b>	36,129,301	29,155,628
Investment properties (net)	8	<b>1,189,041,437</b>	1,189,426,428	1,188,686,486
Interest in joint operation (net)	9	<b>522,916,369</b>	522,916,369	522,916,369
Property and equipment (net)	10	<b>109,303</b>	370,473	140,481
Deferred Asset		<b>11,732</b>	46,210	11,732
Other assets		<b>103,674</b>	95,844	103,674
		<b>1,755,057,955</b>	1,760,978,375	1,753,008,120
<b>TOTAL ASSETS</b>		<b>1,812,214,416</b>	1,825,769,794	1,806,336,047
<b>LIABILITES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable and other liabilities	11	<b>9,336,028</b>	9,947,208	7,132,028
Advances from lessees	19	<b>2,893,062</b>	5,715,459	2,893,062
Lease Liability	18	<b>46,930</b>	137,908	46,930
		<b>12,276,020</b>	15,800,575	10,072,020
<b>Noncurrent Liabilities</b>				
Advances from related parties	18	<b>412,227,366</b>	409,444,666	404,216,901
Retirement benefits obligation	17	<b>959,100</b>	917,400	959,100
Lease Liability - noncurrent	18	<b>–</b>	46,930	–
Deferred Tax Liability		<b>11,373</b>	45,489	11,373
		<b>413,197,839</b>	410,454,485	405,187,374
		<b>425,473,859</b>	426,255,060	415,259,394
<b>Equity</b>				
Capital stock	13	<b>3,276,045,637</b>	3,276,045,637	3,276,045,637
Additional paid-in capital	13	<b>24,492,801</b>	24,492,801	24,492,801
Unrealized fair value loss on financial assets at FVOCI		<b>(506,250)</b>	(506,250)	(506,250)
Deficit		<b>(1,913,281,631)</b>	(1,900,507,454)	(1,908,945,535)
		<b>1,386,750,557</b>	1,399,524,734	1,391,086,653
Treasury stock	13	<b>(10,000)</b>	(10,000)	(10,000)
		<b>1,386,740,557</b>	1,399,514,734	1,391,076,653
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱1,812,214,416</b>	₱1,825,769,794	₱1,806,336,047

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**

**ANNEX A.2**

		<b>Unaudited Jan - Mar 2026</b>	Unaudited Jan - Mar 2025	Audited Dec 31 2025
<b>RENTAL INCOME</b>		<b>₱4,263,254</b>	₱7,741,707	₱24,003,357
<b>DIRECT COSTS AND EXPENSES</b>	<b>13</b>	<b>766,397</b>	839,951	8,002,206
<b>GROSS PROFIT</b>		<b>3,496,857</b>	6,901,756	16,001,151
<b>OPERATING EXPENSES</b>	<b>14</b>	<b>7,914,302</b>	9,670,750	25,550,427
<b>LOSS FROM OPERATIONS</b>		<b>(4,417,445)</b>	(2,768,994)	(9,549,276)
<b>OTHER INCOME/(EXPENSE) (net)</b>	<b>15</b>	<b>81,349</b>	83,154	900,138
<b>FINANCE COSTS</b>		-	-	(772,560)
<b>LOSS BEFORE TAX</b>		<b>(4,336,096)</b>	(2,685,840)	(9,421,698)
<b>INCOME TAX (EXPENSE) BENEFITS</b>		-	-	(1,702,223)
<b>NET LOSS FOR THE PERIOD</b>		<b>(4,336,096)</b>	(2,685,840)	(11,123,921)
<b>OTHER COMPREHENSIVE LOSS</b>				
Item that will not be reclassified subsequently to profit or loss:				
Unrealized fair value loss on financial assets at FVOCI – note 7		-	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>(₱4,336,096)</b>	(₱2,685,840)	(₱11,123,921)
<b>LOSS PER SHARE</b>		<b>(₱0.0013)</b>	(₱0.0008)	(₱0.0034)

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**

**ANNEX A.3**

	<b>Unaudited</b> <b>31-Mar-26</b>	Unaudited 31-Mar-25	Audited 31-Dec-25
<b>CAPITAL STOCK</b>	<b>₱3,276,045,637</b>	₱3,276,045,637	₱3,276,045,637
<b>ADDITIONAL PAID-IN CAPITAL</b>	<b>24,492,801</b>	24,492,801	24,492,801
<b>UNREALIZED FAIR VALUE LOSS ON FINANCIAL ASSETS AT FVOCI</b>	<b>(506,250)</b>	(506,250)	(506,250)
<b>DEFICIT</b>			
Balance at beginning of the period	<b>(1,908,945,535)</b>	(1,897,821,614)	(1,897,821,614)
Net loss for the period	<b>(4,336,096)</b>	(2,685,840)	(11,123,921)
Balance at end of the period	<b>(1,913,281,631)</b>	(1,900,507,454)	(1,908,945,535)
<b>TREASURY STOCK</b>	<b>(10,000)</b>	(10,000)	(10,000)
<b>TOTAL EQUITY</b>	<b>₱1,386,740,557</b>	₱1,399,514,734	₱1,391,076,653

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**

**ANNEX A.4**

	Unaudited Mar 31, 2026	Unaudited Mar 31, 2025	Audited December 31, 2025
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income/(Loss) before tax	(P4,336,096)	(P2,685,840)	(P9,421,698)
Adjustments for:			
Depreciation	797,573	797,573	3,068,318
Provision for (reversal of) ECL on:			
Trade and Receivables	-	-	41,221
Provision for retirement benefits	-	-	41,700
Finance costs	-	-	772,560
Interest income	(991)	(2,797)	(941,359)
Operating income (loss) before working capital changes	(3,539,514)	(1,891,064)	(6,439,258)
Decrease (increase) in:			
Trade and other receivables	(6,072,624)	(6,219,985)	(274,074)
Prepayments and other assets	(484,828)	(498,058)	(400,558)
Increase (decrease) in:			
Accounts payable and other liabilities	2,204,000	1,509,353	(1,214,571)
Advances from lessees	-	57,010	(2,765,387)
Net cash generated from (used in) operations	(7,892,966)	(7,042,744)	(11,093,848)
Interest received	991	2,797	9,794
Income tax paid	-	-	(1,701,862)
Net cash provided by (used in) operating activities	(7,891,975)	(7,039,947)	(12,785,916)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Collection (grant) of advances to related parties	(1,726,062)	(1,792,789)	6,112,449
Additions to investment property	(1,121,316)	-	(1,300,813)
Additions to other assets	-	-	(7,830)
Net cash provided by (used in) investing activities	(2,847,378)	(1,792,789)	4,803,806
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Additional advances from related parties	8,010,435	6,556,525	568,294
Payment of lease liability	-	-	(150,000)
Finance cost paid	-	-	-
Net cash provided by (used in) financing activities	8,010,435	6,556,525	418,294
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(2,728,918)</b>	<b>(2,276,211)</b>	<b>(7,563,816)</b>
<b>CASH</b>			
At beginning of year	5,096,638	12,660,454	12,660,454
At end of year	P2,367,720	P10,384,243	P5,096,638

*(The accompanying notes are an integral part of these consolidated financial statements.)*

## **1. CORPORATE INFORMATION, STATUS OF OPERATIONS AND MANAGEMENT PLANS**

### **Corporate Information**

Wellex Industries Incorporated (the 'Parent Company') was incorporated in the Philippines on October 19, 1956. The Parent Company engaged primarily in the business of mining and oil exploration and was known as Republic Resources and Development Corporation (REDECO). The Parent Company extended its corporate life for another 50 years up to October 19, 2056 which was approved by the Securities and Exchange Commission (SEC) on July 20, 2007.

The Parent Company's shares are listed and traded in the Philippine Stock Exchange (PSE).

The Parent Company wholly owns Plastic City Industrial Corporation (PCIC). PCIC ceased its manufacturing operations but PCIC subsidiaries have leased out their warehouse and building facilities.

The financial position and results of operations of the Parent Company and its Subsidiaries, (herein referred to as the 'Group') are consolidated in these financial statements.

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

### **Status of Operations and Management Plans**

For the quarter ended March 31, 2026 and 2025, the Group has incurred losses resulting in a deficit of ₱1,913,281,631 and ₱1,900,507,454, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. Albeit these conditions, management believes that the Group will be able to meet all its outstanding obligations and continue to operate as a going concern.

To continue as a going concern, the officers and major stockholders of the Group have committed to provide full financial support to the Group to sustain its operations, meet the working capital requirements and settle obligations as they fall due.

In prior years, the Parent Company's planned business of mining and oil exploration became secondary to real estate and energy development. On January 28, 2008, the BOD approved the amendment of the Parent Company's primary purpose from a holding company to a company engaged in the business of mining and oil exploration.

The purpose of the amendment of the primary purpose was to enable the Parent Company to ride the crest of a resurgent mining industry and including oil exploration of the country's offshore oil fields. The Parent Company's strategy is to identify mining properties with proven mineral deposits particularly nickel, chromite, gold and copper covered by Mineral Production Sharing Agreements (MPSAs) and to negotiate for either a buy-out or enter into a viable joint venture arrangement. For its oil and mineral exploration activities, the Parent Company has identified and conducted initial discussions with potential investors.

However, the continuing global financial crises dampened the metal and oil prices that adversely affected the investment environment of mining and oil, and mineral exploration industry of the country. To finance its operating expenses, the Parent Company obtains advances from related parties.

The Group has put on hold its plan to acquire a mining company with an existing Mineral Product Service Agreement (MPSA) with the Mines and Geosciences Bureau (MGB). This is due to the stringent requirements that the Department of Environment and Natural Resources (DENR) had placed on several dominant mining companies and the subsequent business slowdown in the industry as a result thereof.

### *Redevelopment of the Plastic City Complex in Valenzuela*

On December 17, 2012, the Group and other related parties entered into a Memorandum of Agreement (MOA) with Avida Land Corp (ALC) for the development of 21.3 hectares of land located in Valenzuela City into a residential clusters of condominium, townhouses, house and lots. Out of the total 21.3 hectares, 12.8 hectares (representing 60% of the aggregate area) was owned by the Group and its affiliates and around 8.47 hectares were owned by related parties.

By virtue of a Rescission Agreement dated November 29, 2019, the Group elected not to pursue their Agreement with ALC for the development of the real estate. The project will now be undertaken in a joint venture with Philippine Estate Corporation (PHES), an affiliate, and will involve the conversion of the industrial state into a mixed-use hub with complimentary commercial, office and residential zones. The Parent Company is certain that this shift in character will greatly increase the value of the property and will encourage the development and growth of a new Central Business District of Valenzuela City. The commencement of the redevelopment, however, will depend on the strengthening of real estate demand for mid-market projects.

### *Business and Operations*

Based on current operation, the Group's cash requirements can be generated internally from rental income from the remaining lease contracts of its subsidiaries. The management believes that resources are sufficient for projected leasing plans for the next twelve months. However, should there be an opportunity for an interested business acquisition as related above, there might be a need to raise funds via a stock rights offering with the local course. In any case, the Group has substantial amount of advances to related parties which are realizable upon demand.

The Group will explore new business opportunities in the development of industrial estates and logistics hubs, and to this end, ocular inspections for suitable raw land for development into industrial estates are being carried out in Cavite, Laguna, Batangas and Bulacan. Discussions have been carried out with local government city planning officials in order to determine which sites are candidates for long-term success and the Group is in constant communication with urban planners and construction engineers in order to fully understand the financial feasibility models for the development of these industrial estates and logistics hubs.

In addition, due to high demand for indoor sports hub for sports like badminton and pickle ball nowadays, management is eyeing to convert its unused land and vacated warehouses in Valenzuela into indoor sports hub for rent to sports enthusiasts.

Project manpower will be outsourced when the operations commence and as the need arises. Technical and managerial positions will be filled when future operations commence in either the mining sector or industrial estate development. A capital-infusion and build-up program will address the Group's financial standing, the size and timing of which will be directly related to the planned entry into new business endeavors.

Despite the stabilization of global travel and renewed business interest in the Philippines, new territorial issues with claim have risen at the West Philippine Sea. This, together with economic turbulence brought about by the war in Ukraine, Venezuelan conflict and the civil unrest in Iran, has made management cautious about entering into new business ventures.

Consequently, the Group's consolidated financial statements have been prepared assuming that the Parent Company will continue as a going concern. The Group's consolidated financial statements do not include any adjustments relating to the recoverability and classification of the recorded assets or the recognition and classification of liabilities that might result from the outcome of this uncertainty.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

### **Statement of Compliance**

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS,

Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

### **Basis of Preparation**

The consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique.

### **Functional and Presentation Currency**

The consolidated financial statements are presented in Philippine peso (₱), the Group's functional currency. All amounts are rounded to the nearest peso except when otherwise indicated.

### **Current and Non-Current Classification**

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current 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 twelve months after the reporting period; or
- cash or cash equivalent 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 non-current.

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.

All other liabilities are classified as non-current.

Deferred tax assets and tax liability are classified as non-current assets and non-liabilities, respectively.

### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Parent Company and subsidiaries it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Parent Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. 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 Group's voting rights and potential voting rights.

Consolidation of subsidiaries begins when the Parent Company obtains control over the subsidiaries and ceases when the Parent Company loses control of the subsidiaries. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiaries.

The financial statements of the subsidiaries are prepared for the same reporting year, using accounting policies that are consistent with those of the Parent Company. Intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Changes in the ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions.

If the Parent Company loses control over its subsidiaries, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in consolidated statements of comprehensive income.

### Composition of the Group

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at March 31, 2026 and 2025. The details of its subsidiaries are as follows:

Subsidiaries	Principal Activity	Ownership	
		2025	2024
Direct Ownership			
PCIC	Manufacturing	100%	100%
Indirect Ownership (Subsidiaries of PCIC)			
ICC	Manufacturing	100%	100%
KCC	Manufacturing	100%	100%
PPC	Manufacturing	100%	100%
Rexlon Industrial Corporation (RIC)	Manufacturing	100%	100%

#### a) Direct ownership

##### *PCIC*

PCIC and its subsidiaries have ceased operations but have leased out their warehouse facilities. The intention of the Group is to continue its operation by focusing on “injection molding” due to its very encouraging prospect and which has shown to have a high viability rating that will contribute highly towards the Group’s maximum operation and financial position. Management is continuously in search for reliable joint venture partners who have the means to continue its operations.

#### b) Indirect ownership

##### *ICC*

ICC was incorporated in the Philippines and registered with the SEC on June 23, 1981, primarily to engage in the manufacture of plastic containers. The Company ceased its commercial operations on July 30, 2000, and has leased out its buildings as warehouses.

##### *KCC*

KCC was incorporated in the Philippines and registered with the SEC on February 14, 1983. The Company was established to manufacture all kinds of plastic containers. The Company ceased its commercial operations on April 30, 2002, and has leased out its buildings as warehouses.

##### *PPC*

PPC was incorporated in the Philippines and registered with the SEC on October 1, 1982. The Company was established primarily to manufacture plastic raw materials, rigid and non-rigid plastic products, plastic compounds, derivatives and other related chemical substances. The Company ceased its commercial operations on May 16, 2002, and has leased out its buildings as warehouses.

##### *RIC*

RIC was incorporated in the Philippines and registered with the SEC on October 9, 1984. The Company was engaged in the business of manufacturing and molding plastic products. The Company ceased its commercial operations on April 30, 2002.

### Changes in Accounting Policies and Disclosures

The Group adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2025.

*Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1).* The narrow-scope amendments to PAS 1, Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.

The amendments affect only the presentation of liabilities as current or non-current in the statements of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

*Noncurrent Liabilities with Covenants (Amendments to PAS 1).* The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as either current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2025. The management assessed that the amendments have no significant impact to the Group.

*Lease Liability in a Sale and Leaseback (Amendments to PFRS 16).* The amendment clarifies the how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments to PFRS 16 specifies that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, the following lease modification or change in the lease term) applying the general requirements in PFRS16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. The amendments are effective for annual periods beginning on or after January 1, 2025. The management assessed that the amendments have no significant impact to the Group.

*Cash Flow Statements and PFRS 7 (Amendments), Financial Instruments: Disclosures – Supplier Finance Agreements.* The amendment does not define supplier finance arrangements. Instead, the amendment describes the characteristics of an arrangement for which an entity is required to provide information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements. The entities will have to disclose in the notes information that enable users of the financial statements to assess how supplier finance arrangements affect an entities' liabilities and cash flows and understand its effects on exposure to liquidity risk and how the entity may be affected if the arrangements were no longer available.

The amendments are effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.

The amendments contain specific transition provisions for the first annual reporting period in which the group applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments.
- the information otherwise required by PAS as at the beginning of the annual reporting period in which the entity first applies those amendments.

The management assessed that the amendments have no significant impact to the Group.

## **New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to January 1, 2025**

*The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability.* The amendment specifies that a currency is exchangeable when an entity can exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at measurement date and for a specified purpose while a currency is not exchangeable into other currency if an entity can only obtain an insignificant amount of the other currency. When a currency is not exchangeable, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions. The amendment requires the disclosure of additional information when a currency is not exchangeable.

The amendment is effective for annual periods beginning on or after January 1, 2025, with earlier application permitted. The Management assessed that the application of these amendments will not have an impact on the Group's consolidated financial statements in the future periods.

PFRS 18, Presentation and Disclosure in Financial Statements. This standard supersedes PAS 1, Presentation of Financial Statements, and sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The standard requires an entity to clearly identify the financial statements, which must be distinguished from other information in the same published document, as well as each primary financial statement and the notes to the financial statements. In addition, the following information must be displayed prominently, and repeated as necessary:

- the name of the reporting entity and any change in the name
- whether the financial statements are a group of entities or an individual entity
- information about the reporting period
- the presentation currency (as defined by PAS 21, The Effects of Changes in Foreign Exchange Rates)
- the level of rounding used (e.g., thousands, millions).

Retrospective application of the standard is mandatory for annual reporting periods starting from January 1, 2027 onwards but earlier application is permitted provided that this fact is disclosed. The Management assessed that the application of these amendments will have an impact on the Group's consolidated financial statements in future periods.

PFRS 18 supersedes PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements with movements on certain paragraphs into PAS 8 and PFRS 7. Furthermore, there were also minor amendments to PAS 7 and PAS 33 earnings per share. The new standard introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

The amendment is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies PFRS 18.

The Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

*PFRS 19, Subsidiaries without Public Accountability: Disclosures.* The standard specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other PFRS. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate.

A subsidiary has public accountability if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or it holds assets in a

fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

An entity electing to apply PFRS 19 applies the requirements in other PFRS, except for the disclosure requirements. Instead of the disclosure requirements, the entity applies the requirements in PFRS 19. Therefore, an entity applying PFRS 19 is not required to apply the disclosure requirements in other PFRS nor apply any statements about, or references to, those disclosure requirements except for certain exceptions. An entity is required to consider whether to provide additional disclosures when compliance with the specific requirements in PFRS 19 is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity's financial position and financial performance.

The new standard is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted provided that this fact is disclosed.

The management assessed that the amendments are not applicable to the Group.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7). The amendments address matters identified during the post-implementation review of the classification and measurement requirements of PFRS 9, Financial Instruments. The amendments include:

- a) derecognition of financial liability settled through electronic transfer - The amendments to the application guidance of PFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- b) classification of financial assets - The amendments provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement, enhance description of the term 'non-recourse' and clarify the characteristics of contractually linked instruments that distinguish them from other transactions.
- c) disclosures - The requirements in PFRS 7 are amended for disclosures that an entity provides in respect of investments in equity instruments designated at fair value through other comprehensive income. The amendments also require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or nonoccurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

The amendments also include amendments to *PFRS 19, Subsidiaries without Public Accountability: Disclosures*, which limit the disclosure requirements for qualifying subsidiaries.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted provided that this fact is disclosed.

*Annual Improvements to PFRS — Volume 11*. The pronouncement comprises the following amendments:

- PFRS 1: Hedge accounting by a first-time adopter - The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9 Financial Instruments.
- PFRS 7: Gain or loss on derecognition - The amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13 Fair Value Measurement was issued.
- PFRS 7: Disclosure of deferred difference between fair value and transaction price – The amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- PFRS 7: Introduction and credit risk disclosures - The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- PFRS 9: Lessee derecognition of lease liabilities - The amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a

lessee's lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.

- PFRS 9: Transaction price - The amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15 Revenue from Contracts with Customers while term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- PFRS 10: Determination of a 'de facto agent' - The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- PAS 7: Cost method - The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted provided that this fact is disclosed.

The Group has not early adopted the previously mentioned new, amended and improved accounting standards and interpretations. The Group continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to January 1, 2024 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

#### **Determination of Fair Value and Fair Value Hierarchy**

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

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Group determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

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

Fair value measurement disclosures of financial and non-financial assets are presented in Note 24 to the consolidated financial statements.

#### **“Day 1” Difference**

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

#### **Financial Instruments**

##### *Initial Recognition, Measurement and Classification*

The Group recognizes financial assets and financial liabilities in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

With the exception of trade receivables that do not contain a significant financing component, financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred. Trade receivables that do not contain a significant financing component are recognized initially at their transaction price.

The Group classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL.

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing the financial assets. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method or at FVPL.

The Group does not have any financial instruments that are measured and classified at FVPL.

##### *Financial Assets at Amortized Cost*

Financial assets are measured at amortized when 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 measurement, financial assets at amortized cost are subsequently measured using the effective interest method less allowance for impairment. Gains and losses are recognized in the statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within twelve (12) months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at March 31, 2026 and 2025, included under financial assets at amortized cost are the Group's cash, trade and other receivables, and advances to related parties (see Notes 4, 5 and 20).

#### *Cash*

The Group's cash includes cash on hand and in banks. Cash in banks earn interest at respective bank deposit rates.

#### *Trade and other receivables*

Receivables consist of trade receivable, advances to third parties, rental receivable and utilities receivable.

#### *Advances to related parties*

Represent non-interest bearing cash advances to related parties for working capital requirements.

#### *Equity Instruments Designated at FVOCI*

Upon initial recognition, the Group may make an irrevocable election to present in other comprehensive income changes in the fair value of an equity investment that is not held for trading. The classification is determined on an instrument-by-instrument basis.

When the equity instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred to retained earnings. Dividends on such investments are recognized in profit or loss when the right of payment has been established, except when the dividends represent a recovery of part of the cost of the investment, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. These financial assets are classified as noncurrent assets.

As at March 31, 2026 and 2025, the Group elected to classify irrevocably its unquoted equity investments under this category (see Note 7).

#### *Financial Liabilities at Amortized Cost*

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at March 31, 2026 and 2025, included in financial liabilities at amortized cost are the Group's accounts payable and other liabilities, borrowings, advances from related parties, lease liability and advances from lessees (see Notes 11, 12, 20 and 22).

#### *Accounts payable and other liabilities*

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other current liabilities include non-trade payables and accrued expenses.

#### *Advances from related parties*

Represents cash advances to related parties for working capital requirements.

#### *Advances from lessees*

Represent payment of advance rental which shall be refunded without interest on the expiration of the lease or pre-termination of the lease period.

#### *Borrowings*

Borrowings are recognized initially at the transaction price which is composed of the present value of cash payable to the bank, including transaction costs. Borrowings are subsequently stated at amortized cost.

All borrowing costs are recognized as an expense in profit or loss in the period incurred. Borrowing costs are recognized on the basis of the effective interest method and are included under 'Finance costs' in the consolidated statements of comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### *Lease liability*

Lease liability represents the Group's obligation to make lease payments for all leases with a term of more than twelve (12) months, unless the underlying asset is of low value is effectively treated as a financial liability which is measured at amortized cost, using its incremental borrowing rate as the discount rate.

#### **Offsetting of Financial Instruments**

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

#### **Derecognition of Financial Instruments**

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the 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 was discharged, cancelled or has expired.

Where 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 statement of comprehensive income.

#### **Impairment of Financial Assets**

The Group recognizes an allowance for ECL for all debt instruments that are measured at amortized cost or at FVOCI. ECL is a probability-weighted estimate of credit losses over the expected life of the financial asset.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECL. For credit exposures for which there has not been a significant increase in

credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve (12) months after the reporting period.

For trade and other receivables, the Group applies a simplified in calculating ECL. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

For advances to third parties and related parties, the Group applies a general approach in calculating ECL. The Company recognizes a loss allowance using management's adopted policy on ECL at the end of each reporting period.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Group recognizes impairment loss (reversals) in consolidated statements of comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

#### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are one (1) day past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group)

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one (1) year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### *Write-off policy*

The Group writes-off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and contract assets, when the amounts are over five (5) years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in consolidated statements of comprehensive income.

#### **Prepayments and Other Current Assets**

Prepayments are expenses paid in advance and recorded as asset before they are utilized. Prepayments are initially recognized at cost and subsequently measured at cost less any utilized portion and impairment loss. This account comprises prepaid items which are apportioned over the period covered by the payment and charged to the appropriate accounts in the consolidated statements of comprehensive income when incurred.

Prepayments that are expected to be realized for not more than twelve (12) months after the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. Prepaid expenses are derecognized upon consumption and usage.

#### *Input value-added tax (VAT) and Other Prepaid Taxes*

Input VAT is the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person. Creditable withholding tax pertains to taxes withheld by the customers upon payment and is to be deducted from income tax payable of the Group.

The Group's input tax and other prepaid taxes are initially recognized at face value and subsequently measured at face value less provision for impairment, if any. Allowance for unrecoverable input tax and other prepaid taxes, if any, are maintained by the Group at a level considered adequate to provide for potential uncollectible portion of the claims. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment loss.

#### **Property and Equipment**

Property and equipment are tangible assets that are held for use supply of services, for rental to others, or for administrative purposes, and are expected to be used during more than one (1) period.

Property and equipment are initially measured at cost. The cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location of its intended use.

Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and any impairment in value.

Expenses that provide incremental future economic benefits to the Group are added to the carrying amount of an item of property and equipment. All other expenses are recognized in the consolidated statements of comprehensive income as incurred.

Depreciation of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the estimated useful life of property and equipment as follows:

	In Years
Buildings and improvements	5 to 50
Machinery and equipment	4 to 32
Transportation equipment and tools	5 to 10
Furniture and fixtures	3 to 10
Right-of-use Asset	2

The useful lives and depreciation method are reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations. Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

#### **Investment Properties**

Investment properties are for rental and capital appreciation, and not occupied by the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties (except land) are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value.

Expenses that provide incremental future economic benefits to the Group are added to the carrying amount of an item of property and equipment. All other expenses are recognized in the consolidated statements of comprehensive income as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	In Years
Buildings and improvements	50
Land improvements	5

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

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation and commencement of an operating lease to another party. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

### **Interest in Joint Operation**

The Group has entered into joint operations for the development of properties.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the PFRS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

### **Impairment of Non-Financial Assets**

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at 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 which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is

estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increase to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

### **Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are measured (initial and subsequent) at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### *Capital stock*

Capital stock represents the par value of the shares of the Parent Company that are issued and outstanding as of reporting date.

#### *Additional paid-in Capital*

Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

#### *Treasury shares*

Treasury shares are own equity instruments which are reacquired and are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Treasury shares represent capital stock of the Parent Company that is owned by its subsidiary.

#### *Deficit*

Deficit includes all current and prior period results of operation as disclosed in the consolidated statements of comprehensive income.

### **Revenue Recognition**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the entity and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided in the normal course of business.

#### *Rental income*

Rental from investment properties that is leased to a third party under an operating lease is recognized in the consolidated statements of comprehensive income on a straight-line basis over the lease term. Rental received in advance is treated as advances from lessees and recognized as income when actually earned.

#### *Interest income*

Interest income is accrued on a time proportion basis, by reference to the principal amount outstanding and at the effective interest rate applicable.

#### *Other income*

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably.

## **Expense Recognition**

Cost and expenses are recognized in the consolidated statements of comprehensive income when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses in the consolidated statements of comprehensive income are presented using the functional method.

### *Direct cost and expenses*

Direct cost and expenses are recognized as expense when the related services are rendered.

### *Operating expenses*

Operating expenses constitute costs of operating and administering the business and are expensed as incurred.

## **Income Tax**

The tax expense for the period comprises current tax only. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates and laws, in the period the temporary difference is expected to be recovered or settled, that have been enacted or substantively enacted as at reporting period.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date the Group reassesses the need to recognize previously unrecognized deferred income tax asset.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **Leases**

### **Group as Lessee**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group applies the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

#### *Group as Lessor*

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating lease. Lease income from operating lease is recognized in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Group is a party to operating leases as a lessor. Rentals received under operating leases are charged to consolidated statements of comprehensive income (net of any incentives).

#### **Related Party Relationships and Transactions**

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; and (b) when any of the following conditions apply: (i) the entity and the Group are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the Group; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the Group or to the parent of the Company; (viii) a person identified in (a) 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.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely the legal form.

#### **Retirement Benefits Obligation**

The Group has no formal retirement plan for its employees as it does not meet the minimum number of employees required for the establishment of a retirement benefit plan, but accrues the estimated cost of retirement benefits required by the provisions of Republic Act (RA) No. 7641 (Retirement Law). Under RA 7641, the Group is required to provide minimum retirement benefits to qualified employees. The

retirement cost accrued includes current service cost and estimated past service cost as determined under RA 7641.

### **Segment Reporting**

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Operating segments are reported on the basis upon which the Group reports its primary segment information. Financial information on business segments is presented in Note 21.

### **Earnings (Loss) Per Share**

Earnings (loss) per share are determined by dividing net income (loss) for the year by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Group and held as treasury shares.

### **Provisions and Contingencies**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the consolidated statements of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the 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 consolidated financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

### **Events After the Reporting Date**

The Group identifies post-year events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

### **3. MATERIAL ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTION**

The preparation of the Group's consolidated financial statements requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements. These judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group believes the following represent a summary of these significant judgments and estimate and related impact and associated risks in the consolidated financial statements.

## **Material Accounting Judgments in Applying the Group's Accounting**

In the process of applying the Group's accounting policies, management has made the following judgments apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

### *Leases*

#### *Group as lessee*

The Group has entered into contract of lease for its office space it occupies. In determining the substance of the lease, the Group considered, among others, whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Based on management judgment, the Group's lease for its office space has substance of lease, thus, the Group recognized right-of-use asset representing the right to use the leased asset and lease liability representing its obligation to make lease payments.

#### *Group as lessor*

The Group has entered into property leases on its buildings classified as investment properties. The Group has determined that it retains all significant risks and rewards of ownership of the property as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as non-cancellable operating leases. In determining whether a lease contract is non-cancellable, the Group considers the provisions in the lease contract which among others, the payment of rental corresponding to the unexpired portion of the lease period. The Group accounts the lease of its buildings under operating lease in accordance with the provision of lease contract and terms of the lease.

#### *Distinction between investment properties and interest in joint operation*

The Group determines whether a property contributed to joint venture operations will be classified as investment properties or investment in joint venture. In making this judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group or whether it will be retained as part of the Group's asset and treated as the Group's share in the joint venture, based on the provisions governing the joint venture agreement. The Group considers land contributed to the joint venture as its investment. The Group, in the normal course of business does not hold the property to earn rentals or for capital appreciation; accordingly, land invested in the joint venture is classified as interest in joint operation (see Note 9).

#### *Realizability of input VAT*

The Group reviews and assesses its input VAT for its recoverability. Factors which primarily affect the recoverability include the completeness of the supporting documentation, entitlement to claim VAT paid as input tax credit against output tax liabilities and future vatable revenue. As at March 31, 2026 and 2025, the Group assessed that its input VAT is recoverable in future periods.

The Group's input VAT amounted to ₱6,197,336 and ₱5,164,901 as at March 31, 2026 and 2025, respectively (see Note 6).

#### *Operating segments*

The Group is organized and managed separately according to the nature of business. The Group reports its segment information according to its activities. Reportable segment operation pertains to the Group's leasing activity, while the non-reportable segment operation pertains to manufacturing operation, and mining and oil exploration.

#### *Provisions and contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.

## **Significant Accounting Estimates and Assumptions**

### *Determination of ECL on trade and other receivables, and advances to related parties*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 22.

The carrying amount of the Group's trade and other receivables amounted to ₱36,808,800 and ₱36,723,308 as at March 31, 2026 and 2025, respectively. Allowance for ECL recognized in the statements of financial position amounted to ₱82,324,388 and ₱82,323,278 as at March 31, 2026 and 2025, respectively (see Note 5).

The carrying amount of the Group's advances to related parties amounted to ₱30,881,690 and ₱36,129,301 as at March 31, 2026 and 2025, respectively. Allowance for ECL recognized in the statements of financial position amounted to ₱7,860,250 as at March 31, 2026 and 2025, respectively (see Note 18).

*Useful lives of property and equipment, and investment properties*

The Group estimates the useful lives of property and equipment, and investment properties, except land, are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed and updated if expectations differ from previous estimates due to physical wear and tear. The estimation of the useful lives of the property and equipment, and investment properties is based on a collective assessment of industry practice and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment, and investment properties would increase recorded operating expenses and decrease noncurrent assets.

The net carrying values of the Group's investment properties (except land) and property and equipment as at March 31, 2026 and 2025 are as follows:

	2026	2025
Property and equipment	₱109,303	₱370,473
Investment properties	36,808,426	39,615,574
	<b>₱36,917,729</b>	<b>₱39,986,047</b>

*Impairment of non-financial assets*

Non-financial assets are periodically reviewed to determine any indication of impairment. Though management believes that the assumptions used in the estimation of fair values are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

The accumulated impairment losses on investment properties, investment in joint venture, and property and equipment amounted to ₱365,169,438 and ₱365,169,438 as at March 31, 2026 and 2025, respectively (see Notes 8, 9 and 10).

*Retirement benefits obligation*

The determination of the Group's obligation and cost of pension benefits is dependent on certain assumptions used by management in calculating such amounts. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation. In estimating the Group's retirement benefit obligation, the Group used the minimum required retirement payment of 22 ½ days for every year of service as mandated by RA 7641. The Group also considers the employee's current salary rate and the employees' number of service years.

Retirement benefits obligation as at March 31, 2026 and 2025, amounted to ₱959,100 and ₱917,400, respectively (see Note 17). The Group believes that the retirement benefits obligation and retirement expense would not materially differ had the Group used projected unit credit method for the computation of retirement benefits because of minimal number of employees.

*Deferred tax assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying 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 asset to be utilized. The recognition of deferred tax assets is based on the assessment that the Group will generate sufficient taxable profit to allow all or part of the deferred tax assets will be utilized.

The Group looks at its projected performance in assessing the sufficiency and timing of future taxable income. Based on management assessment, the Group would not be able to realize the deferred tax assets in the near future.

#### 4. CASH

Cash as at March 31 are as follows:

	2026	2025
Cash on hand	<b>₱20,000</b>	₱20,000
Cash in bank	<b>2,347,720</b>	10,364,243
	<b>₱2,367,720</b>	₱10,384,243

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from deposits amounted to ₱991 and ₱2,797 as of March 31, 2026 and 2025, respectively (note 16).

There is no restriction on the Group's cash as at March 31, 2026 and 2025.

#### 5. TRADE AND OTHER RECEIVABLES – net

Trade and other receivables as at March 31 are as follows:

	2026	2025
Advances to third parties	<b>₱111,489,708</b>	₱111,489,708
Receivable from related parties - 18	<b>318,506</b>	318,506
Rental receivable - 19	<b>456,049</b>	28,661
Utilities receivable	<b>236,452</b>	408,112
Others	<b>6,632,473</b>	6,801,599
	<b>119,133,188</b>	119,046,586
Allowance for ECL	<b>(82,324,388)</b>	(82,323,278)
	<b>₱36,808,800</b>	₱36,723,308

Rent Receivable are non-interest bearing and are collectible within thirty (30) days.

Advances to third parties represent receivable from a previously disposed subsidiary.

Other receivables include advances to employees and reimbursable expenses from PCIC subsidiaries' tenants.

Certain trade and other receivables were found to be impaired using the provisional matrix as determined by the management, hence, adequate amounts of allowance for impairment have been recognized

The movement in the allowance for ECL is as follows:

	March 31 2026	March 31 2025	December 31, 2025
Beginning Balance	<b>₱82,324,388</b>	₱82,283,167	₱82,283,167
Provision for ECL	<b>–</b>	40,111	41,221
At end of the period	<b>₱82,324,388</b>	₱82,323,278	₱82,324,388

The Group's trade and receivables as at March 31, 2026 and 2025 are not held as collateral for its liabilities and are free from any encumbrances.

## 6. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and Other Current Assets as at March 31 are as follows:

	2026	2025
Creditable withholding tax	P11,575,683	P12,512,448
Input VAT	6,197,336	5,164,901
Other Prepaid Expenses	206,922	6,519
	<b>P17,979,941</b>	<b>P17,683,868</b>

As at March 31, 2026 and 2025, respectively, no provision for impairment has been recorded since management believes that the accounts are fully realizable.

## 7. FINANCIAL ASSET AT FVOCI

The Group's financial asset at FVOCI consists of investment in unquoted shares of stock amounting to P12,500,000 represents ownership in Bulacan Harbour Dev't. Corp. This investment is irrevocably designated at FVOCI as the Group considers this investment to be strategic in nature and it holds this investment to foreseeable future.

The Group's financial assets at FVOCI as at March 31, 2026 and 2025 are not held as collateral for its financial liabilities.

## 8. INVESTMENT PROPERTIES – net

Details of investment properties as at March 31 are as follows:

March 31, 2026	Land	Land improvement	Building and improvements	Total
<b>Cost</b>				
Beginning	P1,210,621,504	P4,591,637	P312,179,250	1,527,392,391
Additions	–	1,121,316	–	1,121,316
Ending	1,210,621,504	5,712,953	312,179,250	1,528,513,707
<b>Accumulated Depreciation</b>				
Beginning	–	3,290,825	98,006,842	101,297,634
Depreciation	–	–	766,397	766,397
Ending	–	3,290,825	98,773,239	102,064,031
<b>Accumulated impairment loss</b>				
Beginning and end of the year	60,810,650	–	176,597,589	237,408,239
<b>New Carrying amount</b>	<b>P1,149,810,854</b>	<b>P 2,422,128</b>	<b>P36,808,422</b>	<b>P1,189,041,437</b>

March 31, 2025	Land	Land Improvement	Building and improvements	Total
<b>Cost</b>				
Beginning	P1,210,621,504	P3,290,825	P312,179,250	1,526,091,579
Write off	–	–	–	–
Ending	1,210,621,504	3,290,825	312,179,250	1,526,091,579
<b>Accumulated Depreciation</b>				
Beginning	–	3,290,825	95,199,690	98,490,515
Depreciation	–	–	766,397	766,397
Ending	–	3,290,825	95,966,087	99,256,912
<b>Accumulated impairment loss</b>				
Beginning and end of the year	60,810,650	–	176,597,589	237,408,239
<b>New Carrying amount</b>	<b>P1,149,810,854</b>	<b>P –</b>	<b>P39,615,574</b>	<b>P1,189,426,428</b>

Rental income earned on the above investment properties amounted to P4,263,254 and P7,741,707 for the quarters ended March 31, 2026 and 2025, respectively. While direct costs and expenses incurred on

the buildings amounted to ₱0.8 million and ₱0.8 million in March 31, 2026 and 2025, respectively, shown under “Direct costs and expenses” in the statements of comprehensive income (see Note 14).

Fully depreciated investment properties still in use as at March 31, 2026 and 2025 amounted to ₱3,290,824.

The aggregate fair value of the investment properties amounted to ₱4,012,200,013 and ₱4,393,513,600, as at March 31, 2026 and 2025, respectively.

The fair values are based on combination of appraisal done by an independent appraiser on various dates in 2024 and 2022 and using the market approach, in which the fair value is based on prices recently paid for similar assets, with adjustment made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable.

The fair value of the land was arrived using the sales comparison approach. This comparative approach, considers the sales of similar or substitute properties and related market data, and establishes a value estimate by process involving comparison. The value of the building and improvements was arrived at using cost approach. In the cost approach, an estimate is made of the current replacement/reproduction cost, new of the replaceable property in accordance with the prevailing market prices for materials, equipment, labor, contractor’s overhead, profit, fees and all other attendant costs associated with its acquisition, installation and construction in place, but without provision for overtime or bonuses for labor and premiums for materials.

The fair value information of investment properties is disclosed in Note 24.

Except from restrictions described above, there are no other restrictions on the realizability of its investment properties and no other contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

## **9. INTEREST IN JOINT OPERATION – net**

The Group’s investment in joint venture represents land contributed to the Joint Venture.

In July 1997, the Group, together with International Polymer Corp. (IPC), Pacific Rehouse Corp. (PRC) and Ropeman International Corp. (RIC), entered into a Joint Venture Agreement (the “Agreement”) as Owners with Philippine Estates Corporation (PHES), as Developer for the Metrotech Industrial Park. Under the agreement, the owners contributed land with an approximate area of 29.5629 hectares located in Canumay, Valenzuela City, whereby PHES will develop into industrial estate in accordance with the plans mutually agreed by venturers.

The developer is entitled to forty percent (40%) of the net proceeds after deducting all relevant taxes, marketing and administrative expenses, and the remaining sixty percent (60%) of the shall constitute the owners share, divided proportionately to the areas of property contributed.

The carrying amount of joint venture asset is as follows:

	<b>2026</b>	2025
Cost		
At beginning and end of period	<b>₱570,557,369</b>	₱570,557,369
Adjustment	-	-
	<b>570,557,369</b>	570,557,369
Accumulated impairment loss		
At beginning and end of period	<b>47,641,000</b>	47,641,000
<b>Net carrying amounts</b>	<b>₱522,916,369</b>	₱522,916,369

The fair value information of investment in joint operation is disclosed in Note 24.

No liabilities, revenue and expenses recognized in relation to the joint venture for the first quarter of 2026 and 2025.

## 10. PROPERTY AND EQUIPMENT – net

The reconciliation of property and equipment as at March 31 as follows:

	Building and Improvements	Machinery and Equipment	Transportation Equipment and Tools	Furniture and Fixtures	Right-Of-Use Asset	Total
<b>Cost</b>						
At beginning & end of period	₱800,000	₱547,522,657	₱9,917,567	₱10,043,310	₱272,934	₱568,556,468
Additional/Disposal	-	-	-	-	-	-
	800,000	547,522,657	9,917,567	10,043,310	272,934	568,556,468
<b>Accumulated depreciation</b>						
At beginning of period	800,000	467,402,458	9,917,567	9,948,321	227,444	488,295,790
Depreciation	-	-	-	31,176	-	31,176
Balance at end of period	800,000	467,402,458	9,917,567	9,979,497	227,444	488,326,966
<b>Impairment loss</b>						
Balance at beg. and end of period	-	80,120,199	-	-	-	80,120,199
<b>Net carrying amounts, March 31, 2026</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱63,813</b>	<b>₱45,490</b>	<b>₱109,303</b>

	Building and Improvements	Machinery and Equipment	Transportation Equipment and Tools	Furniture and Fixtures	Right-Of-Use Asset	Total
<b>Cost</b>						
At beginning & end of period	₱800,000	₱547,522,657	₱9,917,568	₱10,043,310	₱272,934	₱568,556,468
Additional/Disposal	-	-	-	-	-	-
	800,000	547,522,657	9,917,568	10,043,310	272,934	568,556,468
<b>Accumulated depreciation</b>						
At beginning of period	800,000	467,402,458	9,917,568	9,823,618	90,977	488,034,619
Depreciation	-	-	-	31,176	-	31,176
Balance at end of period	800,000	467,402,458	9,917,568	9,854,794	90,977	488,065,795
<b>Impairment loss</b>						
Balance at beg and end of period	-	80,120,199	-	-	-	80,120,199
<b>Net carrying amounts, March 31, 2025</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱188,516</b>	<b>₱181,957</b>	<b>₱370,473</b>

Reversal of right-of-use assets pertains to expired lease contract.

In 2020, the Group purchased two units of delivery truck and used as collateral for the borrowings obtained from a local bank (see Note 12). The loan was fully paid in 2023.

Total depreciation charged to operation amounted to ₱31,176 and ₱31,176 in first quarter of 2026 and 2024, (see Note 15).

Fully depreciated property and equipment still in use as at March 31, 2026 and 2025 amounted to ₱567,909,424.

## 11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities as at March 31 are as follows:

	2026	2025
Accounts payable	₱6,848,080	₱5,064,884
Government liabilities	989,923	1,332,999
Deferred rental	1,498,025	3,549,325
	<b>₱9,336,028</b>	<b>₱9,947,208</b>

Accounts payable pertains to the amount due to supplier payable from thirty (30) to ninety (90) days from the date of sale and do not bear any interest.

Deferred rental represents advance rental paid by the lessees.

Government liabilities pertain to VAT payable and tax withheld from payment to suppliers, employee's compensation, and statutory contributions to SSS, PHIC and HDMF.

There were no assets of the Group that were collateralized for the above accounts payable and other liabilities as at March 31, 2026 and 2025.

## 12. CAPITAL STOCK

Details of the Parent Company's capital stock as at March 31 are as follows:

	2026	2025	2024
Authorized – 3,500,000 shares at ₱1 par value per share	<b>₱3,500,000,000</b>	₱3,500,000,000	₱3,500,000,000
Issued and fully paid – 3,276,045,637 shares shares at ₱1 par value per share	<b>3,276,045,637</b>	3,276,045,637	3,276,045,637
Less: Treasury stock – 10,000 shares	<b>10,000</b>	10,000	10,000
	<b>₱3,276,035,637</b>	₱3,276,035,637	₱3,276,035,637

As at March 31, 2026, 2025 and 2024, the Parent Company has outstanding shares of 3,271,952,740, 3,271,952,740 and 3,271,952,740, respectively, under its name. Remaining unconverted shares under REDECO as at March 31, 2026, 2025 and 2024, is 4,092,897, 4,092,897 and 4,092,897, respectively. Outstanding shares owned by the public as at March 31, 2026, 2025 and 2024, is 1,415,857,414 shares and 1,417,900,305, respectively.

### *Track record of registration of securities*

The Parent Company was originally registered as REDECO with the SEC on October 19, 1956. The Parent Company was listed with the PSE on January 9, 1958 with an initial registered 200,000,000 shares.

On May 25, 1995, the BOD and stockholders approved a reverse stock split and a subsequent increase in the authorized capital stock in line with its recapitalization program. Accordingly, on November 15, 1995, the Parent Company filed with the SEC a motion to effect a 1-for-5 reverse stock split which decreased its authorized capital from ₱75 million divided into 75 million shares to ₱15 million divided into 15 million shares, both with a par value of P1 per share. It was approved by the SEC on January 15, 1996. This was also done in order to recall all outstanding stock certificates and be able to account for the over-issuance of shares which management has decided to be absorbed by the Parent Company.

On January 8, 1996, the Parent Company filed with the SEC a motion to increase its authorized capital stock from ₱15 million divided into 15 million shares to ₱1 billion divided into 1 billion shares with a par value of P1. The increase was approved by the SEC on May 16, 1996. Subscriptions to the increase in authorized capital stock were made through stocks-for-assets swap.

On September 2, 1996, the Board of Directors and the stockholders approved a resolution to amend the Parent Company's Articles of Incorporation changing the par value per share of its capital stock from ₱0.01 to ₱1.00, removing the pre-emptive rights of shareholders and increasing the authorized capital stock from ₱500 million divided by 50 billion shares with a par value of ₱0.01 per share to ₱2.0 billion divided into 2.0 billion shares with a par value of ₱1.00 per share. The proposed amendments were approved by the SEC on September 27, 1996.

Relative to the approval of the proposed amendment, any part of such stock or other securities may, at any time, be issued, optioned for sale and sold or disposed of by the Parent Company pursuant to resolution of the Board of Directors, to such persons and upon such terms as the Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

On August 22, 1997, the Board of Directors and the stockholders approved a further increase in the Parent Company's authorized capital stock from ₱2.0 billion to ₱3.5 billion divided into 3.5 billion shares with a par value of ₱1.00 per share. On March 11, 1998, the SEC approved the increase in the Parent Company's authorized capital stock.

### *Treasury shares*

Treasury shares represent 29,486,633 Parent Company's shares of stock acquired by Rexlon Industrial Corp. (RIC), a wholly owned subsidiary of PCIC, in prior years. In 2007 and 2009, RIC sold 13,000,000 and 16,476,633 shares of the Parent Company to a third party.

### **13. DIRECT COSTS AND EXPENSES**

Direct costs and expenses for the quarters ended March 31 are as follows:

	2026	2025
Security services	₱-	₱-
Depreciation	766,397	766,397
Property taxes	-	-
Repairs and maintenance	-	73,554
	<b>₱766,397</b>	<b>₱839,951</b>

### **14. OPERATING EXPENSES**

Operating expenses for the quarters ended March 31 are as follows:

	2026	2025
Taxes and licenses	₱2,611,918	₱3,843,289
Salaries and wages	1,005,592	921,808
Rent, light and water	682,737	642,171
Professional fees	323,500	270,000
Commission	110,908	246,905
SSS, Medicare and EC contributions	148,474	110,433
Depreciation	31,176	31,176
Miscellaneous	2,999,997	3,604,968
	<b>₱7,914,302</b>	<b>₱9,670,750</b>

### **15. OTHER INCOME/(LOSS) – net**

Other income for the quarter ended March 31 is as follows:

	2026	2025
Interest income	₱991	₱2,797
Other charges	-	-
Interest Expense	-	-
Other income	80,358	80,357
	<b>₱81,349</b>	<b>₱83,154</b>

### **16. RETIREMENT BENEFITS OBLIGATION**

The Group adopted Republic Act No. 7641 as its arrangement to provide retirement benefits to all its regular employees. In case of retirement, employees shall be entitled to receive such retirement benefits as may have been earned under the existing laws.

The movements in the defined benefit obligation recognized and presented as accrued retirement benefit obligation in the consolidated statement of financial position are as follows:

	2026	2025	2024
Balance at beginning of year	₱959,100	₱917,400	₱875,700
Retirement provision	-	-	-
Balance at end of year	<b>₱959,100</b>	<b>₱917,400</b>	<b>₱875,700</b>

The provision for retirement benefits in 2026, 2025 and 2024 were included under salaries, wages and employees benefit in the consolidated statements of comprehensive income. Management believes that

the defined benefit obligation computed using the provisions of R.A 7641 is not materially different with the amount computed using the projected unit credit method as required under PAS 19, Employee Benefits.

## 17. RELATED PARTY TRANSACTIONS

The Group, in the normal course of business, has transactions with related parties. The specific relationships, amount of transaction, account balances, the terms and conditions and the nature of the consideration to be provided in settlement are shown below as at March 31.

Category	Amount/Volume		Outstanding Receivable		Terms and Condition
	Mar 31, 2026	Mar 31, 2025	Mar 31, 2026	Mar 31, 2025	
<b>Receivable from related parties with common key management</b>					
Genwire Manufacturing Corp. (GMC)	-	-	318,506	318,506	(a)
	-	₱-	₱318,506	₱318,506	

Category	Amount/Volume		Outstanding Receivable		Terms and Condition
	Mar 31, 2026	Mar 31, 2025	Mar 31, 2026	Mar 31, 2025	
<b>Advances to related parties with common key management</b>					
The Wellex Group, Inc. (TWGI)	(2,170,291)	(1,284,531)	38,735,440	40,905,731	(b)
Concept Moulding Corp. (CMC)	(3,077,320)	3,077,320	6,500	3,083,820	(b)
	(5,247,611)	1,792,789	38,741,940	43,989,551	
Allowance for impairment	-	-	(7,860,250)	(7,860,250)	
	(₱5,247,611)	₱1,792,789	₱30,881,690	₱36,129,301	

Category	Amount/Volume		Outstanding Payable		Terms and Condition
	Mar 31, 2026	Mar 31, 2025	Mar 31, 2026	Mar 31, 2025	
<b>Advances from related parties with common key management</b>					
Plastic City Corp. (PCC)	₱2,138,204	₱-	₱84,419,201	₱82,280,997	(c)
Diamond Stainless Corp. (DSC)	-	-	70,557,800	70,557,800	(c)
Philippine Estates Corp. (PHES)	(676,539)	1,528,263	37,726,851	38,403,390	(d)
International Polymer Corp. (IPC)	654,396	3,528,263	29,946,940	29,292,544	(c)
Kenstar Industrial Corp. (KIC)	-	-	23,539,858	23,539,858	(c)
Rexlon Realty Corp. (RRC)	-	-	23,187,370	23,187,370	(c)
Pacific Rehouse Corp. (PRC)	-	-	15,540,753	15,540,753	(c)
The Wellex Group, Inc.	-	-	13,722,810	13,722,810	(c)
Ropeman Int'l Corp.	-	-	3,202,528	3,202,528	(c)
Concept Moulding Corp. (CMC)	666,639	-	666,639	-	(c)
Polymaster Industrial Corp	-	-	62,500	62,500	(c)
	2,782,700	5,056,526	302,573,250	299,790,550	
<b>Advances from stockholders/ key management</b>					
Key management and officers	-	-	109,654,116	109,654,116	(e)
	₱2,782,700	₱5,056,526	₱412,227,366	₱409,444,666	

(a) Receivable from related parties with common key management

The Group pays operating expenses on behalf of GMC. These receivables are normally collected the following year, unsecured, non-interest bearing and with no guarantee. The Group has also made offsetting arrangements to settle intercompany receivables and payables.

*(b) Advances to related parties with common key management*

*TWGI*

On December 16, 2020, TWGI issued promissory note amounting to ₱46,578,262 for five years maturing December 15, 2025 and bear an interest of 2% per annum. The term of the loan was further extended for another five (5) years or until December 15, 2030 at the same interest rate. Charging of interest is made at every end of year.

To settle the outstanding advances, the Group entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

- The Group entered into a Consultancy Agreement with TWGI which is valid until April 30, 2026. Total consultancy fees incurred for the quarters ended March 31, 2026 and 2025, amounted to ₱116,400 and was offset against advances.
- Lease Agreement for the Group's office space for a monthly rental of ₱12,500, utilities of ₱5,000, and storage fee of ₱1,000 which is valid from April 30, 2026. The Group recognized the asset as 'right-of-use asset' and corresponding lease liability. Total rent expense and utilities net of withholding tax offset against advances amounted to ₱58,125 and ₱58,125, respectively, for the quarters ended March 31, 2026 and 2025.

The present value of the lease liability as at March 31 is as follows:

	2026	2025
Current	₱46,930	₱137,908
Non-current	-	-
	<b>₱46,930</b>	<b>₱137,908</b>

The net carrying amount of the right-of-use assets recognized as at March 31, 2026 and 2025 is disclosed in Note 10.

*CMC*

The Group provided non-interest bearing and unguaranteed advances to CMC for working capital requirements. The advances are unsecured, with no definite terms of repayment and with no guarantee.

Certain advances to related parties were found to be impaired using the provisional matrix as determined by the management, hence, adequate amounts of allowance for impairment have been recognized (Note 22).

The movement in the allowance for ECL as of March 31 is as follows:

	2026	2025
Balance at beginning of year, as previously reported	₱7,860,250	₱7,860,250
Effect on adoption of PFRS 9	-	-
Balance at beginning of year, as restated	7,860,250	7,860,250
Provisions for ECL	-	-
At end of year	<b>₱7,860,250</b>	<b>₱7,860,250</b>

*(c) Advances from related parties*

In prior years, the Group obtained unguaranteed and non-interest-bearing cash advances from related parties intended to finance its operating expenses, capital expenditures and payment of outstanding obligations. The Group has not made any arrangement for the terms, security and guarantee on the advances as the subsidiaries has ceased its manufacturing operations. The advances are payable in cash upon settlement depending on the availability of funds. The Group was granted an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The management assessed that the advances from the related parties are not expected to be settled within 12 months from the reporting period.

(d) PHES

In 2009, the Group and PHES executed unsecured promissory note (PN) for the advances with a term of five (5) years, and bear interest of three percent (3%) per annum, renewable upon agreement of the parties. This PN was renewed in 2014 with a three-year term which matured during 2018 at interest of two percent (2%) per annum. This cash advance is to be settled through cash payments. On December 29, 2016, the PN was renewed for three (3) years and matured in January 2021. The promissory note is extended for an additional three (3) years from January 31, 2021 to January 31, 2024. On January 31, 2024, the promissory note is extended for an additional three (3) years from January 31, 2024 to January 31, 2027.

(e) Advances from key management

The Group obtains non-interest bearing and unsecured advances from stockholders and key officers for working capital purposes. The advances have no guarantee and definite terms of repayment. Payment will depend on the availability of funds. The Group was granted an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The management assessed that the advances from the related parties are not expected to be settled within 12 months from the reporting period.

(f) Remuneration of key management personnel

Directors' fees for the quarters ended March 31, 2026 and 2025 is NIL.

With the cessation of the subsidiaries operations in prior years and the Group is in tight cash position, management decided to suspend any form of compensation to key management and officers effective in 2004.

## 18. LEASES

The Group entered into lease contracts with various tenants for the rental of the Group's warehouse and building facilities. The lease term ranges from three (3) months to one (1) year and is renewable under such terms and conditions as the parties may agree, provided that at least ninety (90) days prior to the expiration of the lease period, the lessee shall inform the lessor in writing of his desire to renew the lease.

Lease contracts include payment of advance rental by the lessee which shall be refunded without interest on the expiration of the lease or pre-termination of the lease period, less any corresponding obligation and damages.

Outstanding advances from lessee amounted to ₱2,893,062 and ₱5,715,459 as at March 31, 2026 and 2025, respectively. Deferred rental income relative to the lease amounted to ₱1,498,025 as at March 31, 2026 and ₱3,549,325 as at March 31, 2025 as shown under "Accounts payable and other liabilities" account (Note 11).

Outstanding balance of receivable from tenants as at March 31, 2026 and 2025 amounted to ₱456,049 and ₱28,661, respectively (Note 5). Total rental income is ₱4,263,254 and ₱7,741,707 in the quarter of March 31, 2026 and 2025, respectively.

## 19. INCOME/(LOSS) PER SHARE

The following table presents information necessary to calculate the loss per share for quarter ended March 31:

	2026	2025	2024
Consolidated net loss for the quarter	(₱4,336,096)	(₱2,685,840)	(₱921,676)
Weighted average number of common shares outstanding during the quarter	3,276,045,637	3,276,045,637	3,276,045,637
Loss per share	(₱0.0013)	(₱0.0008)	(₱0.0003)

## 20. CONTINGENCIES

Commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group are not reflected in the accompanying Group financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Group financial statements.

*In connection with the case:*

*G.R. No. 249337 entitled, "Waterfront Philippines, Inc. (WPI), Wellex Industries, Inc. (WIN), and The Wellex Group, Inc. (TWGI) vs. Social Security System (SSS)" with Supreme Court Decision dated July 6, 2021, below cases were filed:*

- *Civil Case No. Q-04-52629 entitled "Social Security System vs. Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc." filed before the Regional Trial Court of Quezon City for Claim for Sum of Money with Damages*
  - a. This is originally a claim for sum of money with damages filed by the Social Security System (SSS) against Waterfront Philippines, Inc. (WPI), Wellex Industries, Inc. (WIN) and The Wellex Group, Inc. (TWGI) for the non-payment of the Contract of Loan with Real Estate Mortgage and Assignment of Shares with Option to Convert to Shares of Stock (subject contract) in the amount of ₱375,000,000 before the RTC Branch 76 of Quezon City
  - b. The RTC rendered its Decision ordering WPI to return the ₱375,000,000 to SSS and for the latter to reconvey to WIN the properties covered by TCT Nos. N-153395 and N-153396 ("subject properties"). SSS was directed to return: (1) to TWGI, the stock certificates representing the 235,000,000 shares of WPI; (2) to WIN, the stock certificates representing the 80,000,000 shares of WIN; and (3) to WPI, the original copies of the TCTs submitted as proposed additional collaterals.
  - c. SSS appealed before the Court of Appeals (CA). The CA Decision granted the appeal, reversed and set aside the RTC Decision and ordered WPI to satisfy the deficiency under the subject contract in the sum of ₱841,567,136.85 due to SSS.
  - d. The Supreme Court reversed and set aside the CA Decision. It declared the subject contract and the Certificate of Sale null and void, and ordered the parties, in mutual restitution, to return what has been received under the subject contract, together with any income, fruits or dividends realized therefrom. It ordered WPI to pay SSS ₱375,000,000 plus legal interest. It ordered SSS to, among others, a) return to WPI the amount of ₱35,827,695.87 it paid on the principal of the loan, subject to legal interest, and to reconvey to WIN the subject properties (used as collaterals) with all the income derived from said properties. It also said that any income earned from the subject properties and any dividends received from the stock certificates, must be returned with a legal interest.
  - e. There is no pending incident before the RTC as of this report.
  
- *C.A.-G.R. SP No. 183716 entitled "Social Security System vs. The Honorable Renato M. Pambid, Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc."*
  - a. This incident pertains to the execution proceedings Civil Case No. Q-04-52629 before the RTC. In the Order dated August 17, 2023, the RTC approved the amount of ₱1,217,072,054.79 as the amount payable to SSS by WPI pursuant to the Supreme Court Decision, and the amount of ₱109,571,709.91 as the amount payable to WPI by SSS. It also found that the payment of reasonable rentals to WIN is proper for the period that it was deprived of possession of the subject properties, considering that the subject contract and the Certificate of Sale were declared null and void by the Supreme Court. It approved the total amount of ₱849,382,594.99 as the rental due to WPI (WIN assigned to WPI all of its rights, title and interests in and to the income earned from the subject properties.
  - b. The RTC applied the provisions on legal compensation (set off) and found that WPI still owes and should return to SSS the net amount of ₱258,117,749.89 (₱1,217,072,054.79 less ₱958,954,304.90). It ordered SSS to reconvey to WIN the subject properties. The RTC denied SSS' motion for reconsideration in the Order dated January 12, 2024.

- c. SSS filed a petition for certiorari under Rule 65 before the Court of Appeals challenging the RTC Orders.
  - d. This is already awaiting the decision of the Court of Appeals.
- *CA-G.R. SP No.187166 entitled “Social Security System vs. Hon. The Honorable Renato M. Pambid, Waterfront Philippines, Inc., Wellex Industries, Inc. & The Wellex Group, Inc.” filed before the Court of Appeals for Petition for Certiorari (with Application for Temporary Restraining Order and/or Preliminary Injunction)*
    - a. This incident also pertains to the execution proceedings Civil Case No. Q-04-52629 before the RTC
    - b. The real estate mortgage (in the Contract of Loan with Real Estate Mortgage and Assignment of Shares with Option to Convert to Shares of Stock) covers two (2) parcels of land registered in the name of WIN and covered TCT Nos. N-153395 and N-153396 (subject properties). During the proceedings, SSS caused the foreclosure sale, and purchased and caused the registration of the subject properties in its name under TCT No. 281261 and TCT No. 281262.
    - c. After the RTC approved the set off of SSS’ and WPI’s obligations, WPI paid SSS ₱258,117,749.89 as balance, but SSS did not reconvey the subject properties.
    - d. WPI, WIN and TWGI filed a Motion to Direct the Register of Deeds of Quezon City to Cancel TCT Nos. N-281261 and N-281262 and to Reinstate TCT Nos. N-153395 and N-153396. SSS filed a Comment.
    - e. In the Order dated August 6, 2024, the RTC divested SSS of the title to the subject properties and ordered the Register of Deeds to cancel TCT Nos. N-281261 and N-281262 in the name of WIN. It denied the SSS’ motion for reconsideration and motion for inhibition in the Order dated October 3, 2024.
    - f. SSS filed a petition for certiorari under Rule 65 before the Court of Appeals challenging the RTC Orders.
    - g. This is awaiting the order of the Court of Appeals to file comment on the petition for certiorari.

## **21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group is exposed to a variety of financial risk which results from both its operating and financing activities. The Group’s risk management is coordinated with the Board of Directors and focuses on actively securing the short-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the Group is exposed to are described below:

### **Credit risk**

Credit risk refers to the risk that a counterparty will default its contractual obligation resulting in financial loss to the Group. The Group’s credit risk is primarily attributable to its financial assets which composed of cash, trade and other receivables, instalment contract receivables and advances to related parties.

The Group’s exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments, as summarized below:

#### *Credit risk exposure*

The Group’s maximum exposure to credit risk without taking into account any collateral held or other credit enhancements arises from the carrying amount financial assets recognized in the consolidated statements of financial position.

In order to minimize credit risk, the Group has developed and maintained internal credit risk gradings to categorize exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group's current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECLs	Base	Minimum allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECS	0%	0%	1
Doubtful	Amount is 1-30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL-not credit impaired	25%	1%	2
	Amount is 31-90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL-not credit impaired	25%	5%	2
	Amount is 91-180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL-not credit impaired	25%	10%	2
	Amount is 181-360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL-not credit impaired	25%	12%	2
In default	Amount is over 1-2 years past due or there is evidence indicating the asset is credit impaired	Lifetime ECL-credit impaired	50%	15%	3
	Amount is over 2-3 years past due or there is evidence indicating the asset is credit impaired	Lifetime ECL-credit impaired	100%	15%	3
	Amount is over 3-5 years past due or there is evidence indicating the asset is credit impaired	Lifetime ECL-credit impaired	100%	50%	3
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	100%	100%	3

The maximum credit risk exposure of the financial assets is the carrying amount of the financial assets shown on the face of statement of financial position, as summarized below as at March 31:

		Basis of recognizing ECL	2026	2025
Cash, excluding cash on hand	(a)		<b>₱2,347,720</b>	₱10,364,243
Trade and other receivables, at net amount	(b)	Lifetime ECL	<b>36,808,800</b>	36,723,308
Advances to related parties, at net amount	(c)	Lifetime ECL	<b>30,881,690</b>	36,129,301
			<b>₱70,038,210</b>	<b>₱83,216,852</b>

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

*(a) Cash*

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

*(b) Trade and other receivables and advances to related parties*

Trade and other receivables

Credit risk arising from rental income from leasing of buildings is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other

credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants.

For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

The Group has applied simplified approach to measure the loss allowance using management's adopted policy on ECL on trade and other receivables.

#### Advances to related parties

For advances to related parties, the Group has applied the general approach to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

To measure the ECL, trade and other receivables, and advances to related parties have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade and other receivables, and advances to related parties are a reasonable approximation of the loss rates for the financial assets.

The management continues to review trade and other receivables and advances to related parties for any legally enforceable right to offset with liabilities with the expressed intention of the borrower to settle on a net basis.

Impaired accounts represent account of third parties and related parties that have not paid for a long time and for which the Group believes that a portion of the receivables may not be collected. The allowance is estimated based on the Group's estimate for accounts which it believes may no longer be collected.

#### **Equity Price risk**

Equity price risk is the risk that the fair value of equity instrument decreases as a result of changes in the value of individual stocks. The Group's exposure to equity price risk arises from investments held by the Group and classified in the Group's consolidated statements of financial position as financial asset at FVOCI.

Equity instruments designated at FVOCI in unquoted price are held for strategic rather than trading purposes. The Group does not actively trade these investments.

#### **Liquidity risk**

The Group's policy is to maintain a balance between continuity of funding through cash advances from related parties.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table below has been drawn up based on undiscounted cash flows of financial liabilities based on earliest date on which the Group can be required to pay.

March 31, 2026	With indefinite term of maturity	With definite term of maturity		Total
		Due within one year	More than one year	
Accounts payable and other liabilities	₱-	₱8,652,809	₱-	₱8,652,809
Lease liability	-	46,930	-	46,930
Advances from related parties	412,227,366	-	-	412,227,366
Advances from lessees	-	2,893,062	-	2,893,062
	₱412,227,366	₱11,592,801	₱-	₱423,820,167

*\*excluding government liabilities*

March 31, 2025	With indefinite term of maturity	With definite term of maturity		Total
		Due within one year	More than one year	
Accounts payable and other liabilities	₱-	₱8,886,866	₱-	₱8,886,866
Lease liability	-	184,838	-	184,838
Advances from related parties	409,444,666	-	-	409,444,666
Advances from lessees	-	5,715,459	-	5,715,459
	<b>₱409,444,666</b>	<b>₱14,787,163</b>	<b>₱-</b>	<b>₱424,231,829</b>

*\*excluding government liabilities*

Substantial portion of the Group's financial liabilities consist of advances from related parties. There are no specific terms of advances agreed with the related parties. The Group does not expect to pay its liabilities nor expect related parties to collect within twelve (12) months after the reporting date. Furthermore, advances from affiliates and stockholders were settled through assignment and offsetting among the Group.

## **22. CAPITAL RISK MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for stockholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as share capital and deficit for the purpose of capital management.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including accounts payables and other liabilities, advances from related parties as shown in the consolidated statements of financial position) less cash. Total capital is calculated as Equity as shown in the consolidated statement of financial position plus Net debt.

Gearing ratio compares some form of owner's equity to borrowed funds. It is a measure of financial leverage demonstrating the degree to which the Group's activities are funded by owner's funds versus creditor's fund.

During the first quarter of 2026, the Group's strategy, which was unchanged from 2025, was to keep the gearing ratio below 50% as proportion to net debt to capital. The gearing ratios as at March 31 were as follows:

	2026	2025
Gross debt	<b>₱425,473,859</b>	₱426,255,060
Cash	<b>(2,367,720)</b>	(10,384,243)
Net debt	<b>423,106,139</b>	415,870,817
Total equity	<b>1,386,740,557</b>	1,399,514,734
Total capital	<b>1,809,846,696</b>	1,815,385,551
Gearing ratio	<b>23.38%</b>	22.91%

The status of the Group's operation and management plan is fully disclosed in Note 1.

The Parent Company is subject to externally imposed capital requirement amounting to ₱6,250,000 which is the minimum paid-up capital requirement of SEC for mining companies. As at March 31, 2026 and 2025, the Parent Company is in compliance with this externally imposed capital requirement.

On the other hand, the Parent Company's subsidiaries are not subject to any externally imposed capital requirements.

## **23. FAIR VALUE INFORMATION**

### *Assets and liabilities not measured at fair value*

The methods and assumptions used by the Group in estimating the fair value of the financial instruments is as follows:

- (a) The fair values of advances to related parties and advances from related parties are determined based on the discounted value of future cash flows using the prevailing PH BVAL rates that are specific to the tenor of the instruments' cash flow as at reporting date. Discount rates used is 5.21% in 2022 and 11.66% in 2021.
- (b) The fair values are based on combination of appraisal done by an independent appraiser on various dates in 2022 and using the market approach, in which the fair value is based on prices recently paid for similar assets, with adjustment made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable.

The fair value of cash, trade and other receivables, instalment contract receivable, accounts payable and other liabilities, lease liability and advances from lessee's approximate carrying value due to relatively short-term maturities.

#### **24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The reconciliation about the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes for the years ended March 31 are as follows:

	Balance as at January 1, 2026	Changes from financing cash flows	Balance as at March 31, 2026
Advances from related parties	₱404,216,901	₱8,010,465	₱412,227,366
Lease liability	46,930	-	46,930
	<b>₱404,263,831</b>	<b>₱8,010,465</b>	<b>₱412,274,296</b>

	Balance as at January 1, 2025	Changes from financing cash flows	Balance as at March March 31, 2025
Advances from related parties	₱402,888,139	₱6,556,527	₱409,444,666
Lease liability	184,838	-	184,838
	<b>₱403,072,977</b>	<b>₱6,556,527</b>	<b>₱409,629,504</b>

#### **25. RECLASSIFICATION**

Certain accounts in March 31, 2026 unconsolidated financial statements were reclassified to conform to the current year's presentation.

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**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**APPENDIX A – FINANCIAL SOUNDNESS**

	31-Mar 2026	31-Mar 2025	31-Dec 2025
<b>Profitability ratios:</b>			
Return on assets	N/A	N/A	N/A
Return on equity	N/A	N/A	N/A
Net profit margin	-1.02	-0.35	-0.46
Gross profit margin	0.82	0.89	0.67
<b>Solvency and liquidity ratios:</b>			
Current ratio	4.66	4.10	5.29
Debt to equity ratio	0.31	0.30	0.30
<b>Financial leverage ratios:</b>			
Asset to equity ratio	1.31	1.30	1.30
Debt to asset ratio	0.24	0.26	0.23
Interest rate coverage ratio	N/A	N/A	N/A

**WELLEX INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**APPENDIX B – ACCOUNTS RECEIVABLE AGING**  
**March 31, 2026**

	Current	1-30 days	31-60 days	Over 60 days	Total
<b>Advances to third parties</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱111,489,708</b>	<b>₱111,489,708</b>
<b>Receivable from related parties</b>				318,506	318,506
<b>Rental receivable</b>	-	-	228,025	228,024	456,049
<b>Utilities receivable</b>	206,212	28,278	1,962	-	236,452
<b>Others</b>	-	-	-	6,632,473	6,632,473
<b>Subtotal</b>	<b>206,212</b>	<b>28,278</b>	<b>229,987</b>	<b>118,668,711</b>	<b>119,133,188</b>
<b>Impairment - Advances to affiliates</b>					
<b>Allowance for doubtful accounts</b>	-	-	-	(82,324,388)	(82,324,388)
<b>Accounts receivable</b>	<b>206,212</b>	<b>28,278</b>	<b>229,987</b>	<b>36,344,323</b>	<b>₱36,808,800</b>