

COVER SHEET

P W 0 0 0 0 0 8 4 5
SEC Registration Number

S O L I D G R O U P , I N C .

(Company's Full Name)

2 2 8 5 D O N C H I N O R O C E S A V E N U E

M A K A T I C I T Y , P H I L I P P I N E S

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

Contact Person

843-1511

Company Telephone Number

2026 Definitive Information Statement

1 2

Month

3 1

Day

Fiscal Year

FORM TYPE

0 6

Month

2 5

Day

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMP

Remarks: Please use BLACK
ink for scanning purposes

CC: PHILIPPINE STOCK EXCHANGE



SOLID GROUP INC.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To All Stockholders:

Please be advised that the annual meeting of the stockholders of Solid Group, Inc. will be held on Thursday, June 25, 2026, at 2:00 p.m. at Makati City. The meeting will be conducted by remote communication or *in absentia* and may be accessed through the following link:

<https://us06web.zoom.us/j/85676726670?pwd=r5EnRraYCKqe3lz3E4YO3TGN0MjYKb.1>

The password to attend the meeting shall be provided by the Company to all stockholders of record as of May 29, 2026 or their proxies who have successfully registered to attend the meeting (Please refer to the registration procedure below.).

The following is the agenda of the meeting:

1. Call to order
2. Proof of notice and certification of quorum
3. Approval of minutes of previous stockholders' meeting
4. Management Report and Audited Financial Statements for the year ended December 31, 2025
5. Ratification of previous corporate acts
6. Election of directors
7. Appointment of external auditors
8. Other matters
9. Adjournment

Only stockholders of record as of May 29, 2026 or their proxies shall be entitled to attend and vote at the meeting. Stockholders who wish to attend the virtual meeting by remote communication or *in absentia* must email to **info@solidgroup.com.ph** their request to attend not later than the close of business on June 15, 2026.

Individual stockholders who wish to be represented at the virtual meeting by proxy must, not later than the close of business on June 15, 2026, either: (a) submit an original, duly signed and accomplished proxy form (which may be downloaded from the website) by post, personal delivery, or courier to the Office of the Corporate Secretary at the head office of Solid Group, Inc., 2285 Don Chino Roces Avenue, Makati City; or (b) email a copy of the signed proxy form in PDF, JPEG or similar format to **info@solidgroup.com.ph**. The Company shall validate the requests and the proxies, and email to the stockholders or proxy holders the instructions and password on how to access the virtual stockholders' meeting. Validation of proxies will take place on June 20, 2026.

If you own shares through your broker or your shares are lodged, please secure from your broker a duly signed and accomplished proxy form, which you or your broker must submit to the Company in the same manner above and not later than June 15, 2026. Otherwise, the Company may not recognize you as a stockholder of record.

Corporate shareholders shall likewise be required to submit a secretary's certificate attesting to the authority of the representative or proxy holder to attend and vote at the virtual stockholders' meeting. The same must be submitted to the Company in the same manner above and not later than June 15, 2026. Otherwise, the Company may likewise not recognize you as a stockholder of record.

By registering to participate in the virtual stockholders' meeting or submitting a proxy form, a stockholder, proxy or representative of the stockholder is providing his/her/its consent for the Company and its service providers to process their respective sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual meeting.

A copy of this Notice of meeting and accompanying annex containing a brief statement of the rationale and explanation for each item in the agenda, Definitive Information Statement, Management Report, SEC Form 17-Q, Proxy Form and other documents related to the meeting are available at the Company's website at <https://www.solidgroup.com.ph/>.

For any questions about the meeting, you may email info@solidgroup.com.ph.

Makati City, Metro Manila, Philippines, May 26, 2026.


ROBERTO V. SAN JOSE
Corporate Secretary

AGENDA
Details and Rationale

1. Call to order

The Chairman of the Board of Directors, Mr. Jason S. Lim, will call the meeting to order.

2. Proof of notice and certification of quorum

The Corporate Secretary, Atty. Roberto V. San Jose, will certify that the Notice was published within the prescribed period in accordance with the rules of the Securities and Exchange Commission, and that the Information Statement has been made available to all stockholders of record. He will attest on whether the attendees represented at the meeting hold a sufficient number of shares for quorum to exist for the valid transaction of business.

3. Approval of minutes of previous stockholders' meeting

Copies of the draft minutes will be distributed before the meeting and are available for examination at the Company website <https://www.solidgroup.com.ph>.

The stockholders will be requested to approve the draft minutes. The following is the proposed resolution:

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of Solid Group, Inc. held on June 26, 2025 be, as it is hereby, approved."

4. Management report and audited financial statements

The President and Chief Executive Officer, Mrs. Susan L. Tan, will present the Management Report, the Company's operational highlights and financial results and the audited financial statements for the year ended December 31, 2025. The audited financial statements were prepared by the Company's independent auditors, Punongbayan & Araullo, a member firm of Grant Thornton International, Ltd., and approved by the Company's Audit and Governance Committee and the Board of Directors. In compliance with regulatory requirements, the audited financial statements have also been submitted to the Securities and Exchange Commission and Bureau of Internal Revenue.

Questions will be entertained from the stockholders after the presentation.

The stockholders will be requested to approve the annual report of management as presented by the President, and the audited financial statements for the year ended December 31, 2025. The following is the proposed resolution:

“RESOLVED, that the Annual Report of Management as presented by the President, and the Company’s audited financial statements for the year ended December 31, 2025 be, as it is hereby, approved.”

5. Ratification of previous corporate acts

The stockholders will be requested to ratify the acts, contracts, resolutions and deeds of the Board of Directors and management of the Company that were significant towards achieving the Company’s performance and results. The following is the proposed resolution:

“RESOLVED, that all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company from the date of the last annual stockholders’ meeting up to the present be, as they are hereby, approved, ratified and confirmed.”

6. Election of directors

It is proposed to elect the following members of the Board of Directors. The biographical profiles of the Director-Nominees are provided in the Information Statement that has been posted in the Company’s website at <https://www.solidgroup.com.ph>. The Director-Nominees are the following:

For Regular Directors

1. Jason S. Lim
2. Susan L. Tan
3. Vincent S. Lim
4. David S. Lim
5. Jonathan Joseph CC. Lim
6. Kevin Michael L. Tan
7. Beda T. Mañalac

For Independent Directors

8. Rafael Simpao Jr.
9. Siegfred Mison

7. Appointment of external auditors

Upon the favorable recommendation of the Company’s Audit and Governance Committee, the Company’s external auditor, Punongbayan and

Araullo, is proposed to be reappointed for the current year 2026. The following is the proposed resolution:

“RESOLVED, that the audit firm Punongbayan and Araullo be, as it is hereby, reappointed as the Company's external auditor for the current year 2026.”

8. Other matters

Management may address questions received from the stockholders.

9. Adjournment

After all matters in the agenda have been taken up, the Chairman will entertain a motion to adjourn the meeting.

SECRETARY'S CERTIFICATE

I, **ANA MARIA A. KATIGBAK** of legal age, Filipino, and with business address at 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, after being duly sworn in accordance with law, depose and state that:

1. That I am the duly elected Asst. Corporate Secretary of **SOLID GROUP, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, with principal office at 2285 Don Chino Roces Avenue Extension, 1231 Makati City;

2. At the regular meeting of the Board of Directors of the Corporation held on April 7, 2026 the following resolution was unanimously approved, a legal quorum being present and voting:

"RESOLVED, that the Board of Directors of **SOLID GROUP INC.** (the 'Corporation') approve, as it hereby approves, the holding of the Annual Stockholders' Meeting by remote communication or *in absentia* on June 25, 2026 with record date on May 29, 2026;

"RESOLVED FURTHER, that the stockholders of the Corporation be, as they are hereby, authorized to cast their votes by remote communication or *in absentia*, in accordance with the mechanisms and procedures to be issued by the Corporate Secretary; and

"RESOLVED FURTHER, that management and the proper officers of the Corporation be, as they are hereby, authorized to perform all acts, and to sign, execute, file and deliver any and all documents which may be required by the Securities and Exchange Commission in relation to the annual stockholders' meeting."

IN WITNESS WHEREOF, I hereunto affixed my signature on MAY 26 2026, in Makati City.


ANA MARIA A. KATIGBAK
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of MAY 26 2026 at Makati City by affiant whose identity I have confirmed through her Driver's License with serial number N02-39-111447 issued by the Land Transportation Office, and valid until March 21, 2034, bearing the affiant's photograph and signature.

Doc. No. 481;
Page No. 98;
Book No. I;
Series of 2026.




JENNIFER D. PAGAY
Appointment No. M-063
Notary Public for Makati City
Until December 31, 2027
Castillo Laman Tan Pantaleon & San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 10766547 ; 01-02-2026 ; Makati City
IBP No. 535835 ; 12-22-2025 ; Bulacan Chapter
MCLE No. VIII-0021806; valid from 2-14-2025
valid until 4-14-2028; Pasig City
Roll No. 91663



SOLID GROUP INC.

ANNUAL STOCKHOLDERS’ MEETING
June 25, 2026

PROXY FORM

Please fill up and sign the proxy and submit it to the Office of the Corporate Secretary on or before June 15, 2026.

The undersigned stockholder of Solid Group, Inc. (the “Company”) hereby appoints either of

(Please print full name of your proxy. If this portion is left blank or no name is specified, the designated proxy shall be the Company’s Chairman, Mr. Jason S. Lim, or in his absence, the Chairman of the meeting.)

or the **Chairman, Mr. Jason S. Lim, or in his absence, the Chairman of the meeting**, as proxy, with power of substitution, to represent and vote all shares registered in the name of the undersigned, at the Annual Meeting of the Stockholders of the Company to be conducted by remote communication or *in absentia* on Thursday, June 25, 2026, and at any postponement and/or adjournment thereof for the purpose of acting on the following matters:

AGENDA ITEMS	ACTION		
Item 1. Call to order	No action necessary.		
Item 2. Proof of notice and certification of quorum	No action necessary.		
	FOR	AGAINST	ABSTAIN
Item 3. Approval of minutes of previous stockholders’ meeting			
Item 4. Management Report and Audited Financial Statements for the year ended December 31, 2025			
Item 5. Ratification of previous corporate acts			
Item 6. Election of directors			
For Regular Director:			
Jason S. Lim			
Susan L. Tan			
David S. Lim			
Vincent S. Lim			
Jonathan Joseph CC. Lim			
Kevin Michael L. Tan			
Beda T. Mañalac			
For Independent Director:			
Rafael F. Simpao Jr.			
Siegfred Mison			
Item 7. Appointment of external auditors			
Item 8. Other Matters	According to Proxy’s Discretion		
Item 9. Adjournment			

IN CASE A PROXY FORM IS SIGNED AND RETURNED IN BLANK

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

- FOR the approval of the minutes of the Annual Stockholders’ Meeting held on June 26, 2025;
- FOR the approval of the Management Report and Audited Financial Statements for year ended December 31, 2025;
- FOR the approval and ratification of all acts and resolutions of the Board of Directors and Management from the date of the last stockholders’ meeting to date as reflected in the books and records of the Company;
- FOR the election of the following directors: Jason S. Lim., Susan L. Tan, David S. Lim, Vincent S. Lim, Jonathan Joseph CC. Lim, Kevin Michael L. Tan, Beda T. Mañalac Rafael F. Simpao Jr. (Independent Director) and Siegfred Mison (Independent Director);
- FOR the approval of the appointment of the external auditor of the Company for 2026;
- FOR the authorization of the Proxy to vote according to the discretion of the Company’s President or Chairman of the Meeting on any matter that may be discussed under “Other Matters”.

A Proxy Form that is returned without a signature shall not be valid.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No member of the Board of Directors or executive officer since the beginning of the last fiscal year, or nominee for election as director, or their associates, has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

VALIDATION OF PROXIES

The proxy forms and supporting documents should be received by SGI on or before 5:00 p.m. of June 15, 2026, at the principal office of the Company. Proxy forms shall be validated on June 20, 2026.

REVOCATION OF PROXIES

A stockholder giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person. This proxy shall be valid for the Annual Meeting of the Stockholders of the Company to be conducted by remote communication or *in absentia* on Thursday, June 25, 2026, and at any postponement and/or adjournment thereof.

A proxy submitted by a corporation should be accompanied by a Corporate Secretary’s Certificate quoting the Board Resolution designating a corporate officer to execute the proxy. Proxies executed by brokers must be accompanied by a Certification under Oath stating that the broker has obtained the written consent of the account holder. Forms of the Certification may be requested from the Investor Relations Officer at **info@solidgroup.com.ph**

Signed this _____ (Date) at _____ (Place).

Printed Name of Stockholder

Signature of Stockholder or Authorized Signatory

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

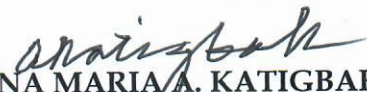
SECRETARY'S CERTIFICATE

I, **ANA MARIA A. KATIGBAK**, of legal age, Filipino, with office address at the 3rd Floor, The Valero Tower, 122 Valero St., Salcedo Village, Makati City, Metro Manila, after having been sworn in accordance with law, hereby depose and state that:

1. I am the duly elected Assistant Corporate Secretary of **SOLID GROUP, INC.** (the "**Corporation**"), a corporation duly organized and existing under the laws of the Philippines, with principal office at 2285 Don Chino Roces Avenue Extension, 1231 Makati City;

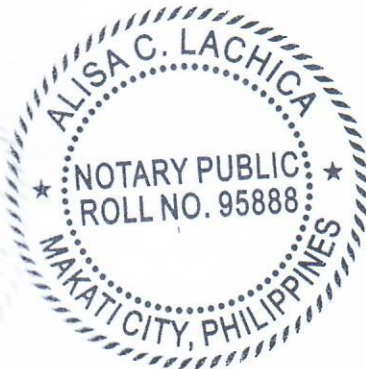
1. No changes or revisions have been made to the Definitive Information Statement ("**DIS**") submitted by the Corporation, except for those made in response to the findings or comments of the Markets and Securities Regulation Department of the Securities and Exchange Commission ("**SEC-MSRD**") upon its review of the Corporation's Preliminary Information Statement ("**PIS**").

IN WITNESS WHEREOF, I have hereunto set my hand this JUN 02 2026 in the City of Makati, Philippines.


ANA MARIA A. KATIGBAK
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this JUN 02 2026 in MAKATI CITY, affiant whose identity I have confirmed through her Driver's License No. N02-39-111447 valid until March 21, 2034.

Doc. No. 310;
Page No. 63;
Book No. I;
Series of 2026.




ALISA C. LACHICA
Appointment No. M-004
Notary Public for Makati City
Until December 31, 2027
Castillo Laman Tan Pantaleon & San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 10766550 ; 01-02-2026 ; Makati City
IBP No. 535837 ; 12-22-2025 ; Manila II Chapter
Roll No. 95888

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

1. Check the appropriate box:

_____ **Preliminary Information Statement**

☒ **Definitive Information Statement**

2. Name of Registrant as specified in its charter: **SOLID GROUP, INC.**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **PW00000845**

5. BIR Tax Identification Code: **000-508-536-000**

6. Address of principal office: **2285 Don Chino Roces Avenue, Makati City 1231**

7. Registrant's telephone number, including area code: **(632) 8843-1511**

8. Date, time and place of the meeting of security holders: **June 25, 2026 at 2:00 p.m. by video conference. Mr. Jayson S. Lim, the presiding officer, will preside the meeting at the principal office of the corporation at 2285 Don Chino Roces Avenue, Makati City 1231**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **June 3, 2026**

10. In case of Proxy Solicitations:

Name of Person Filing the Statements/Solicitor: The Management, Solid Group, Inc.

Address and Telephone No: 2285 Don Chino Roces Avenue, Makati City 1231; (632) 8843-1511

11. Securities Registered pursuant to Section 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
Common	1,821,542,000 Common Shares (excluding Treasury Shares)

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

Yes ☒ No ☐

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

PHILIPPINE STOCK EXCHANGE

Registered Shares: Common Shares

SOLID GROUP, INC.

INFORMATION STATEMENT

a. GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders:

The Annual Stockholders' Meeting of Solid Group, Inc. will be held on **June 25, 2026** at 2:00 pm by remote communication or *in absentia*. Pursuant to Section 50 of the Revised Corporation Code of the Philippines, as well as SEC Memorandum Circular 6 s. 2020, the meeting will be conducted virtually and may be accessed through the following link:

<https://us06web.zoom.us/j/85676726670?pwd=r5EnRraYCKqe3lz3E4YO3TGN0MjYKb.1>

The password to attend the meeting shall be provided by the Company to all stockholders of record as of May 29, 2026 or their proxies who have successfully registered to attend the meeting.

Only stockholders of record as of May 29, 2026 or their proxies shall be entitled to attend and vote at the virtual meeting. Stockholders who wish to attend the virtual meeting by remote communication or *in absentia* must send an email to info@solidgroup.com.ph their request to attend not later than close of business on June 15, 2026.

The complete mailing address of the principal office is 2285 Don Chino Roces Avenue, Makati City, Metro Manila.

The approximate date when the information statement will be first sent to security holders will be on June 3, 2026.

Dissenters' Right of Appraisal

There are no matters to be taken up during the Annual Stockholders' Meeting with respect to which the law allows the exercise of appraisal right by any dissenting stockholder. The Revised Corporation Code of the Philippines limits the exercise of the appraisal right to the following instances:

- i. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 80(a));
- ii. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 80(b));
- iii. In case of merger or consolidation (Section 80(c)); or

- iv. In case of investments in another corporation, business or purpose (Section 80(d)).

Since the matters to be taken up do not include any of the foregoing, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

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

The directors, officers, nominees for directors and their associates do not have a substantial interest, direct or indirect, in any matter to be acted upon, other than election to office.

The registrant has not been informed in writing by any person that he intends to oppose any action to be taken by the Registrant at the meeting.

b. CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders

The record date to determine the stockholders entitled to notice and to vote at the meeting is on May 29, 2026.

As of April 30, 2026, there are 1,821,542,000 outstanding common shares (excluding treasury) entitled to notice and to vote during the meeting. Each common share is entitled to one vote, except with respect to the election of directors where the stockholders are entitled to cumulate their votes. There is no classification of voting securities.

The election of the board of directors for the current year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 23 of the Revised Corporation Code. Section 23 provides that a stockholder may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Equity Ownership of Foreigners

As of April 30, 2026, foreigners collectively own 19,163,349 outstanding common shares which constitutes 1.05% of the total outstanding common shares.

Security Ownership of Certain Record and Beneficial Owners of More than 5%

(1) Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's voting securities as of April 30, 2026 are as follows.

(1) Title of Class	(2) Name and address of record owner and relationship with issuer	(3) Name of Beneficial Owner and Relationship with Record Owner	(4) Citizenship	(5) No. of Shares Held record (r) or beneficial (b)	(6) % to Total Outstanding
Common	AA Commercial, Inc. ¹ 2285 Pasong Tamo Ext. Makati Affiliate	Vincent S. Lim Treasurer of AA Commercial Inc.	Filipino	583,377,817 (r)	32.03
Common	AV Value Holdings Corporation ² 1000 J. Bocobo St., Ermita, Manila Affiliate	David S. Lim Director of AV Value Holding Corp.	Filipino	499,999,999 (r)	27.45
Common	PCD Nominee Corporation (F) ³ G/F MSE Bldg., 6767 Ayala Ave., Makati Stockholder	Various stockholders None	Filipino	341,012,274	18.72

Note

1. AA Commercial Inc. is owned by the Lim Family. Mr. Vincent S. Lim is authorized to vote the shares of stock registered in the name of AA Commercial Inc. Mr. Vincent S. Lim is the Treasurer of AA Commercial Inc.
2. AV Value Holdings Corporation is owned by the Lim Family. Mr. David S. Lim is authorized to vote the shares of stock registered in the name of AV Value Holdings Corporation. Mr. David S. Lim is a Director of AV Value Holdings Corporation.
3. There is no participant lodged under PCD Nominee Corporation that owns more than 5% of the voting securities of the Company.

(2) Security Ownership of Management

The following directors and officers own shares in the Company as of April 30, 2026.

(1) Title of Class	(2) Name of Beneficial Owner	(3) Amount and Nature of Beneficial Ownership	(4) Citizenship	(5) % to Total Outstanding
Common	Susan L. Tan	78,645 (direct)	Filipino	-
Common	Jonathan Joseph C. C. Lim	11,000,000 (direct)	Filipino	0.60
Common	Vincent S. Lim	71,887,187 (direct) 583,377,817 (indirect) ¹	Filipino	3.95 32.03
Common	Jason S. Lim	65,176,160 (direct)	Filipino	3.58
Common	Kevin Michael L. Tan	11,000,000 (direct)	Filipino	0.60
Common	Rafael F. Simpao Jr.	1,000 (direct)	Filipino	-
Common	Siegfred B. Mison	1,000 (direct)	Filipino	-
Common	Elena S. Lim	1,894 (direct)	Filipino	-
Common	Joseph Lim	2 (direct)	Filipino	-
Common	Beda T. Manalac	1,001 (direct)	Filipino	-
Common	David S. Lim	79,488,591 (direct) 5,000,000 (indirect) ³ 499,999,999 (indirect) ²	Filipino	4.36 0.27 27.45
Common	Roberto V. San Jose	242,000 (direct)	Filipino	0.01
Common	Ana Maria Katigbak-Lim	-	Filipino	-
Common	Lita L. Joaquin	7,030,000 (direct)	Filipino	0.39
Common	Christopher James L. Tan	18,462,000(direct)	Filipino	1.01
Common	Josephine T. Santiago	7,000 (direct)	Filipino	-
Common	Ericson B. Salvador	-	Filipino	-
Common	Annabella S. Orbe	-	Filipino	-

The aggregate amount of ownership of all directors and officers as a group unnamed is 1,352,754,296 shares or 74.26% of the total outstanding shares.

Note:

1. AA Commercial Inc. is owned by the Lim Family. Mr. Vincent S. Lim is authorized to vote the shares of stock registered in the name of AA Commercial Inc. Mr. Vincent S. Lim is the Treasurer of AA Commercial Inc.
2. AV Value Holdings Corporation is owned by the Lim Family. Mr. David S. Lim is authorized to vote the shares of stock registered in the name of AV Value Holdings Corporation. Mr. David S. Lim is a Director of AV Value Holdings Corporation.
3. These shares were registered in the name of a member of the immediate family sharing the same household.

(3) Voting Trust Holders of 5% or More

The Company is not aware of any stock held under a voting trust agreement. However, AA Commercial Inc. and AV Value Holdings Corporation are companies owned by the Lim Family. Mr. Vincent S. Lim is authorized to vote the shares of stock registered in the name of AA Commercial Inc. Mr. Vincent S. Lim is the Treasurer of AA Commercial Inc. Mr. David S. Lim is authorized to vote the shares of stock registered in the name of AV Value Holdings Corporation. Mr. David S. Lim is a Director of AV Value Holdings Corporation.

(4) Changes in Control

There are no arrangements, which may result in changes in control of the registrant.

Directors and Executive Officers

A. Directors, Executive Officers, Promoters and Control Persons

(1) Directors, including Independent Directors and Executive Officers

There are nine (9) seats in the Board. The term of office of each member is one (1) year. The names, ages and citizenship of current directors and executive officers are as follows:

Position	Name	Age	Citizenship
Chairman Emeritus	Elena S. Lim	95	Filipino
Co-Chairman Emeritus	Joseph Lim	98	Filipino
Chairman of the Board	Jason S. Lim	68	Filipino
Director, President & Chief Executive Officer and Chief Sustainability Officer	Susan L. Tan	71	Filipino
Director, Executive Vice President & Chief Strategy Officer	David S. Lim	69	Filipino
Director, SVP and Chief Financial Officer and Chief Risk Officer	Vincent S. Lim	67	Filipino
Independent Director	Rafael F. Simpao Jr.	82	Filipino
Independent Director	Siegfred B. Mison	60	Filipino
Director and & SVP for Investor and Stakeholder Relations	Beda T. Manalac	64	Filipino
Director and VP for Property Business and Data Protection Officer	Jonathan Joseph C.C. Lim	40	Filipino
Director and VP New Investments	Kevin Michael L. Tan	43	Filipino
SVP for Business Integration and SEC Compliance Officer	Christopher James L. Tan	42	Filipino
SVP and Treasurer	Lita Joaquin	66	Filipino
Corporate Secretary	Roberto V. San Jose	83	Filipino
Assistant Corporate Secretary	Ana Maria Katigbak-Lim	57	Filipino
VP & Chief Information Officer	Josephine T. Santiago	58	Filipino

VP & Chief Audit Executive	Ericson B. Salvador	54	Filipino
VP and Chief Accounting Officer	Annabella S. Orbe	63	Filipino

Ms. Elena S. Lim has been Chairman Emeritus since May 2001. Prior to that, she was President/Chief Executive Officer from 1996 to May 2001 and was Director from 1996 to 2019. Ms. Lim is married to Joseph Lim.

Mr. Joseph Lim is Co-Chairman Emeritus effective September 2020. He is the Founding Chairman of Solid Group of Companies and served as Chairman of the Board of the Company from 1996 until 2006. In the past five years to present, he has been Chairman of various manufacturing and trading companies in Hongkong and China among which are Solid Co. Ltd., Solid Trading Ltd. and Solid Industrial (Shenzhen) Co. Ltd. He is the Chairman of Phil-Nanning Consortium Inc. Mr. Lim is the incumbent Chairman Emeritus of the China-Philippines Chamber of Commerce. Mr. Lim is married to the Company's Chairman Emeritus, Ms. Elena S. Lim, and is the father of Directors Susan L. Tan, Mr. David S. Lim, Mr. Jason S. Lim and Mr. Vincent S. Lim. Mr. Lim assumed position as Director in June 2010 to September 2020.

Mr. Jason S. Lim is Chairman of the Board effective June 2016. He was Sr. Vice President and Chief Operating Officer from May 2002 to 2016. He has been a Director since 1996. He is Chairman of MySolid Technologies and Devices Corporation, Solid Manila Corporation, SolidGroup Technologies Corporation, Zen Towers Corporation, Skyworld Corporation and Starworld Corporation. He is also currently President of Kita Corporation, MyApp Corporation, Solid Manila Finance Inc., Precos, Inc., Casa Bocobo Hotel Inc and Solid Broadband Corporation. Mr. Lim is the son of Joseph and Elena Lim.

Ms. Susan L. Tan is President and Chief Executive Officer since June 2016. She was Chairman of the Board from May 2001 to 2016. She was Vice President of the Company from April 1999 to April 2001 and is Director since 1996. She was Chief Operating Officer of the Company since 1996 up to March 1999. She is Chairman of Green Sun Hotel Management, Inc., Kita Corporation, MyApp Corporation, Solid Manila Finance Inc and Precos, Inc., Omni Solid Services Inc., Solid Video Corporation, SolidService Electronics Corporation, Casa Bocobo Hotel, Inc. and Solid Broadband Corporation. She is currently President of Zen Towers Corporation. Ms. Tan is the daughter of Joseph and Elena Lim.

Mr. David S. Lim is Director and Executive Vice President and Chief Strategy Officer in September 2020. He was Senior Vice President from June 2016 to 2020. He was President and Chief Executive Officer in May 2001 to 2016 and was Director from 1996 to 2017. He was Vice-President since 1996 up to April 2001. He is concurrently President of Green Sun Hotel Management, Inc., MySolid Technologies and Digital Devices Corporation, Skyworld Corporation and Starworld Corporation. Mr. Lim is the son of Joseph and Elena Lim.

Mr. Vincent S. Lim is Senior Vice President and Chief Financial Officer in September 2010 and Chief Risk Officer in 2017. He was Sr. Vice President for Finance and Investments from June 2006 to 2010. He was formerly Sr. VP and Chief Financial Officer from May 2002 up to 2006. He is a Director since 1996. He is Treasurer for MyApp Corporation, Omni Solid Services, Inc., SolidService Electronics Corporation, Kita Corporation, Solid Video Corporation, Solid Manila Corporation, Green Sun Hotel Management, Inc., MySolid Technologies and Devices Corporation, SolidGroup Technologies Corporation, Zen Towers Corporation, Casa Bocobo Hotel, Inc., Precos, Inc., Solid

Manila Finance Inc., Solid Broadband Corporation, Skyworld Corporation and Starworld Corporation. He is also an Independent Director of Security Land Corporation effective June 2013. Mr. Lim is the son of Joseph and Elena Lim.

Mr. Rafael F Simpao is Independent Director in July 2021. He is also the Chairman of Security Bank Foundation since 1997 and a Trustee of Tany Foundation since 2007. He is currently an Independent Director of WREIT, Inc. since 2022, an Independent Director of All Asia Countertrade, Inc. since 2023, and an Independent Director of Empire Insurance, Inc. since 2018. He served as the President and CEO of Security Bank Corporation from 1994 to 2004 and a Director of the Bank from 1995 to 2019. He was appointed as Senior Advisor to the Board and the Bank's Senior Credit Committee from 2019 to 2024. He was the Chairman of the Board of Keyland Ayala Corporation from 2011 up to 2024. He was also a former Director of the Bankers Association of the Philippines from 2002 to 2004, Director and Treasurer of LGU Guaranty Corporation from 2000 to 2005, trustee of the Cultural Center of the Philippines from 2000 to 2001, trustee and treasurer of Christ Commission Fellowship from 2006 to 2009, trustee and treasurer of the International Graduate School of Leadership from 1994 to 2014, and trustee and treasurer of Church Planters of the Philippines from 2004 to 2019.

Atty. Siegfried B. Mison is an Independent Director since January 26, 2022. He was elected by the Board to serve the remaining term of Ms. Goolsby when she resigned as Independent Director on the same date. He serves as the Chairman of the Board of Bethel General Insurance and Surety Corp. since 2017 and as Chief Administrative Officer of Sonak Holdings Inc. Chief Administrative Officer of Sonak Holdings Inc. since 2024. He is the Corporate Secretary. He has held the position of Senior Vice President for Special Projects in SM Prime Holdings, Inc. from February 10, 2020 to September 16, 2021 and the position of Senior Vice President and General Counsel of Philippine Airlines FROM March 16, 2016 to October 4, 2019. He served as Associate Commissioner and subsequently Commissioner of Bureau of Immigration from June 11, 2011 to January 6, 2016. He has been a member of the Integrated Bar of the Philippines since 1997 and admitted to the State Bar of California since 2006. He served the Philippine Army for 12 years after he graduated from the United States Military Academy at West Point, NY, USA in 1987. He is a member of the Integrated Bar of the Philippines since 1997 and admitted to the State Bar of California and to the Illinois Board of Admissions to the Bar (Limited) in 2006.

Mr. Beda T. Mañalac became a Director in June 2010 and Senior Vice-President for Investor and Stakeholders Relations in June 2024, Senior Vice-President for Investor Relations and Business Integration effective June 22, 2023, and Senior Vice-President for Digital Integration & Investor Relations effective June 30, 2022. He was Sr. Vice President for Business Development and Distribution Business from September 2020 to June 2022. He was Vice President for Business Development from September 30, 2010 to 2020. He is President of SolidGroup Technologies Corporation (SGTC) effective March 31, 2022. He was President of Solid Manila Corporation from January 2012 to March 2022. He was Vice President for Business Development of MyPhone mobile phones under MySolid Technologies and Devices Corporation since 2007 to May 31, 2010.

Mr. Jonathan Joseph C.C. Lim became a Director in June 2017 and Vice President for Property Business in September 2020. He has been the Data Protection Officer of the Company in August 2017. He is President of Solid Manila Corporation effective March 31, 2022. He is President of Solid Group Technologies Corporation (SGTC) since January 2015. Prior to that, he was Vice President of Solid Manila Corporation since August 2013. In addition, he was Sales Manager of Solid Broadband Corporation since October 2009 up to 2012. He is the son of David S. Lim.

Mr. Kevin Michael L. Tan is Director in June 2019 and Vice President for New Investments in June 2024, Vice President for Distribution in June 30, 2022, and Vice-President for Digital Mobile Business since September 2020. He is Vice President of MySolid Technologies and Devices Corporation (MSTDC) since August 2015. Prior to that, he was Vice President since June 2010. In addition, he was Vice President of myphone division of Solid Broadband Corporation from August 2007 to May 2010. He is the son of Susan L. Tan.

Mr. Christopher James L. Tan became the Senior Vice President for Business Integration in June 2024, and was the SEC Compliance Office since June 2023, and Vice President for Business Development since June 2022, and Vice-President for New Investments since September 2020. He is the President of Solid Video Corporation since 2018 and its Vice President from 2014 to 2017. He is the Executive Vice President of Zen Towers Corporation and Vice President of Precos Inc. He was Business Development Manager of Solid Manila corporation from 2011 to 2013. He is the son of Susan L. Tan.

Ms. Lita Joaquin has been the Treasurer since May 2002 and Senior Vice President in September 2020. She was Vice President from September 30, 2010 to 2020. She was also director from June 2006 to August 2007. She was Comptroller in 1996 to April 2002 and Director in May 1997 where she held office up to May 1998. She also became General Manager of Solid Manila Finance Inc. in October 1999. Ms. Joaquin is the niece of Mr. Joseph Lim.

Atty. Roberto V. San Jose is the Corporate Secretary of the Company and has held the office since 1996. He is Chairman of Mabuhay Holdings Corporation, Corporate Secretary of Marcventures Holdings, Inc. and Solid Group, Inc. He is also either a director, corporate secretary, or an officer of various companies which are clients of the law firm of Castillo Laman Tan Pantaleon & San Jose, of which he is presently a Senior Consultant. He is a member of the Integrated Bar of the Philippines. He is also either a director, corporate secretary, or an officer of various companies which are clients of the law firm of Castillo Laman Tan Pantaleon & San Jose, of he is presently a Senior Consultant. He is a member of the Integrated Bar of the Philippines.

Atty. Ana Maria A. Katigbak is the Assistant Corporate Secretary of the Company and has held the office since 1997. She is a partner in Castillo, Laman, Tan, Pantaleon & San Jose Law Offices. She also acts as director of Mabuhay Holdings Corporation, Corporate Secretary of Alsons Consolidated Resources, Inc., IPM Holdings Inc. and Assistant Corporate Secretary of Energy Development Corporation, Mabuhay Holdings, Inc., Marcventures Holdings, Inc., Paxys Inc. and East Coast Vulcan Mining Corporation. She is a member of the Integrated Bar of the Philippines.

Josephine Santiago is the Vice President effective February 1, 2022 and Assistant Vice President in September 2020. She is Chief Information Officer since October 2012. She is also the Corporate Secretary of subsidiaries and affiliates of Solid Group Inc. for the last five years.

Ericson B. Salvador is Vice President effective February 1, 2022 and Assistant Vice President in September 2020 and Chief Audit Executive since June 2017. Prior to that, he was the Senior Audit Manager of the subsidiaries and affiliates of Solid Group Inc. for more than five years.

Annabella S. Orbe is Vice President effective June 22, 2023 and Assistant Vice President in February 2022. Prior to that, she was the Accounting Manager since July 1, 2010 and Corporate Information

Officer since June 2012 until the present. She used to hold the position of Senior Accounting Manager in Omni Solid Services Inc. (formerly Omni Logistics Corporation/Solid Laguna Corporation) in August 1998 until June 30, 2010 and Accounting Manager of Solid Corporation from August 1996 to July 1998.

Nominees for Election

The following have been nominated for election at the Annual Stockholder's Meeting:

Position	Name	Age	Citizenship
Director	Susan L. Tan	71	Filipino
Director	Kevin Michael L. Tan	43	Filipino
Director	Jonathan Joseph CC. Lim	40	Filipino
Director	Jason S. Lim	68	Filipino
Director	Vincent S. Lim	67	Filipino
Independent Director	Rafael F. Simpao Jr.	82	Filipino
Independent Director	Siegfred B. Mison	60	Filipino
Director	David S. Lim	69	Filipino
Director	Beda T. Mañalac	64	Filipino

Please refer to the previous section for the write-up of the following incumbent directors who have been re-nominated: (a) Susan L. Tan; (b) Jonathan Joseph CC. Lim; (c) Jason S. Lim; (d) Vincent S. Lim; (e) David S. Lim; (f) Beda T. Mañalac; and (g) Kevin Michael L. Tan.

Independent Directors - Nominees

Mr. Rafael F. Simpao Jr. is an incumbent Independent Director of the Corporation. Please refer to the preceding discussion for the biographical information and background of Mr. Simpao. He has been re-nominated for Independent Director by Mr. Jonathan Joseph Lim. He is not acting as a representative of any director or substantial shareholder of Solid Group, Inc. 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. Mr. Simpao is not related to any director or officer of the Corporation.

Atty. Siegfred Mison is an incumbent Independent Director of the Corporation. Please refer to the preceding discussion for the biographical information and background of Atty. Mison. He has been re-nominated for Independent Director by Mr. Jonathan Joseph Lim. He is not acting as a representative of any director or substantial shareholder of Solid Group, Inc. 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. Mr. Simpao is not related to any director or officer of the Corporation.

Nomination and Election of Independent Directors

In compliance with SRC Rule 38 and the Company's Manual on Corporate Governance, the Corporate Governance, Compensation & Nomination Committee was constituted with the following as current members:

1. Atty. Siegfred B. Mison (Chairman and Independent Director)
2. Susan L. Tan (Vice Chairman)
3. Rafael F. Simpao, Jr. (Independent Director)
4. Annabella S. Orbe (Management Representative)

The Committee pre-screened and accepted the nominations of Atty. Mison and Mr. Simpao as Independent Directors in accordance with the criteria prescribed in SRC Rule 38 and the Company's Code of Corporate Governance. Atty. Mison was nominated by Mr. Jonathan Joseph Lim. Mr. Simpao was nominated by Mr. Jonathan Joseph Lim. Atty. Mison and Mr. Jonathan Joseph Lim are not related to each other. Mr. Simpao and Mr. Jonathan Joseph Lim are likewise not related to each other.

Attached as **Exhibit 1** hereto is a certification that none of the Company's directors and officers are connected with any government agencies or instrumentalities.

In compliance with SEC Memorandum Circular No. 5-2017, the Company has submitted the Certification of Qualification of the Independent Director of Atty. Siegfred Mison and Mr. Rafael F. Simpao Jr. together with the Company's Information Statement (SEC Form 20-IS).

Family Relationships and Related Transactions

Ms. Elena S. Lim is married to Mr. Joseph Lim. Their children, namely, Ms. Susan L. Tan, Mr. David S. Lim, Mr. Jason S. Lim and Mr. Vincent S. Lim are all directors and executive officers of the Company. Mr. Jonathan Joseph C.C. Lim, director, is the son of Mr. David S. Lim. Mr. Kevin Michael L. Tan is the son of Ms. Susan L. Tan. Ms. Lita Joaquin, treasurer of the Company, is the niece of Mr. Joseph Lim. Other than the ones disclosed, there are no other family relationships up to the Fourth Civil Degree either by consanguinity or affinity among the Directors, Executive Officers, or persons nominated that is known to the Company.

Significant Employees

There is no significant employee that is not part of the Company directors and executive officers.

Involvement in Certain Legal Proceedings

Ms. Elena S. Lim is included as co-defendant in a case filed by a certain bank against AA Export and Import Corporation for the collection of unsecured business loans granted to that company. On March 22, 2022, AA Export and Import Corporation has fully paid the loan. Except for this, none of the directors and officers was involved in the past five years up to April 2025 in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

Material Pending Legal Proceedings Involving the Company or its Subsidiaries

Solid Corporation owns a parcel of land in Bgys. Talipapa and Pamaldan, Cabanatuan City, Nueva Ecija with an area of 1,914,180 square meters. This property is the subject of a case filed by Solid

Corporation on October 17, 1995 with the Department of Agrarian Reform Regional Adjudication Board (RARAB) to declare the emancipation patents issued to several tenant farmers of the said property and any patents that may subsequently be issued covering the same, null and void on the ground that the requirements of Presidential Decree No. 27 have not been complied with. The portion of the property that may be subject to litigation consists of 47,211 square meters. On February 6, 1997, the case was submitted for resolution. On June 26, 1997, the RARAB ordered the processing of the Certificate of Land Transfer for issuance to the tenants. On July 31, 1997, Solid Corporation appealed the RARAB decision to the DAR's Central Adjudication Board (DARAB). The appeal was resolved adverse to Solid Corporation on January 31, 2002. Solid Corporation appealed the DARAB decision to the Court of Appeals on February 11, 2002. The Court of Appeals dismissed the petition of Solid Corp. on March 1, 2002. In November 2002, Solid Corporation withdrew its appeal at the Court of Appeals preparatory to negotiating with DAR and Landbank, which the Court of Appeals granted last June 28, 2004. No amicable settlement was however reached. Thus, Solid Corporation filed for a Petition for Higher Valuation of Land before the Provincial Agrarian Reform Adjudication Board of the Department of Agrarian Reform in Cabanatuan City on November 18, 2007. The Department of Agrarian Reform granted Solid Corporation's petition and ordered Land Bank to re-evaluate the land valuation based only on Republic Act No. 6657 (The Comprehensive Agrarian Reform Program) on September 28, 2012. Land Bank amended the valuation and tendered an Amended Offer of P14.97 million to Solid Corporation (or Solid Manila Corporation, the surviving company after the merger of Solid Manila Corporation and Solid Corporation). Solid Manila Corporation applied for an amended valuation for Php 16.4 million Pesos. Solid Manila Corporation is complying with the documentation requirements to recover compensation pursuant to a Final Favorable and Executory decision rendered by the Provincial Adjudicator of DARAB as of April 2025.

Certain Relationships and Related Transactions

In 2020, Solid Video Corporation (SVC) earns commission from sales of Solid Trading Limited (STL), a related party under common ownership, to customers in the Philippines. None for 2024, 2023, and 2022.

In 2022, MySolid purchased mobile phones, tablets and accessories from STL, MySolid also made advance payments to STL for purchase of mobile phones. None in 2024 and 2023.

In 2023 and 2022, SVC and SolidService Electronics Corporation purchased electronic devices from Avid Sales Corporation (Avid), wholly owned subsidiary of the Company acquired in November 2022. The purchases reported as related party transactions transpired before the acquisition of ownership of Avid.

In 2022, MySolid and SVC sold mobile phones, tablets and accessories, tapes and equipment to Avid. None in 2024 and 2023.

Solid Manila Finance Inc. granted unsecured business loan to Avid Sales Corporation, a wholly

owned subsidiary of the Company acquired in November 2022, with the original principal loan amounting to P80.0 million. This business loan bears an annual interest rate of 8.0% in 2022, 2021 and 2020. The loan matured on January 18, 2020 and was renewed on the same date, repayable until January 18, 2025, its maturity date. Interest earned from loans is shown as part of Revenues in the consolidated statement of income. The loan was collected in full in November 2022, prior to the acquisition by the Company.

Solid Manila Corporation (SMC) and Omni Solid Services Inc. (OSSI) leases out certain land and buildings and office space, respectively to Avid Sales Corporation, a wholly owned subsidiary of the Company. Revenues reported as related party transactions transpired before the acquisition of ownership of Avid. Also, Zen Tower Corporation (ZTC) leases out its office space to TCL Sun Inc., a related party under common ownership.

SMC and ZTC bill service charges to its related parties for common usage and service area and consumption of utilities.

OSSI provides leasing warehouse and distribution services to Avid, a wholly owned subsidiary of the Company acquired in November 2022, Revenues reported as related party transactions transpired before the acquisition of ownership of Avid.

Revenue from sale of goods and services are recorded as part of revenues. Income from leases is reported as Rentals. Interest earned from loans is shown as part of revenues. Related outstanding receivables are recorded as part of Trade and Other Receivables. Purchases are recorded as part of cost of sales and the related outstanding payables are part of the Trade and Other payables. Deposits received from related parties are refundable at the end of the lease term of the agreements. These are presented as Refundable Deposits under Trade and Other Payable account. Outstanding receivables from and payables to related parties for the above transactions are unsecured, non-interest bearing and generally settled in cash within 12 months from the end of the reporting period.

Advances to and from Related Parties

In the normal course of business, certain subsidiaries of the Company grants and obtains unsecured, non-interest bearing and no fixed repayment and settlement term cash advances to and from related parties under common ownership for working capital requirements and other purposes.

The SEC has an outstanding receivable from CPD Access Corporation, a related party under common ownership, for returns arising from purchases made in prior years and is presented as part of Advances to Related Parties in the consolidated statements of financial position.

Other than the foregoing, there was no transaction during the past two fiscal years to which the Company was a party, in which a director, executive officer, nominee for director, stockholder owning more than 10% of the outstanding shares of the Company had a direct interest.

The Company has no transactions involving related parties where the service fees or rates are fixed by law or government authority, nor acts as bank depository of funds, transfer agent, registrar or trustee under a trust indenture nor has any other interest except for those arising from the ownership of securities of the registrant recorded as treasury shares nor received extra or special benefit that was not shared equally by all holders of the registrant.

The Company has no parent company holding or controlling more than 50% of its outstanding capital stock. However, AA Commercial Inc. and AV Value Holdings Corporation separately own and control 32.03% and 27.45%, respectively, of the Company's outstanding shares.

There are no transactions with promoters or assets acquired by the Company from any promoters.

Advances to Officers

In the ordinary course of business, the Group provided unsecured, noninterest-bearing advances to its officers subject to liquidation. The outstanding receivables arising from these transactions are presented as part of Advances to officers and employees under Trade and Other Receivables account in the consolidated statements of financial position.

Transactions with the Retirement Fund

The Group has established a formal multi-employer retirement plan which is administered by an investment manager, except for certain subsidiaries whose retirement fund remained unfunded as of December 31, 2024 and 2023.

The retirement fund consists of corporate bonds, government securities and UITF with fair values totaling P265.7 million and P256.7 million as of December 31, 2024 and 2023, respectively. The retirement fund neither provides any guarantee nor surety for any obligation of the Group.

Resignation of Directors

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting due to any disagreement with the Company relative to the Company's operations, policies and practices.

Compensation of Directors and Executive Officer

(1) General

The Company's executive officers are regular employees of the Company and its subsidiaries and are similarly remunerated with a compensation package comprising of regular salary, bonuses, thirteenth month pay and leave conversions that the Company extends to its regular employees. Directors who are not executive officers are paid specified amounts per meeting participation.

(2) Summary Compensation Table

The following table summarizes certain information regarding compensation paid or accrued during the last two fiscal years and paid in the ensuing fiscal year to the Company's Chairman and each of the Company's four most highly compensated executive officers.

SUMMARY COMPENSATION TABLE

Annual Compensation				
(a) Name and Principal Position	(b) Year	(c) Salary (₱)	(d) Bonus (₱)	(e) Other Annual Compensation Income (₱)
Chairman and four most highly compensated executive officers				
Jason S. Lim	Chairman of the Board			
	Director, President and Chief Executive Officer			
Susan L. Tan	Director, Executive Vice President and Chief Strategy Officer			
David S. Lim	Director, Senior VP and Chief Financial Officer			
Vincent S. Lim	Senior VP and Treasurer			
Lita Joaquin				
	2025 (Est.)	23,522,000	4,134,725	1,854,985
	2024	2,384,000	3,758,840	1,686,350
	2023	20,136,000	3,526,006	1,604,371
All officers and directors as a group unnamed	2025 (Est.)	16,012,920	2,262,230	2,400,000
	2024	14,557,200	2,056,580	2,255,310
	2023	15,198,000	2,184,097	2,659,660

(3) Compensation of Directors

Please see executive and directors' compensation.

Matters of compensation of directors and executive officers are reviewed by the Company's Corporate Governance, Compensation & Nomination Committee. The members of the Corporate Governance, Compensation & Nomination Committee are the following:

1. Atty. Siegfred B. Mison (Chairman and Independent Director)
2. Susan L. Tan (Vice Chairman)
3. Rafael F. Simpao, Jr. (Independent Director)
4. Annabella S. Orbe (Management Representative)

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

- (a) In 2024, SolidGroup Technologies Corporation (SGTC), a wholly owned subsidiary of the Company, entered into an executive employment contract with its executive officer for a fixed term of three (3) years ending September 30, 2024, under an agreed compensation package. The contract was subsequently extended until December 31, 2024. Upon expiration of the contract, the executive officer was absorbed by the parent company effective January 1, 2025 in the same capacity. The officer also serves as a director and executive officer of the

Company.

- (b) There are no compensatory plan or arrangements, including payments to be received from the registrant, if such plan or arrangements results or will result from resignation, retirement or any other termination of such executive officer or director's employment with the registrant and its subsidiaries or from change-in-control of the registrant or a change in the executive officer or directors' responsibilities following a change-in-control and the amount involved, including all periodic payments or installments, which exceed P2.5 million.

(5) Warrants and Options Outstanding: Repricing

Not applicable. The Company has no outstanding warrants and options.

Independent Public Accountants

The independent public accountant recommended for re-appointment for the current year is Punongbayan & Araullo ("P&A"). P&A was the auditor for the previous fiscal year ended 2025. There were no disagreements with P&A on any matter of accounting principle or practice, or financial disclosure.

Representatives of P&A shall be present at the meeting, will have the opportunity to make a statement if they choose to do so, and will be available to respond to appropriate questions.

On June 26, 2025, the Company reappointed Punongbayan and Araullo (P&A) as its external auditors for the year 2025.

There was no change in our existing accountant for the years 2025 and 2024.

For 2026, the handling Partner-In-Charge will still be Mr. Renan A. Piamonte, similar to the years 2025 and 2024.

The annual audited financial statements are approved by the Company's Audit Committee consisting of the following members:

Chairman:	Rafael F. Simpao, Jr. (Independent Director)
Vice Chairman:	Vincent S. Lim
Member:	Atty. Siegfried B. Mison (Independent Director)
Management Representative:	Ericson B. Salvador

Audited Financial Statements

Please refer to the Management Report for a copy of the Company's audited financial statements for the year ended December 31, 2025.

Interim Financial Statements

Please refer to the Management Report for a copy of the Company's SEC Form 17-Q for the first quarter of 2026 ended March 31, 2026. The Company's SEC Form 17-Q contains the Company's financial statements for the first quarter of 2026 ended March 31, 2026.

D. OTHER MATTERS

Action with Respect to Reports:

The 2025 Audited Financial Statements, as set forth in the accompanying Management Report, and the Minutes of the Annual Stockholders' Meeting will be submitted for stockholder's approval. Copies of the Management Report are attached to this Information Statement.

Approval of the Minutes of the Annual Stockholders' Meeting held on June 25, 2026 constitutes a ratification of the accuracy and faithfulness of the Minutes to the events which transpired during the meeting which includes the following: (i) approval of minutes of the previous meeting; (ii) approval of the management report and audited financial statements; (iii) ratification of management's acts; (iv) election of directors; and (vi) appointment of external auditors. This does not constitute a second approval of the same matters taken up at the previous Annual Stockholders' Meeting which had already been approved.

Please refer to **Exhibit 2** for the list of Acts for Ratification.

Other Proposed Action

(a) Election of Directors

Nine (9) Directors will be elected, inclusive of two (2) independent Directors, for the year 2026-2027.

(b) Appointment of External Auditor

The Company's external auditor will be appointed for the year 2026.

Voting Procedure:

Stockholders as of record date on May 29, 2026 who successfully register for the meeting have the opportunity to cast their votes by the submission of proxies not later than June 15, 2026. Every stockholder shall be entitled to one vote for each share of stock standing in his/her name in the books of the Company.

For items other than the election of directors, the stockholders have the option to either vote in favor of or against a matter for approval, or to abstain.

For the election of directors, the stockholders have the option to vote their shares for each of the nominees, not vote for any nominee, or cumulate their votes by voting for one or some nominees only, in such number of shares as the stockholders prefer; provided that the total number of votes cast did not exceed the number of shares owned by them multiplied by the number of directors to be elected.

Votes received by proxy forms will be validated by Stock Transfer and Services, Inc., the Company's Stock and Transfer Agent. The results of the voting, with full details of the affirmative and negative votes, as well as abstentions, will be reflected in the minutes of this meeting.

For all items in the agenda to be approved other than the election of directors, the vote of the stockholders representing at least a majority of the outstanding capital stock will be sufficient to approve the matter.

For the election of directors, the nine (9) nominees receiving the highest number of votes will be declared the duly elected members of the Board of Directors for the current term.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, FREE OF CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

**Solid Group Inc.
2285 Don Chino Roces Avenue
Makati City, Metro Manila**

Attention: Annabella Orbe

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on June 3, 2026.

Solid Group Inc.

By:



Ana Maria A. Katigbak
Asst. Corporate Secretary

Exhibit 2
Summary of Acts for Ratification

The acts for ratification from the date of the last stockholders' meeting include the following:

- Election of directors
- Reorganization of Board Committees
- Approval and Declaration of Cash Dividends
- Presentation and approval of the quarterly financial reports
- Presentation and approval of the audited financial statements
- Amendment of the Related Party Transactions Policy, as approved by the RPT Committee
- Appointment of External Auditors
- Approval of Engagement of Punongbayan & Araullo for non-audit services
- Appointment of Authorized Representatives to Transact with the Bureau of Internal Revenue
- Designation of Authorized Representatives to Transact with Metrobank
- Designation of Authorized Representatives to Transact with Mediacard
- Setting of the 2026 Annual Stockholders' Meeting
- Approval of Calendar of Meetings
- Updating of Authorized Representatives for submissions to the Securities and Exchange Commission
- Appointment of Signatories for the Corporation's Telecommunication Lines
- Approval of the 2025 Integrated Annual Corporate Governance Report (IACGR)
- Approval of the Y2025 Board Assessment
- Appraisal of Investment Properties

SOLID GROUP INC.**MANAGEMENT REPORT
Pursuant to SRC Rule 20(4)(A)****For the 2026 Annual Stockholders'
Meeting*****A. Audited Financial Statements for Fiscal Year Ended December 31, 2025***

Please refer to the accompanying audited financial statements for year ended December 31, 2025 and first quarter report on SEC Form 17Q for the quarter ended March 31, 2026 (SEC Form 17Q is attached).

B. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has no disagreements with the external auditor on accounting and financial disclosure.

On June 26, 2025, the Company reappointed Punongbayan and Araullo as its external auditors for the year 2025.

There was no change in our existing accountant for the years 2025 and 2024.

For 2025, the handling Partner-In-Charge will still be Mr. Renan A. Piamonte.

C. Management's Discussion and Analysis or Plan of Operations.***Full Fiscal Years*****A. Management's Discussion and Analysis or Plan of Operation****(1) Plan of Operation**

Not applicable. The Company have revenues from operations in each of the last two fiscal years.

(2) Management's Discussion and Analysis

Full Fiscal Years

Key Performance Indicators

The following key performance indicators were identified by the Company: revenue growth, asset turnover, operating expense ratio, earnings before interest, taxes, depreciation and amortization (EBITDA), earnings per share, current ratio and debt to equity ratio.

Revenue growth was determined as follows: revenues for the current year less revenues for last year or change in revenues divided by the revenues of the previous year.

Asset turnover was computed based on the revenues earned during the year divided by the average total assets.

Operating expense ratio was calculated as follows: operating expenses for the period divided by revenues for period.

EBITDA was determined by adding back interest expense, depreciation and amortization charges to income before tax on continuing operations for the year.

Earnings per share was computed based on the net income or loss for the period divided by the weighted average shares outstanding during the year.

Current ratio was computed as follows: total current assets as of end of the year divided by total current liabilities as of end of the year.

Debt to equity ratio was computed by dividing the total liabilities (excluding amounts due to related parties) as of end of the year by the total equity as of end of the year.

Key performance indicators for 2025, 2024 and 2023 are as follows:

	December 31, 2025	December 31, 2024	December 31, 2023
Revenue growth (decline)	13%	16%	51%
Asset turnover	21%	19%	18%
Operating expense ratio	22%	22%	25%
EBITDA	P1,084 million	P968 million	P818 million
Earnings (loss) / share	0.38	0.30	0.28
Current ratio	8.73 : 1	7.45:1	7.14 : 1
Debt to equity ratio	0.21 : 1	0.21:1	0.16 : 1

2025

Revenue grew by 13% in 2025 reaching P3,237 in 2025 from P2,861 million in 2024 driven by significant growth in leasing operations across various locations, increased sales of retail electronic products and continued expansion of logistics services.

Asset turnover stood at 21% and 19% in 2025 and 2024, mainly from higher revenues for the year.

Operating expense ratio was flat at 22% for both 2025 and 2024. There was no material change for this ratio.

EBITDA increased to P1,084 million in 2025 from P968 million in 2024 driven by higher profit before tax.

Earnings per share went up to P0.38 in 2025 from P0.30 in 2024. The increase was primarily due to higher net income attributable to equity holders of the Parent for the year.

Current ratio was at 8.73:1 as of December 31, 2025 from 7.45:1 as of December 31, 2024 chiefly due to decrease in current liabilities.

Debt to equity ratio stood at 0.21:1 as of December 31, 2025 and as of December 31, 2024.

2024

Revenue increased by 16% in 2024, compared to a 51% growth in 2023, driven by strong performance across all segments primarily retail sales within the distribution/retail segment and the commencement of a significant leasing contract within the property and related services segment.

Asset turnover stood at 19% and 18% in 2024 and 2023, mainly from higher revenues for the year.

Operating expense ratio decreased to 22% in 2024, down from 25% in 2023, mostly due to higher revenue and provision for inventory obsolescence.

EBITDA grew to P968 million in 2024 from P818 million in 2023 driven by higher profit before tax of the investment & others and property & related services segments.

Earnings per share went up to P0.30 in 2024 from earnings per share of P0.28 in 2023 mainly from higher net profit for the year

Current ratio was at 7.45:1 as of December 31, 2024 from 7.14:1 as of December 31, 2023 chiefly due to increase in current assets.

Debt to equity ratio stood at 0.21:1 as of December 31, 2024 from 0.16:1 as of December 31, 2023 principally due to higher liabilities owing to bank loan availments.

2023

Revenues grew by 51% in 2023 reaching P2,466 million from P1,634 million in 2022 principally due to improved revenues of the distribution/retail segment. Sale of goods was amplified by the full year sales of Avid Sales Corp in 2023 compared to its one-month sales in 2022 when it was acquired in November 2022.

Asset turnover was higher at 18% for 2023 versus 12% in 2022 mainly from higher revenues of the digital/retail segment.

Operating expense ratio remained at 25% and 24% for 2023 and 2022, respectively. There was no material change for this ratio.

EBITDA climbed to P818 million in 2023 from the amount of P676 million of the previous year mostly driven by higher operating profit of the property and related services and logistics & technical solutions segments.

Earnings per share was P0.28 in 2023 from P0.23 in 2022. EPS grew principally from higher reported net profit for the year.

Current ratio was lower at 7.14 : 1 as at December 31, 2023 compared with 10.13 : 1 as of end of the previous year mainly from lower current assets.

Debt to equity ratio was 0.16: 1 as at December 31, 2023 from 0.14 : 1 as of December 31, 2022 chiefly from greater total liabilities.

Results of Operations 2025

Revenue rose by 13% to P3,237 million in 2025 from P2,861 million in 2024 from improved revenues of property and related services, distribution/retail, technical support and solutions segments as explained below.

Sale of goods grew by 2% to P1,551 million in 2025 compared to P1,516 million in 2024 mainly attributable to higher sales volume in the distribution/retail segment supported by higher institutional sales and expansion of store presence. There was no significant change for this account.

Service revenue went up by 18% to P985 million in 2025 from P836 million in 2024 primarily due to the service integration project, improved logistics services and a twofold increase in service revenue from hotel operations of the property and related services segment supported by higher events booking and room occupancy.

Rental income increased by 46% to P613 million in 2025 from P419 million in 2024 boosted by the full year recognition of rental in 2025 from the leased warehouse in Calamba, Laguna, compared to only five months of recognition in the previous year, as well as expansion of leasing operations across various locations under the property & related services segment.

Interest income was up by 5% to P86 million in 2025 from P81 million in 2024 mostly due to higher time deposit placements of investment & others segment.

Sale of real estate was nil in 2025 compared to P8 million in 2024 from the sale of a condominium unit and two parking lots.

Cost of sales, services, rentals and real estate sold rose by 5% to P2,037 million in 2025 from P1,932 million in 2024, as discussed below.

Cost of sales amounted to P1,227 million in 2025 from P1,237 million in the same period last year. There was no material change for this account.

Cost of services reached P703 million in 2025, an 18% increase compared to P596 million in 2024

mainly due to higher integration cost from completed integration projects, along with increased subcontracting costs and rental expenses associated with the expansion of logistics activities.

Cost of rental was recorded at P105 million in 2025, up by 12% against P94 million in 2024 in relation to the expanded leasing operation of the property and related services segment.

Cost of real estate sold was nil in 2025 from P3.9 million in the same period of 2024.

Gross profit increased to P1,200 million in 2025 from P929 million in 2024 predominantly because of higher gross profit from lease operations of newly constructed warehouse in Calamba, Laguna of the property & related services segment.

Other operating expenses (income) amounted to P454 million in 2025 from P290 million in 2024 as explained below.

General and administrative expenses increased by 10% to P511 million in 2025 from P464 million in 2024 primarily due to incremental personnel cost, increased utilities expenses, impairment of an investment in an associate, and a loss on the write-off of software development costs.

Selling and distribution costs amounted to P187 million in 2025, representing 17% increase from P160 million in 2024 driven by higher commissions, delivery expenses and selling & bank charges related to credit card transactions of the distribution/retail segment.

Other operating income – net decreased by 26% to P245 million in 2025 from P333 million in 2024. The decline was primarily due to lower fair value gains on investment properties in 2025 compared to fair value gains recognized in 2024.

Operating profit increased by 17% to P746 million in 2025 compared to P637 million in 2024 significantly due to higher gross profit as explained above.

Other income (charges) – net amounted to P185 million income in 2025, compared to P211 million in 2024. The decrease was principally due to the following:

Finance income declined by 23% to P105 million in 2025 from P137 million in 2024. The decrease was principally attributed to lower interest income resulting from reduced investible funds placed in time deposits under the property & related services segment. In addition, foreign exchange gains were recognized in 2024 from USD-denominated dividend income, while no similar transactions occurred in 2025.

Finance costs increased significantly by 428% to P60 million in 2025 from P11 million in 2024, mainly due to interest on loans used to partially finance the construction of a warehouse in Calamba, Laguna under the property & related services segment. It was previously capitalized as borrowing costs under PAS 23 until completion in October 2024, after which it was recognized in profit or loss.

Other gains – net increased by 63% to P140 million in 2025 from P85 million in 2024. The growth was primarily driven by certification service income charged to lessee for the recovery of costs incurred by the Company in relation to infrastructure enhancements undertaken to obtain the Leadership in Energy and Environmental Design (LEED) Gold certification for the leased premises,

which was successfully obtained.

Profit before tax reached P931 million in 2025, an increase of 10% from P849 million in 2024. The increase was attributed to higher operating profit, as discussed above.

Tax expense dropped by 8% to P226 million in 2025 from P246 million in 2024. This was principally due to lower regular corporate income tax and a reduction in deferred tax expense related to lower fair value gains on investment properties in 2025 compared to prior year.

Net profit was higher by 17% to P704 million in 2025 as compared to P602 million in 2024 mainly due to higher operating profit as stated above.

Net profit attributable to equity holders of the parent realized P696 million in 2025 against P551 million net profit in 2024, 26% higher due to higher profit before tax as discussed above.

Net profit attributable to non-controlling interests (NCI) amounted to P7 million and P51 million in 2025 and 2024, respectively. This represents minority share in net profit for the year.

Financial Position 2025

Cash and cash equivalents declined by 16% to P2,576 million as of December 31, 2025 from P3,077 million as of December 31, 2024. The decrease was primarily due to net cash outflows from investing activities as a result of allocation of funds into short-term placements.

Short-term placements surged by 211%, reaching P622 million as of December 31, 2025, from P200 million as of December 31, 2024 driven by allocation of additional investible funds into higher-yielding time deposits with maturities of 91 days or more.

Trade and other receivables increased by 32% to P573 million as of December 31, 2025 from P435 million as of December 31, 2024, mainly driven by higher rental receivables from the property and related services segment and increased loan receivables from the investment and others segment. Trade customers are generally established and financially stable companies, providing reasonable assurance of collectibility. Nevertheless, trade accounts are periodically reviewed to assess potential credit risk, and allowances are recognized for accounts considered doubtful of collection.

Advances to related parties went down by 64% to P2.4 million as of December 31, 2025, compared to P6.6 million as of December 31, 2024. The decline pertains to Starworld's advances to a related party which were included in the net assets deconsolidated following the sale of Starworld shares and consequent loss of control of subsidiary.

Merchandise inventories and supplies – net decreased by 36% to P227 million as of December 31, 2025, from P353 million as of December 31, 2024. The decline was mainly attributable to the completion of integration projects under the distribution/retail segment during the year, resulting in the utilization and reclassification of related inventories and supplies to appropriate expense and asset accounts.

Real estate inventories remained at P424 million for both years. There was no change for this account.

Other current assets totaled P542 million as of December 31, 2025 compared with P567 million as of December 31, 2024, a 4% decrease due to application of input VAT against output VAT of the property & related services segment. There was no material change for this account.

Total current assets reached P4,970 million as of December 31, 2025 from P5,066 million as of December 31, 2024 as discussed above.

Non-current trade and other receivables rose to P476 million as of December 31, 2025 from P453 million as of December 31, 2024, a 5% growth driven by the appreciation of USD-denominated cash surrender value of investment in life insurance against the Philippine peso resulting in a higher investment balance.

Financial assets at fair value through other comprehensive income increase by 27% to P94 million as of December 31, 2025 from P74.2 million the previous year arising from fair value gains on club shares.

Investments in associates - net of allowance dropped by 22% to P29 million as of December 31, 2025 from P38 million as of December 31, 2024 primarily due to additional P10 million impairment loss on Fekon following a continuous reassessment of its business outlook. This was partially offset by the recognition of Company's remaining 30% interest in Starworld measured at fair value upon loss of control and the onset of significant influence (as discussed in Note 7.3.b of the financial statements).

Investment in bonds was P20 million as of December 31, 2025 and as of December 31, 2024 from investment made in 2021. There was no change in this account.

Right-of-use (ROU) assets, net, increased by 25% to P3.7 million as of December 31, 2025 from P3.0 million as of December 31, 2024, mainly attributable to additional lease contracts recognized in accordance with PFRS 16, Leases.

Property and equipment totaled P1,607 million as of December 31, 2025 and P1,612 million as of December 31, 2024, indicating no material change in this account.

Investment properties – net increased to P8,384 million as of December 31, 2025 from P8,041 million as of December 31, 2024, mainly due to fair value gains and additional investment properties recognized during the year. Despite the increase, there was no material change in the overall balance of this account.

Post-employment benefit assets, net, declined by 55% to P58 million as of December 31, 2025 from P131 million as of December 31, 2024, primarily due to the impact of the asset ceiling under PAS 19, Employee Benefits, based on the latest actuarial valuation. The asset ceiling indicates that the present value of economic benefits recoverable from the defined retirement benefit plan is lower than the surplus of fair value of the plan assets over the present value of the defined benefit obligation.

Deferred tax assets - net amounted to P13 million as of December 31, 2025 compared to P12.5 million as of December 31, 2024. There was no material change for this account.

Other non-current assets decreased by 36% to P31 million as of December 31, 2025 from P48

million as of December 31, 2024 mainly due to full write-off of software development cost following management's assessment that this will no longer generate future economic benefits.

Total non-current assets grew to P10,717 million as of December 31, 2025 from P10,434 million as of December 31, 2024 mainly from higher investment properties.

Total assets reached P15,688 million as of December 31, 2025 from P15,500 million as of December 31, 2024 as explained above.

The current portion of interest-bearing loans amounted to P39 million as of December 31, 2025, compared to nil in 2024. This increase relates to the reclassification of a portion of the long-term borrowings maturing within 12 months from the reporting date, in accordance with PAS 1, which requires such amounts to be presented as current liabilities based on the remaining contractual maturity and the absence of an unconditional right to defer settlement for at least 12 months.

Trade and other payables decreased by 25% to P494 million as of December 31, 2025 compared to P658 million as of December 31, 2024 principally from unearned rent, which were subsequently applied to rental income during the period under the property & related services segment, as well as the settlement of outstanding obligations to suppliers.

Customers' deposits soared by 1845% to P24.7 million as of December 31, 2025, up from P1.2 million as of December 31, 2024, driven by additional deposits from customers under distribution/retail segment.

Current lease liabilities went up by 13% to P3.8 million as of December 31, 2025 from P3.4 million as of December 31, 2024 due to recognition of additional liabilities arising from renewed long-term lease contracts that qualified under PFRS16, Leases and reclassification of a portion of lease obligations from non-current to current due to passage of time and contractual maturity.

Income tax payable was down by 63% to P6.5 million as of December 31, 2025 from P17 million as of December 31, 2024 from lower regular corporate income tax expense as result of reduced taxable income for the year.

Total current liabilities declined by 16% to P569 million as of December 31, 2025 from P680 million as of December 31, 2024 due to lower trade and other payables.

Non-current interest-bearing loans decreased slightly to P836 million as of December 31, 2025, from P875 million as of December 31, 2024. This reduction was chiefly due to the reclassification of P39 million to the current portion, in accordance with PAS 1, which requires the recognition of the current portion representing maturities within 12 months. Loans were used to partially finance the construction of the now completed warehouse facility in Calamba, Laguna, under the property & related services segment.

Non-current refundable deposits went up by 6% to P23 million as of December 31, 2025 from P21 million as of December 31, 2024 due to additional deposit received from lessees in connection with lease agreements of certain subsidiaries.

Post-employment benefit obligation totaled P32 million as of December 31, 2025 compared to P29 million as of December 31, 2024, reflecting 10% increase driven by the recognition of current

service and interest costs for the year in accordance with PAS 19. This represents the unfunded retirement obligation of certain subsidiaries.

Deferred tax liabilities – net rose to P1,212 million as of December 31, 2025 from P1,126 million as of December 31, 2024, an increase of 8%, primarily due to deferred tax arising from temporary differences related to fair value gains and depreciation of investment properties, as well as PFRS 16 lease adjustments recognized during the year.

Non-current lease liabilities decreased by 88% to P60 thousand as of December 31, 2025 from P502 thousand as of December 31, 2024 due to the reclassification of a portion of lease liabilities from non-current to current liabilities.

Total non-current liabilities was recognized at P2,104 million as of December 31, 2025 and P 2,053 million as of December 31, 2024 as discussed above.

Total liabilities amounted to P2,673 million as of December 31, 2025 from P2,734 million as of December 31, 2024 as discussed above.

Capital stock, additional paid-in capital, and treasury shares remained unchanged at P2,030 million, P4,641 million, and P115 million, respectively, as of December 31, 2025 and 2024.

Revaluation reserves declined by 12% to P161 million as of December 31, 2025 from P182 million as of December 31, 2024, mainly due to actuarial remeasurement losses on the defined benefit plan, including the effect of the asset ceiling under PAS 19.

Retained earnings increased by 9% to P6,247 million as of December 31, 2025, from P5,731 million as of December 31, 2024. The increase was driven by net profit for the period, partially offset by dividends declared to stockholders.

Total equity attributable to Equity holders of Parent increased to P12,965 million as of December 31, 2025 and P12,471 million as of December 31, 2024.

Non-controlling interests decreased by 83% to P49 million as of December 31, 2025 from P294 million as of December 31, 2024, primarily attributable to Starworld's capital reduction and subsequent deconsolidation following the sale of its shares of stock. As a result of the deconsolidation, the non-controlling interest as of December 31, 2025 relate solely to the 25% minority interest in Skyworld.

Total equity amounted to P13,014 million as of December 31, 2025 from P12,766 million as of December 31, 2024 as discussed above.

Results of Operations 2024

Revenues grew by 16% achieving P2,861 million in 2024 from P2,466 million in 2023 as explained below.

Sale of goods climbed 15% to P1,516 million in 2024 from P1,315 million in 2023 primarily from retail and government sales of distribution/retail segment.

Service revenue was higher by 7% to ₱836 million in 2024, from ₱782 million in 2023, primarily driven by increased integration project under the distribution/retail segment and the continued expansion of the logistics business of the logistics and technical solutions segment.

Rental income climbed 50% to ₱419 million in 2024 from ₱278 million in 2023, primarily attributable to the commencement of a lease agreement with a third-party lessee for a newly constructed warehouse in Calamba, Laguna under the property & related segment.

Interest income declined by 9% to P 81 million in 2024, from P90 million in 2023 mainly due to declining interest rate of time deposits for the current year.

Sale of real estate was P8 million in 2024 from sale of a condominium unit and two parking slots, none in the previous year.

Cost of sales, services, real estate sold and rentals increased by 18% to P1,932 million in 2024 from P1,639 million in 2023 as discussed below.

Cost of sales amounted to P1,237 million in 2024, an increase of 19% from P1,037 million last year associated to increase in sales.

Cost of services reached P596 million in 2024 from P529 million in 2023, up by 13% driven by revenue growth from rendering of services.

Cost of rentals grew by 31% at P94 million in 2024 from P72 million attributable to higher rental income.

Cost of real estate sold was P3.9 million in 2024, nil in 2023.

Gross profit amounted to P928 million in 2024, up by 12% from P827 million in 2023. The significant change was from the commencement of leasing operation of the newly constructed warehouse in Calamba, Laguna in 2024.

Other operating expenses (income) amounted to P290 million in 2024 from P251 million in 2023 as explained below.

General and administrative expenses went down by 5% to P464 million in 2024 from P488 million in 2023 mainly from lower impairment loss in investment in an associate.

Selling and distribution costs escalated by 28% to P160 million in 2024 from P124 million in 2023 brought primarily by increase in manpower cost, rental, and bank charges from credit card transactions of the distribution/retail segment.

Other operating income – net reached P333 million in 2024 down by 8% from P362 million in 2023 attributable to lower fair value gains on investment properties.

Operating profit (loss) improved by 11% to P637 million in 2024 from P576 million in 2023 as a result of higher gross profit of leasing business.

Other income (charges) went up to P211 million income in 2024 against P155 million in 2023 principally from the following:

Finance income increased by 7% to P137 million in 2024, from P128 million in the prior year largely driven by higher interest income generated through increased placements in time deposit.

Finance costs surged by 90% to P11 million in 2024 from P6 million in 2023 chiefly due to interest expenses on loan payable of the property and related services segment.

Other gains - net amounted to P85 million income in 2024, or growth of 163% compared to P32 million of the previous year primarily attributable to gain on sale of real property by the property & related services segment.

Profit before tax was P849 million in 2024, up by 16% from P731 million in 2023 mainly due to increase in operating profit, other gains – net and higher finance income as discussed above.

Tax expense went up by 24% to P246 million in 2024 from P199 million in 2023 from greater pre-tax income of the property & related services and logistics & technical solutions segments.

Net profit improved by 13% to P602 million in 2024 against P531 million in 2023 principally due to commencement of lease operation of newly constructed warehouse in Laguna and gain on sale of real property as part of other gains – net under property & related services segment.

Net profit attributable to equity holders of the parent realized P551 million in 2024 against P509 million net profit in 2023 as discussed above.

Net profit attributable to non-controlling interests (NCI) amounted to P51 million in 2024 compared with P22 million in 2023 due to gain on sale of real property of Starworld Corp. This represents minority share in net profit for the period.

Financial Position 2024

Cash and cash equivalents went up by 14% reaching P3,077 million as of December 31, 2024, compared to P2,710 million as of December 31, 2023. The growth was principally attributable to cash provided from operating activities due to collection of trade and other receivables and from financing activities from the proceeds of long-term interest-bearing loans.

Short-term placements amounted to P200 million as of December 31, 2024 higher by 30% from P153 million as of December 31, 2023 due to higher placements of time deposits with maturities of more than three months but less than one year.

Trade and other receivables reached P435 million as of December 31, 2024 from P251 million as of December 31, 2023, up by 73% primarily from higher rental receivables of the property & related services segment and trade receivables of distribution/retail segment. Trade customers are generally established and stable companies with reasonable assurance of collectibility of their accounts. Nonetheless, trade accounts are periodically reviewed to assess the possible losses from non-collection and allowance is provided for possible losses on accounts which are considered doubtful of collection.

Advances to related parties totaled to ₱6.6 million as of December 31, 2024, up from ₱2.4 million as of December 31, 2023. The increase was primarily due to the gain on reversal of previously recorded allowance on the advances to related parties.

Merchandise inventories and supplies - net went up by P353 million as of December 31, 2024, higher by 5% from P337 million as of December 31, 2023 mainly due to additional purchases of the distribution/retail segment intended for ongoing projects.

Real estate inventories stood at P424 million as of December 31, 2024 compared to P428 million as of December 31, 2023. There was no material change for this account.

Other current assets increased by 18% at P567 million as of December 31, 2024 compared with P480 million as of December 31, 2023 principally from higher input VAT of the property and related segment.

Total current assets reached P5,065 million as of December 31, 2024 from P4,365 million as of December 31, 2023 as discussed above.

Non-current trade and other receivables declined by 58% to P453 million as of December 31, 2024 from P1,084 million as of December 31, 2023 mainly due to termination of two investments in life insurance policies by investment & others segment.

Financial assets at fair value through other comprehensive income soared by 34% to P74 million as of December 31, 2024 from P55 million as of December 31, 2023 arising from fair value gains on club shares.

Investment in an associate decreased to P38 million as of December 31, 2024 from P48 million as of December 31, 2023 representing deposits related to the planned increase in authorized capital stock of Fekon Solid Motorcycle Mfg Corp. In 2024, the Group recognized an additional impairment loss of P10 million due to the continued downturn following a reassessment of the associate's business outlook.

Investment in bonds was unchanged at P20 million for both December 31, 2024 and 2023.

Rights-of-use (ROU) assets – net decreased by 36% to P3 million as of December 31, 2023 from P4.6 million as of December 31, 2023 from depreciation ROU assets under PFRS 16, Leases.

Property and equipment slightly rose to P1,612 million as of December 31, 2024 from P1,594 million as of December 31, 2023. There was no material change for this account.

Investment properties – net went up by 15% to P8,041 million as of December 31, 2024 from P6,967 million as of December 31, 2023 owing mainly to the completed construction of warehouse facility and fair value gains of the property & related service segment.

Post-employment benefit asset increased by 6% to P131 million as of December 31, 2023 vs. P123 million as of December 31, 2023 principally due to higher fair value of plan assets than the present value of obligation.

Deferred tax assets – net grew by 14% to ₱12 million as of December 31, 2024, from ₱11 million as

of December 31, 2023 as a result of the distribution segment's provision for inventory obsolescence and recognition of deferred income

Other non-current assets reached ₱48.9 million as of December 31, 2024 from ₱38.9 million as of December 31, 2023. The 24% increase was chiefly due to a deposit made for the purchase of land of the logistics and technical solutions segment.

Total non-current assets amounted to P10,434 million as of December 31, 2024 and P9,948 million as of December 31, 2023 mainly from increase in investment properties as discussed above.

Total assets reached P15,500 million as of December 31, 2024 from P14,313 million as of December 31, 2023 as discussed above.

Trade and other payables grew by 12%, reaching ₱658 million as of December 31, 2024, against ₱586 million as of December 31, 2023 principally driven by the reclassification of refundable deposit from non-current to current liabilities under the property and related services segment.

Customers' deposits went down by 70% to P1.2 million as of December 31, 2024 from P4.2 million as of December 31, 2023 primarily due to recognition of revenue of the distribution/retail segment.

Current lease liabilities decreased by 34% to P3.4 million as of December 31, 2024 from P5.1 million as of December 31, 2023 due to payments of lease liabilities.

Income tax payable increased by 15% to P17 million as of December 31, 2024 from P15 million as of December 31, 2023 mainly from greater tax expense of certain subsidiaries for the year.

Total current liabilities amounted to P680 million as of December 31, 2024 from P610 million as of December 31, 2023 due to higher trade & other payables.

1. Interest-bearing loans soared to P875 million as of December 31, 2024, an increase of 733% from P105 million as of December 31, 2023 due to additional bank loans to partially finance the construction of a warehouse facility in Calamba, Laguna of the property & related services segment.
- 2.

Non-current refundable deposits dropped by 89% to P21 million as of December 31, 2024, from P192 million as of December 31, 2023 mostly from reclassification of refundable deposit from noncurrent to current in relation to lease of the property & related services segment.

Post-employment benefit obligation amounted to P29 million as of December 31, 2024 and P20 million as of December 31, 2023 principally from higher discount rates in the actuarial valuation study for PAS 19 reporting. This represents the unfunded retirement obligation of certain subsidiaries.

Deferred tax liabilities -net went up to P1,126 million as of December 31, 2024 from P1,031 million as of December 31, 2023 mainly in relation to the impact of temporary differences in income tax computation arising from fair value gains and accumulated depreciation on investment property of the property and related segment.

Non-current lease liabilities reached P502 thousand as of December 31, 2024 compared to nil as of

December 31, 2023 due to additional lease with maturity beyond one year from the end of the reporting period.

Total non-current liabilities rose to P 2,053 million as of December 31, 2024 and P1,348 million as of December 31, 2023 from interest bearing loan and deferred tax liabilities of the property and related segment as mentioned above.

Total liabilities amounted to P2,734 million as of December 31, 2024 from P1,959 million as of December 31, 2023 as discussed above.

Capital stock stood at P2,030 million as of December 31, 2024 and December 31, 2023.

Additional paid-in capital was maintained at P4,641 million as of December 31, 2024 and as of December 31, 2023.

Treasury shares amounted to P115 million as of December 31, 2024 and as of December 31, 2023.

Revaluation reserves increased by 42% to P182 million as of December 31, 2024 from P128 million as of December 31, 2023 mainly due to currency exchange differences on translating financial statements of foreign operations and fair value gains of financial assets at fair value through other comprehensive income.

Retained earnings grew to P5,731 million as of December 31, 2024 from P5,362 million as of December 31, 2023 as a result of net profit attributable to parent during the year.

Total equity attributable to Equity holders of Parent amounted to P12,471 million as of December 31, 2024 and P12,048 million as of December 31, 2023.

Non-controlling interests fell to P294 million as of December 31, 2024 from P305 million as of December 31, 2023 from minority share in dividends for the year.

Total equity amounted to P12,766 million as of December 31, 2024 from P11,353 million as of December 31, 2023.

Results of Operations 2023

Revenues expanded by 51% in 2023 reaching P2,466 million from P1,634 million in 2022 primarily as a result of significant revenue growth of the distribution/retail segment as explained below.

Sale of goods more than doubled by 131% reaching P1,315 million in 2023 from P569 million for the same period in 2022 derived substantially from the full year sales of Avid Sales Corp in 2023 as compared to its one-month sales in 2022. Avid was acquired in November 2022.

Service revenue grew 5% to P782 million in 2023 compared with P742 million in 2022 primarily because of higher volume of integrated logistics services of the logistics & technical solutions segment.

Rental income climbed by 5% to P278 million in 2023 from P265.7 million in 2022 mainly due to improved occupancy and higher rental rate of the property and related services segment.

Interest income rose to P90 million in 2023, up by 60% from P56.6 million in 2022 driven by rising interest rates in 2023.

Sale of real estate was nil in 2023 and 2022.

Cost of sales, services and rentals posted P1,639 million in 2023 from P1,058 million for the same period in 2022 as discussed below.

Cost of sales went up to P1,037 million in 2023, an increase of 132% from P448 million of last year in relation to increase in sales of the distribution/retail segment.

Cost of services amounted to P529 million in 2023 from P535 million in 2022. There was no material change for this account.

Cost of rentals was recorded at P72 million in 2023 against P74.7 million in 2022. There was no material change for this account.

Cost of real estate sold was nil in 2023 and 2022.

Gross profit increased by 44% to P827 million in from P576 million in 2022 mostly contributed distribution/retail segment.

Other operating expenses (income) amounted to P251 million expenses in 2023 from P104 million in 2022 as explained below.

General and administrative expenses rose by 28% to P488 million in 2023 from P383 million in 2022 principally from higher personnel costs as an upshot of the acquisition of a distribution/retail subsidiary in November 2022 with a full year recognition in 2023 as compared to one month the previous year. Higher taxes and licenses and filing fee of the property and related services segment and allowance for impairment of an investment in an associate of the investment and others segment also contributed to the increase.

Selling and distribution costs escalated by 794% to P124 million in 2023 from P13.9 million in 2022 owing mainly from increase in manpower cost, rental, and bank charges from credit card transactions, commission and communication and light & water of the distribution/retail segment.

Other operating income – net went up by 24% to P362 million in 2023 from P292.5 million in 2022 principally due to higher fair value gains of the property and related services segment.

Operating profit (loss) reached P576 million in 2023 from P471.6 million in 2022 associated with improved gross profit and other operating income – net, as explained above.

Other income (charges) realized P155 million income in 2023 against P120.5 million income in 2022 mainly from the following:

Finance income was up by 54% to P128 million in 2023 as compared with P83 million last year mainly due to higher interest income from time deposit placements.

Finance costs rose to P6 million in 2023 from P1.8 million in 2022 primarily due to lower foreign currency exchange losses.

Other gains - net amounted to P32 million income in 2023, up by 33% compared with P24 million of the previous year mainly from higher net interest income on retirement benefit asset (obligation), gain on deconsolidation of LIIP and Interstar, and supplier support fee.

Profit before tax gained 24% at P731 million in 2023 from P592 million in 2022 attributable to higher operating profit mentioned above.

Tax expense amounted to P199 million in 2023 or 22% bigger from P163 million in 2022 mainly from greater pre-tax income.

Net profit realized was 24% higher at P531.7 million in 2023 against P428.9 million in 2022 principally due to better performance of all segments and higher other operating income from fair value gains in 2023.

Net profit attributable to equity holders of the parent amounted to P509.6 million 2023 against P427.6 million in 2022 as discussed above.

Net profit attributable to non-controlling interest (NCI) amounted to P22 million in 2023 compared with P1.3 million in 2022 primarily from higher net income of its investee for the period. This represents minority share in net profit for the period.

Financial Position 2023

Cash and cash equivalents declined by 29% to P2,710 million as of December 31, 2023 from P3,832 million as of December 31, 2022. Cash was principally provided from investing activities from acquisition of investment property and decrease in short-term placements.

Short-term placements went up to P153.7 million as of December 31, 2023 from nil as of December 31, 2022 due to higher placements of time deposits with maturities of more than three months but less than one year.

Trade and other receivables amounted to P251 million as of December 31, 2023 from P242 million as of December 31, 2022, up by 4%. There was no material change for this account. Trade customers are generally established and stable companies with reasonable assurance of collectibility of their accounts. Nonetheless, trade accounts are periodically reviewed to assess the possible losses from non-collection and allowance is provided for possible losses on accounts which are considered doubtful of collection.

Advances to related parties was maintained at P2.4 million as of December 31, 2023 and as of December 31, 2022. There was no material change for this account.

Merchandise inventories and supplies - net amounted to P337 million as of December 31, 2023, higher by 4% from P324 million as of December 31, 2022. There was no material change for this account.

Real estate inventories stood at P428 million as of December 31, 2023 and December 31, 2022. There was no material change for this account. In 2023, the Company disposed its investment in Laguna International Industrial Park, Inc.(LIIP) which includes fully impaired land and land development costs.

Other current assets were higher by 37% at P480 million as of December 31, 2023 compared with P350 million as of December 31, 2022 primarily from higher input VAT of the property and related segment.

Total current assets reached P4,365 million as of December 31, 2023 from P5,180 million as of December 31, 2022 as discussed above.

Non-current trade and other receivables grew by 15% to P1,084 million as of December 31, 2023 from P941 million as of December 31, 2022 mainly primarily attributable to advances to supplier for the ongoing construction of investment property in Calamba, Laguna and higher conversion of USD denominated cash surrender value of investment in life insurance.

Financial assets at fair value through other comprehensive income amounted to P55 million as of December 31, 2023 vs. P37 million as of December 31, 2022 arising from fair value gains on club shares.

Investment in associate was P48 million as of December 31, 2023 from P88 million as of December 31, 2022 representing deposits to the planned increase in authorized capital stock of Fekon Solid Motorcycle Mfg Corp. In 2023, the Group recognized impairment loss amounting to P40 million due to the downturn in its business prospects.

Investment in bonds was unchanged at P20 million for both December 31, 2023 and 2022.

Property and equipment slightly rose to P1,594 million as of December 31, 2023 from P1,586 million as of December 31, 2022. There was no material change for this account.

Investment properties – net went up by 24% to P6,967 million as of December 31, 2023 from P5,608 as of December 31, 2022 attributable to construction in progress for the development of warehouse facility and fair value gains of the property & related service segment.

Rights-of-use (ROU) assets – net increased to P4.6 million as of December 31, 2023, higher by 61% from P2.9 million as of December 31, 2022 from additional ROU assets for leases that qualified under PFRS 16.

Post-employment benefit asset dropped 19% to P123 million as of December 31, 2023 vs. P152 million as of December 31, 2022 principally due to higher present value of obligation than the fair value of plan assets.

Deferred tax assets - net increased by 11% to P11 million as of December 31, 2023, from P9.9 million as of December 31, 2022 mainly from distribution segment's higher allowance for inventory obsolescence and impairment on trade and other receivables.

Other non-current assets stood at P38.9 million as of December 31, 2023 from P37.9 million as of

December 31, 2022. There was no material change for this account.

Total non-current assets amounted to P9,948 million as of December 31, 2023 and P8,484 million as of December 31, 2022 mainly from increase in investment properties as discussed above.

Total assets reached P14,313 million as of December 31, 2023 from P13,664 million as of December 31, 2022 as discussed above.

Trade and other payables grew by 23% to P586 million as of December 31, 2023 against P478 million as of December 31, 2022 driven by higher trade & other payables of distribution/retail segment and property & related services segment.

Customers' deposits went down by 71% to P4.2 million as of December 31, 2023 from P14.5 million as of December 31, 2022 primarily from refund of deposits of the distribution/retail segment.

Current lease liabilities increased by 83% to P5.12 million as of December 31, 2023 from P2.79 million as of December 31, 2022 due to additional lease liabilities.

Advances from related parties amounted to nil as of December 31, 2023 and P1.88 million as of December 31, 2022 as the said advances was part of the consideration transferred upon disposal of the investment in Interstar.

Income tax payable grew by 10% to P15 million as of December 31, 2023 from P13.9 million as of December 31, 2022 mainly from greater tax expense of certain subsidiaries for the year.

Total current liabilities amounted to P610 million as of December 31, 2023 from P511 million as of December 31, 2022 due to higher trade & other payables.

3. Interest-bearing loan of P105 million as of December 31, 2023 pertains to initial drawdown of long-term loan from a local bank to partially finance the construction of warehouse facility in Calamba, Laguna.

Non-current refundable deposits climbed 4% to P192 million as of December 31, 2023, from P184.8 million as of December 31, 2022 mainly from security deposit related to real estate development project of the property & related services segment.

Post-employment benefit obligation amounted to P20 million as of December 31, 2023 and P15.8 million as of December 31, 2023 principally from lower discount rates and higher salary projection rate in the actuarial valuation study for PAS 19 reporting. This represents the unfunded retirement obligation of certain subsidiaries.

Deferred tax liabilities -net amounted to P1,031 million as of December 31, 2023 and P955 million as of December 31, 2022. It went up mainly in relation to the fair value gains on investment property of the property and related segment. In 2023, the Company retrospectively restated the 2022 and 2021 financial statements to correct prior period error in deferred tax liabilities on accumulated fair value gains and depreciation of investment properties resulting in a reduction in this account in the amount of P56 million.

Non-current lease liabilities was nil as of December 31, 2023 compared P748 thousand as of

December 31, 2022 due to transfer of the maturing lease within the year to current liability.

Total non-current liabilities amounted to P 1,348 million as of December 31, 2023 and P1,156 million as of December 31, 2022 from interest bearing loan and deferred tax liabilities of the property and related segment as mentioned above.

Total liabilities amounted to P1,960 million as of December 31, 2023 from P1,667 million as of December 31, 2022 as discussed above.

Capital stock stood at P2,030 million as of December 31, 2023 and December 31, 2022.

Additional paid-in capital was maintained at P4,641 million as of December 31, 2023 and as of December 31, 2022.

Treasury shares amounted to P115 million as of December 31, 2023 and as of December 31, 2022.

Revaluation reserves decreased by 14% to P128 million as of December 31, 2023 from P149 million as of December 31, 2022 mainly due to remeasurement of post-employment benefit plan.

Retained earnings increased to P5,362 million as of December 31, 2023 from P4,962 million as of December 31, 2022 as a result of net profit attributable to parent during the period. In 2023, the Company retrospectively restated the 2022 and 2021 financial statements to correct prior period error in deferred tax liabilities on accumulated fair value gains and depreciation of investment properties. The restatement increased this account in the amount of P56 million.

Total equity attributable to Equity holders of Parent amounted to P12,048 million as of December 31, 2023 and P11,668 million as of December 31, 2022.

Non-controlling interests fell to P305 million as of December 31, 2023 from P328 million as of December 31, 2022 from minority share in dividends for the period.

Total equity amounted to P12,353 million as of December 31, 2023 from P11,996 million as of December 31, 2022.

Past and future financial condition and results of operations, with particular emphasis on the prospects for the future.

The Philippine economy grew by 4.4% in 2025, marking the slowest rate of expansion in the post-pandemic period and falling below the government's target range of 5.5% to 6.5%, based on data from the Philippine Statistics Authority (PSA). Economic activity was affected by several headwinds, including adverse weather conditions, uncertainties arising from high-profile infrastructure project issues, and moderation in household consumption. Despite these conditions, the services sector remained the primary driver of growth.

Against this backdrop, the Group recorded consolidated revenues of P3,237 million in 2025, an increase of 13% from P2,861 million in 2024 and 31% from P2,467 million in 2023. The increase was primarily driven by higher contributions from its core business segments, particularly Property & Related Services, Distribution/Retail and Logistics & Technical Solutions.

Net income amounted to ₱705 million in 2025, representing an increase of approximately 17% from ₱603 million in 2024 and 33% from ₱531 million in 2023. The increase reflects improved profitability and sustained earnings growth over the three-year period.

Segment-wise, performance was predominantly driven by the Property and Related Services segment, which contributed 74.61% of total earnings, underscoring its continued role as the company's core profit engine. This was followed by the Logistics and Technical Solutions segment at 18.32% and the Investments and Others segment at 7.40%, both of which provided additional support to consolidated results. In contrast, the Distribution/Retail segment registered a negative contribution of 0.33%, reflecting a marginal drag on overall profitability.

The 2025 results highlight a concentrated earnings structure with strong reliance on the property segment, while mixed performance across supporting businesses particularly the underperformance in retail likely contributed to the slight decline in net income compared to the previous year.

Fair value gains on investment properties were P128 million (P96 million net of tax) in 2025, compared to ₱263 million (₱197 million net of tax) in 2024 and ₱296 million (₱224 million net of tax) in 2023. Earnings per share amounted to P0.38 in 2025, compared to ₱0.30 in 2024 and ₱0.28 in 2023. Excluding fair value gains and the impact of PFRS 16 amounting to P 78.5 million in 2025 and ₱44.67 million in 2024, net income from core operating segments increased by 38% in 2025 and 17% in 2024, reflecting improved underlying operating performance.

For 2026, the Group expects the Philippine economy to register moderate but below-trend growth, with real GDP projected to expand by approximately 4.1% to 4.4%, based on recent estimates from multilateral institutions and private-sector economists. The outlook remains affected by external uncertainties, including elevated commodity and energy prices arising from geopolitical tensions, as well as softer domestic economic conditions.

Domestic demand is expected to continue supporting the Group's retail and distribution businesses, although consumer spending may remain tempered by inflation and higher energy and transportation costs. The Group's real estate leasing, logistics, and technical services businesses are likewise expected to remain stable, supported by sustained services activity and trade flows.

Despite prevailing market challenges, the Company's revenue growth, improved gross profitability, and operational efficiencies demonstrate the resilience of SGI's core businesses. Management will continue to focus on cost discipline, operational efficiency, and selective growth opportunities to support long-term value creation.

Distribution/Retail

The Distribution/Retail segment remained the largest contributor, representing 51% of total consolidated revenues. Revenue increased by 8% to ₱1,644 million in 2025 from ₱1,529 million in 2024 and ₱1,299 million in 2023, driven by stronger demand for electronic products. The segment posted a net loss of ₱2.4 million in 2025, a significant improvement from the ₱18 million net loss in 2024, although still below the ₱20 million net profit recorded in 2023. The improved results in 2025 were supported by stronger sales and lower inventory-related losses compared to the prior year.

Avid Sales Corporation (Avid) recognized revenues of ₱1,179 million in 2025, ₱1,015 million in 2024, and ₱895 million in 2023, driven by its Sony Centre business concept, AV Surfer, direct sales, and e-commerce platforms. Despite the higher revenue base, net profit increased only slightly to

₱16.9 million from ₱16.7 million in 2024, reflecting lower gross margins and higher operating expenses, although this remains 17% higher than the ₱14.4 million recorded in 2023. For 2026, Avid is projecting net sales revenue of ₱1,326 million and net profit of ₱19 million, supported by retail sales from brick-and-mortar stores, the enterprise business, and its e-commerce platform.

Solid Video Corporation recorded revenue of ₱409 million in 2025, a 7% decline from ₱439 million in 2024, which was significantly higher than ₱281 million in 2023. The decrease was primarily due to the absence of special projects recognized in 2024. As a result of lower revenue and higher operating expenses, net profit declined by 33% to ₱16 million from ₱24 million in 2024, with ₱29 million net profit in 2023. For 2026, the Company is forecasting revenue of ₱440 million and net profit of ₱23 million, supported by awarded government projects, improved market share in production-related video equipment, and expansion into medical products and equipment.

SolidGroup Technologies Corp's revenue declined by 56% to ₱23 million in 2025 from ₱52 million in 2024 and ₱33.9 million in 2023 primarily driven by lower modular sales. Following a sharp revenue decline in 2025 due to weaker modular sales, the company expects a recovery in 2026, with projected revenue of ₱75 million and net income of ₱1.2 million, indicating operations are approaching break-even.

MySolid Technologies & Devices Corporation (MyPhone) recorded revenue of ₱39 million in 2025, a 23% increase from ₱32 million in 2024, but significantly lower than the ₱88 million recorded in 2023. The increase was driven by clearance sale activities across online channels, dealer networks, and office-based initiatives. As a result, net loss improved to ₱20 million in 2025 from ₱47 million in 2024, reflecting higher sales volume and improved gross profit contribution from clearance activities. In 2026, the Company commenced the winding down of its operations and is expected to cease operations by June 2026.

Property & Related Services

The Property & Related Services (PRS) segment recorded a 55% increase in external revenue to ₱615 million in 2025 from ₱396 million in 2024 and ₱263 million in 2023, driven by improved leasing operations. The segment contributed 19% of consolidated revenues for the year, primarily reflecting the full-year rental income from Precos, Inc. in 2025, compared with only five months of rental income recognized in 2024. Net profit amounted to ₱526 million in 2025, compared with ₱423 million in 2024 and ₱332 million in 2023, supported by the continued expansion of leasing-related income.

Solid Manila Corporation achieved revenue growth of 8% to ₱242 million in 2025 from ₱225 million in 2024 and ₱203 million in 2023, primarily driven by improved leasing performance. Net income, however, declined to ₱249 million in 2025 from ₱421 million in 2024 and ₱353 million in 2023, mainly due to lower fair value gains on investment properties.

The completion of the Green Sun Building renovation in 2025 continued to support the Company's operations and strengthen its position within the industry. In addition, there is an ongoing construction of a four-storey mixed-use commercial center in Dagupan City designed to capitalize on the growing business environment in the area, with an expected return on investment over a seven-year period. In 2026, following the acquisition of certain PEZA properties that will further enhance its leasing operations, the Company projects revenues of ₱310 million and a net profit of ₱180 million, excluding fair value gains on investment properties.

Zen Towers Corporation recognized revenue of P59.2 million in 2025, slightly lower than the P59.9 million posted in 2024 but an improvement from P51 million in 2023. The Company reported better occupancy in its residential units, although unlike in 2024, no condominium sales were recorded during the year. Despite the marginal decline in revenue, net income increased to P31 million in 2025, compared with P26 million in 2024 and P24 million in 2023 benefiting from fair value gains in investment properties.

The planned development of Tower 3, a 14-storey condominium intended for commercial and office leasing with an estimated project cost of P500 million, has again been deferred in favor of other priority projects of the Company. In 2026, the Company intends to focus on enhancing property amenities and tenant services to improve the overall leasing experience, strengthen tenant retention, and attract stable, long-term occupants. While market conditions for office and residential leasing are expected to remain competitive with limited growth, the Company projects revenues of P62 million and net income of P31 million for 2026.

Green Sun Hotel Management Inc. and Casa Bocobo Hotel Inc. continued to strengthen their financial performance over the past three years. Combined revenues rose to P152 million in 2025, compared with P94 million in 2024 and P92.5 million in 2023, reflecting stronger operations supported by increased demand across hotel and events activities. Combined net income likewise improved to P19 million in 2025, from P14 million in 2024 and P12 million in 2023 driven by higher revenues and improved operating performance.

For 2026, the companies are targeting combined revenues of P125 million and net income of P16 million. The outlook reflects anticipated challenges in hotel and events operations arising from global uncertainties and prevailing economic conditions, which may continue to affect demand for events, corporate functions and large gatherings. Despite these conditions, management remains cautiously optimistic. The companies will continue to focus on strengthening market position in the Makati and Manila hospitality sectors through active client acquisition, diversification of service offerings, and sustained operational efficiency. Continued emphasis will also be placed on cost management and service enhancement to support long-term sustainability.

Precos, Inc. strengthened the leasing operations of the property and related segment business through the completion in 2024 of a 10.5-hectare LEED-accredited distribution facility in its Laguna property, with a total investment cost of P3 billion. The facility commenced commercial operations on August 1, 2024 under a 15-year lease agreement with a third-party lessee. Revenue from this lease arrangement increased to P273 million in 2025 from P113 million in 2024, while net profit rose to P210 million in 2025 from P67 million in 2024. For 2026, it is expected to generate P193 million in revenue and P95 million in net profit. The project has supported the growth of recurring income streams and contributed to the stabilization of topline performance.

Logistics and Technical Solutions

The Logistics and Technical Solutions segment remained a key contributor to the Company's operations, accounting for 26% of consolidated revenues. Revenue increased by 9% to P830 million in 2025 from P763 million in 2024 and P727 million in 2023, driven by higher transaction volumes across all service lines. Net income, however, declined by 12% to P129 million from P146 million in 2024 and P142 million in 2023, primarily due to higher subcontracting costs.

Omni Solid Services Inc. (OSSI) posted an 11% growth to P699 million from P628 million in 2024

from P580 million in 2023. While its net income declined by 11% to P126 million due to higher operating costs from P142 million in 2024 and P135 million in 2023, it still exceeded its target by 10%. In 2026, it plans to expand further its existing fleet of delivery vehicles and to enhance its logistics operations. These initiatives are aimed at achieving its projected P681 million in revenue and P158 million in net profit.

SolidService Electronics Corporation recorded a 6% decrease in revenue to P134 million in 2025, from P140 million in 2024 and P147 million in 2023, driven by reduced repair volumes amid limited availability and rising costs of replacement parts. Net income likewise declined to P3 million, from P4.0 million in 2024 and P7.3 million in 2023. The Company continues to expand its Audio-Visual (AV) and HVAC services and is pursuing accreditation with leading air conditioning brands to strengthen its market position. A nationwide rollout of integrated service operations is also underway. For 2026, the Company targets P165 million in revenue and P6 million in net income, incorporating its planned expansion into managing the authorized service providers of Beko & Hitachi (excluding HVAC), effective April 1, 2026, and leveraging its network of more than one hundred authorized service centers nationwide.

Investment and Others

The Investments and Others segment accounted for 4% of total consolidated revenues. Revenue decreased by 57% to P355 million in 2025 from P833 million in 2024 and P396 million in 2023, primarily due to the absence of dividend income from a foreign subsidiary recognized in 2025, which had significantly contributed to 2024 results. Excluding dividend income and other intercompany items, revenue amounted to P148 million in 2025, P173 million in 2024, and P177 million in 2023. Correspondingly, net income declined to P213 million in 2025 from P693 million in 2024 and P236 million in 2023, reflecting the lower revenue base. Despite the decline in earnings, the segment maintained stable dividend distributions to stockholders at P182 million in both 2024 and 2025, higher than the P109 million declared in 2023. Looking ahead to 2026, the segment is expected to recover modestly, with revenue projected at P251 million and net income targeted at P192 million. These projections include intercompany items and are based on expectations of more stable income streams and improved profitability.

Business Prospects for 2026 and Beyond

The Company remains focused on sustaining revenue growth and strengthening profitability through disciplined operations, prudent financial management, and continued focus on its core businesses. While the operating environment is expected to remain challenging due to geopolitical developments, inflationary pressures, and broader macroeconomic uncertainties, management believes the Company remains well-positioned to navigate these conditions.

As of the reporting date, the Company maintains a solid financial position and continues to pursue initiatives aimed at improving operational efficiency, expanding recurring revenue streams, and enhancing customer relationships. Looking ahead to 2026 and beyond, management intends to pursue selective growth opportunities across its business segments while maintaining a disciplined approach to capital and cost management.

Although external market conditions may continue to affect business performance, the Company remains cautiously optimistic that its diversified operations, established market presence, and long-term business strategies will support sustainable growth and long-term shareholder value.

- i. Known Trends or Demands, Commitments, Events or Uncertainties that will impact Liquidity.

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will materially impact on its liquidity.

- ii. Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of an obligation.

As discussed in Notes of the financial statements under Contingencies, certain subsidiaries of the Company are involved in litigation or proceedings, the outcome of which could individually or taken as a whole, not adversely affect the financial results, operations or prospects of the Company. Except of these contingencies, the Company is not aware of other events that will materially trigger direct or contingent financial obligation.

- iii. Material Off-Balance Sheet Transactions, Arrangements, Obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company has no material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the period that is not included in the financial statements.

- iv. Material Commitments for Capital Expenditures, the general purpose of the Commitment and Expected Sources of Funds

The Company estimates capital expenditures for the year 2026 to amount to P800 million for various real estate development, renovation and upgrade of facilities and transportation equipment. The purchase and/or construction of these capital expenditures will be financed primarily through the funds of the Company.

- v. Known Trends, Events or Uncertainties that will impact Sales/Revenues/Income from Continuing Operations

MySolid Technologies & Devices Corporation (Mysolid) implemented a business downsizing and rationalization program in 2022 amid the continued slowdown of local handset brands in the maturing Philippine telecommunications market. The Company redirected its focus toward tablet devices for institutional sales and feature phones distributed through select territorial partners.

In 2023, the Company discontinued the distribution of feature phones due to declining market demand and low projected sales volumes. In 2025, it sold a substantial portion of its remaining MyPhone inventory to corporate clients and government entities through public bidding activities.

The Company continues to liquidate its remaining feature phone and tablet inventories and expects to cease operations by June 2026.

- vi. Significant elements of Income or Loss that did not arise from Continuing Operations

None.

vi. Causes for any Material Changes from Period to Period

As discussed in Section V, Known Trends, Events and Uncertainties, MySolid further downsized and rationalized its business operations in 2022 amid the continued slowdown of local handset brands in the maturing Philippine telecommunications market. The Company subsequently focused its operations primarily on tablet devices for institutional sales and feature phones distributed through select territorial partners. This transition contributed to a continued decline in sales in the succeeding years, resulting in operating losses of ₱20 million in 2025, ₱47 million in 2024, and ₱8.8 million in 2023.

In November 2022, the Company acquired Avid Sales Corporation (ASC) following a due diligence audit conducted by Isla Lipana & Co. (a member firm of PriceWaterhouseCoopers). As a result, ASC's results of operations for the one-month period ended December 31, 2022, as well as its financial position as of December 31, 2022, were consolidated into the Company's 2022 financial statements. The acquisition significantly impacted the Company's consolidated operations and financial position and resulted in a gain on acquisition of shares amounting to ₱14.55 million in 2022. Following the acquisition, the Company continued to deliver steady growth. In 2023, it reported full-year revenue of ₱895 million and net profit of ₱14 million. In 2024, revenue increased to ₱1.014 billion, with net profit rising to ₱16 million. By 2025, the Company achieved further strong growth, posting revenue of ₱1.179 billion and net profit of ₱17 million.

In 2022, Precos Inc. entered into a Built-to-Specification Agreement in 2022 with a third-party lessee for a 15-year lease, with an option to extend for an additional five years. No revenues were recognized in 2023, as the Company had not yet commenced commercial operations. Following the commencement of the lease on August 1, 2024, the Company recognized revenues of ₱273.4 million in 2025 and ₱113.2 million in 2024. The lease is expected to provide a stable long-term revenue stream and contribute significantly to the Company's consolidated financial performance over the lease term.

In 2025, Starworld reduced its authorized capital stock from P530.0 million to P5.3 million. Consequently, the share of the Group in Starworld's capital stock decreased by P209.9 million, which is presented in the 2025 consolidated statement of changes in equity. Subsequently, SMC disposed of its shares of stock of Starworld, resulting in the Group's reduction of ownership interest from 50% to 30% and loss of control. Accordingly, the retained 30% interest is accounted for as an investment in an associate in 2025.

Based on appraisal reports obtained in 2025, 2024 and 2023, the Company recognized fair value gains on investment property of P171 million, P263 million and P296 million, respectively.

2025

Balance Sheet Items (2025 vs. 2024)

(Increase or decrease of 5% or more in the financial statements)

Cash and cash equivalents – 16% decrease to P2,576 million from P3,077 million

Principally attributable to net cash outflows from investing activities as a result of allocation of funds into short-term placements. This account stood at 16% and 20% as a percentage of total assets for 2025 and 2024.

Short-term placements – 211% increase to P622 million from P200 million

Driven by allocation of additional investible funds into higher-yielding time deposits with maturities of 91 days or more. This account stood at 4% and 1% as percentage of total assets in 2025 and 2024.

Trade and other receivables – 32% increase to P573 million from P435 million

Largely due to higher rental receivables from the property & related services segment and increased loan receivables of investment & others segment. As a percentage of total assets, this account stood at 4% and 3% in 2025 and 2024.

Advances to related parties – 64% decrease to P2.4 million from P6.6 million

Mainly pertains to Starworld's advances to a related party which were included in the net assets deconsolidated following the sale of Starworld shares and consequent loss of control of subsidiary. This account stood at 0.02% and 0.04% as a percentage of total assets in 2025 and 2024.

Merchandise inventories and supplies – 36% decrease to P227 million from P353 million

Mainly attributable to the completion of integration projects under the distribution/retail segment during the year resulting in the utilization and reclassification of related inventories and supplies to appropriate expense and asset accounts. This account represented 1% and 2% as a percentage of total assets in 2025 and 2024.

Real estate inventories – P424.9 million in 2025 and 2024

No change for this account. This account stood at 3% as a percentage of total assets in both years.

Other current assets – 4% decrease to P542 million from P567 million

Due to application of input VAT against output VAT of the property and related services segment. This account stood at 3% and 4% as a percentage of total assets in both years.

Non-current trade and other receivables – 5% increase to P476 million from P453 million

Mainly driven by the appreciation of USD-denominated cash surrender value of investment in life insurance against the Philippine pesos resulting in a higher investment balance. This account stood at 3% as a percentage of the total assets in both years.

Financial assets at fair value through other comprehensive income – 27% increase to P94 million from P74 million

Attributable to fair value gains on investment in club shares. This account stood at 0.60% and 0.48% as a percentage of total assets for 2025 and 2024, respectively.

Investment in an associate – 22% decrease to P29 million from P38 million

Primarily due to additional P10 million impairment loss on Fekon following a continuous reassessment of its business outlook. This was partially offset by the recognition of the Company's remaining 30% interest in Starworld measured at fair value upon loss of control and on the onset of significant influence. This account stood at 0.19% and 0.25% as of percentage of total assets in 2025 and 2024, respectively.

Investment in bond – P20 million in 2025 and 2024

No change for this account. This represented 0.13% of total assets in both years.

Right of use assets – 25% increase to P3.7 million from P3 million

Mainly attributable to additional lease contracts recognized in accordance with PFRS 16, Leases. This account stood at 0.02% as a percentage of total assets in both years.

Property and equipment – 0.34% decrease to P1,607 million from P1,612 million

There was no material change for this account. This represented 10% as a percentage of total assets in both years.

Investment properties – 4% increase to P8,384 million to P8,041 million

Mainly due to fair value gains and additional investment properties recognized during the year. Despite the increase, there was no material change in the overall balance of this account. This account stood at 53% and 52% as a percentage of total assets in 2025 and 2024, respectively.

Post-employment benefit asset – 55% decrease to P58 million from P131 million

Primarily due to the impact of the asset ceiling under PAS 19 Employee Benefit based on the latest actuarial valuation for the year. This represented 0.37% and 0.85% of total assets in 2025 and 2024, respectively.

Deferred tax assets – net – 3% increase to P13 million from P12.5 million

There was no material variance for this account. This account stood at 0.08% of total assets in both

years.

Other non-current assets – 36% decrease to P31 million from P48 million

Mainly due to full write-off of software development cost following management's assessment that this will no longer generate future economic benefits. This represented 0.20% and 0.31% as percentage to total assets in 2025 and 2024, respectively.

Current Interest-bearing loans – 100% increase to P39 million from nil

Due to reclassification of a portion of the long-term borrowings maturing within 12 months from the reporting date, in accordance with PAS 1, which requires such amounts to be presented as current liabilities based on the remaining contractual maturity and the absence of an unconditional right to defer settlement for at least 12 months. This account represented 0.25% as a percentage of total liabilities and equity in 2025.

Trade and other payables – 25% decrease to P494 million from P658 million

Principally from unearned rent, which were subsequently applied to rental income during the year under the property & related services segment as well as the settlement of the outstanding obligations to suppliers. This account stood at 3% and 4% as a percentage of total liabilities and equity in 2025 and 2024, respectively.

Customers' deposits – 1845% increase to P24.7 million from P1.2 million

Primarily from additional deposits from customers under distribution/retail segment. This account represented 0.16% and 0.01% as a percentage of total liabilities and equity in 2025 and 2024, respectively.

Current Lease Liabilities – 13% increase to P3.8 million from P3.4 million

Due to recognition of additional liabilities arising from renewed long-term lease contracts that qualified under PFRS16, Leases and reclassification of a portion of lease obligations from non-current to current due to passage of time and contractual maturity. This account stood at 0.02% as a percentage of total liabilities and equity for both years.

Income tax payable – 63% decrease to P6.5 million from P17.5 million

Mainly from lower regular corporate income tax expense as a result of reduced taxable income of certain subsidiaries for the year. This account was represented 0.04% and 0.11% of the total liabilities and equity in 2025 and 2024, respectively.

Non-current interest-bearing loans – 5% decrease to P835 million from P875 million

Chiefly due to reclassification of P39 million to the current portion in accordance with PAS 1 which requires the recognition of the current portion representing maturities within 12 months after the reporting date. This account stood at 5% and 6% of the total liabilities and equity in 2025 and 2024, respectively.

Non-current refundable deposits – 6% increase to P23 million from P21 million

Due to additional deposit received from lessees in connection with lease agreements of certain subsidiaries. This represented 0.15% and 0.14% of the total liabilities and equity in 2025 and 2024, respectively.

Post-employment benefit obligation – 10% increase to P32 million from P29 million

Driven by the recognition of current service cost and interest cost for the year in accordance with PAS 19 Employee Benefits. This account stood at 0.21% and 0.19% of the total liabilities and equity in 2025 and 2024, respectively.

Deferred tax liabilities – 8% increase to P1,212 million from P1,126 million

Primarily due to deferred tax arising from temporary differences related to fair value gains and depreciation of investment properties, as well as PFRS 16 lease adjustments recognized during the year. This account stood at 8% and 7% as a percentage of total liabilities and equity in 2025 and 2024, respectively.

Non-Current Lease Liabilities – 88% decrease to P60 thousand from P502 thousand

Due to the reclassification of a portion of lease liabilities from non-current to current liabilities. This account represented 0.0004% from 0.0032% as a percentage of total liabilities and equity in 2025 and 2024, respectively.

Capital stock – no change

This account stood at 13% of total liabilities and equity for both 2025 and 2024, respectively.

Additional Paid-In-Capital – no change

This account represented 30% of total liabilities and equity for 2025 and 2024, respectively.

Treasury Shares – no change

This account represented 1% of total liabilities and equity for both years.

Revaluation reserves – 12% decrease to P161 million from P182 million

Mainly due to actuarial remeasurement losses on the defined benefit plan, including the effect of the asset ceiling under PAS 19. It stood at 1% of total liabilities and equity in 2025 and 2024, respectively.

Retained earnings – 9% increase to P6,247 million from P5,731 million

Driven by net profit for the period, partially offset by dividends declared to stockholders. This account stood at 39% and 37% of total liabilities and equity in 2025 and 2024, respectively.

Income Statement Items (2025 vs. 2024)

(Increase or decrease of 5% or more in the financial statements)

Sale of goods – 2% increase to P1,551 million from P1,516 million

Mainly attributable to higher sales volume in the distribution/retail segment supported by higher institutional sales and expansion of store presence. There was no significant change for this account. As a percentage of total revenues, this account represented 48% and 53% in 2025 and 2024, respectively.

Service revenue – 18% increase to P985 million from P836 million

Primarily due to the service integration project, improved logistics services and a twofold increase in service revenue from hotel operations of the property and related services segment supported by higher events booking and room occupancy. As a percentage of total revenues, this account represented 30% and 29% in 2025 and 2024, respectively.

Rental income – 46% increase to P613 million from P419 million

Mainly due to the full year recognition of rental in 2025 from the leased warehouse in Calamba Laguna, compared to only five months of recognition in the previous year, as well as expansion of leasing operations across various locations under the property & related services segment. As a percentage of total revenues, this account represented 19% and 15% in 2025 and 2024, respectively.

Interest income – 5% increase to P86 million from P81 million

Mostly due to higher time deposit placements of investment & others segment. As a percentage of total revenues, this account represented 3% for both years.

Sale of real estate – nil in 2025 from P8 million in 2024

None in 2025, compared to sale of a condominium unit and two parking lots the previous year, As a percentage of total revenues of 2024, this account stood at 0.28% in 2024.

Cost of sales – 1% decrease to P1,227 million from P1,237 million

There was no material change for this account. As a percentage of total revenues, this account represented 38% and 43% in 2025 and 2024, respectively.

Cost of services – 18% increase to P703 million from P596 million

Mainly due to higher integration cost from completed integration projects, along with increased subcontracting costs and rental expenses associated with the expansion of logistics activities. This account stood at 22% and 21% in 2025 and 2024, respectively based on total revenues.

Cost of rentals – 12% increase to P105 million from P94 million

Relates mainly to the expansion of leasing operation under property & related services segment. This account represented 3% in both years based on total revenues.

Cost of real estate sales – 100% decrease to nil in 2025 from P3.9 million in 2024

Solely from cost of a condominium unit and two parking lots sold from previous year, none in 2025. As a percentage of total revenues of 2024, this account stood at 0.14% in 2024.

Gross profit – 29% increase to P1,200 million from P928 million

Predominantly because of higher gross profit from lease operations of newly constructed warehouse in Calamba, Laguna of the property & related services segment. As a percentage of total revenues, this account stood at 37% and 32% in 2025 and 2024, respectively.

General and administrative expenses – 10% increase to P511 million from P464 million

Principally from higher personnel cost, utilities expenses, impairment of an investment in an associate and loss on write-off of software development cost. As a percentage of total revenues, this account represented 16% in both years.

Selling and distribution costs – 17% increase to P187 million from P160 million

Mainly from increase in commissions, delivery expenses and selling & bank charges related to credit card transactions of the distribution/retail segment. This account represented 6% of total revenues in both years.

Other operating income – 26% decrease to P245 million from P333 million

Primarily due to lower fair value gains on investment properties in 2025 compared to the fair value gains recognized in the prior year. As a percentage of total revenues, this account represented 8% in 2025 and 12% in 2024

Operating profit - 17% increase to P746 million from P637 million

Significantly due to higher gross profit. This account represented 23% and 22% as a percentage of total revenues for 2025 and 2024, respectively.

Finance income – 23% decrease to P105 million from P137 million

Principally attributed to lower interest income resulting from reduced investible funds placed in time deposits under the property & related services segment. In addition, foreign currency gains were recognized in 2024 from USD-denominated dividend income, while no similar transactions occurred in 2025. As a percentage of total revenues, this account represented 3% in 2025 and 5% in 2024.

Finance costs – 428% to P60 million from P11 million

Mainly due to interest on loans used to partially finance the construction of a warehouse in Calamba, Laguna under the property & related services segment. It was previously capitalized as borrowing costs under PAS 23 until completion in October 2024, after which it was recognized in profit or loss. As a percentage of total revenues, this account represented 1.8% and 0.4%% in 2025 and 2024, respectively.

Other gains - net – 63% increase to P140 million from P85 million

Primarily driven by certification service income charged to lessee for the recovery of costs incurred by the Company in relation to infrastructure enhancements undertaken to obtain Leadership in Energy and Environmental Design (LEED) Gold certification for leased premises, which was successfully achieved. This account stood at 4% and 3% in 2025 and 2024 as a percentage of total revenues.

Profit before tax – 10% decrease to P931 million from P849 million

Mainly attributed to higher operating profit. This account stood at 29% in 2025 and 30% in 2024 as a percentage of total revenues.

Tax expense – 8% decrease to P226 million from P246 million

4. Principally due to lower regular corporate income tax and reduced deferred tax expenses related to lower fair value gains on investment properties in 2025 compared to prior year. This account stood at 7% in 2025 and 9% in 2024 based on total revenues.

Net profit – 17% increase to P704 million from P602 million

Principally due to higher operating profit. This account stood at 22% in 2025 and 21% in 2024 as percentage of total revenues.

2024

Balance Sheet Items (2024 vs. 2023)

(Increase or decrease of 5% or more in the financial statements)

Cash and cash equivalents – 14% increase to P3,077 million from P2,710 million

Principally attributable to cash provided from operating activities due to collection of trade and other receivables and from financing activities from the proceeds of long-term interest-bearing loans. This account stood at 20% and 19% as a percentage of total assets for 2024 and 2023.

Short-term placements –30% increase to P200 million from P153 million

Chiefly from higher placements of time deposits with maturities of more than three months but less than one year. This account stood at 1% as percentage of total assets in 2024 and 2023.

Trade and other receivables – 73% increase to P435 million from P251 million

Primarily from higher rental receivables of the property& related services segment and trade receivables of distribution/retail segment. As a percentage of total assets, this account stood at 3% and 2% in 2024 and 2023.

Advances to related parties – 177% increase to P6.6 million from P2.4 million

Due to gain on reversal of previously recorded allowance on the advances to related parties. This account stood at 0.04% and 0.02% as a percentage of total assets in 2024 and 2023.

Merchandise inventories and supplies – 5% increase to P353 million from P337 million

Mainly due to additional purchases of the distribution/retail segment intended for the ongoing projects. This account represented 2% as a percentage of total assets in both years.

Real estate inventories – P424.9 million from P428.9 million

There was no material change. This account stood at 3% as a percentage of total assets in both years.

Other current assets – 18% increase to P567 million from P480 million

Principally from higher input VAT of the property and related services segment. This account stood at 4% and 3% as a percentage of total assets in both years.

Non-current trade and other receivables – 58% decrease to P453 million from P1,084 million

Mainly due to termination of two investments in life insurance policies by investment & others segment. This account stood at 3% and 8% as a percentage of the total assets in 2024 and 2023, respectively.

Financial assets at fair value through other comprehensive income – 34% increase to P74 million from P55 million

Attributable to fair value gains on investment in club shares. This account stood at 0.48% and 0.39% as a percentage of total assets for 2024 and 2023, respectively.

Investment in an associate – 21% decrease to P38 million from P48 million

Solely due to recognition of additional impairment loss following a reassessment of the associate's business outlook. This account stood at 0.24% and 0.33% as of percentage of total assets in 2024 and 2023, respectively.

Investment in bond – P20 million in 2024 and 2023

No change for this account. This represented 0.13% of total assets in both years.

Right of use assets – 36% decrease to P3 million from P4.6 million

Resulting from depreciation of ROU assets for leases that qualified under PFRS 16. This account stood at 0.02% and 0.03% as a percentage of total assets in 2024 and 2023, respectively.

Property and equipment – 1% increase to P1,612 million from P1,594 million

There was no material change for this account. This represented 10% and 11% as a percentage of total assets in 2024 and 2023, respectively.

Investment properties – 15% increase to P8,041 million from P6,967 million

Owing mainly to the completed construction of warehouse facility in Calamba, Laguna and fair value gains of the property & related service segment This account stood at 51% and 48% as a percentage of total assets in 2024 and 2023, respectively.

Post-employment benefit asset – 6% increase to P131 million from P123 million

Principally due to higher fair value of plan assets than the present value of obligations. This represented 0.85% and 0.87% of total assets in 2024 and 2023, respectively.

Deferred tax assets – net – 14% increase to P12 million from P11 million

Mainly from distribution segment's provision for inventory obsolescence and recognition of deferred income. This account stood at 0.08% of total assets in both years.

Other non-current assets – 24% increase to P48.2 million from P38.9 million

Due to deposit made for the purchase of land of the logistics and technical solutions segment. This represented 0.31% and 0.27% as percentage to total assets in 2023 and 2022, respectively.

Trade and other payables – 12% increase to P658 million from P586 million

Principally driven by the reclassification of refundable deposit from non-current to current liabilities of the property & related services segment. This account stood at 4% as a percentage of total liabilities and equity in both years.

Customers' deposits – 70% decrease to P1.2 million from P4.2 million

Primarily from recognition of revenue of the distribution/retail segment. This account represented 0.01% and 0.03% as a percentage of total liabilities and equity in 2024 and 2023, respectively.

Current Lease Liabilities – 34% decrease to P3.4 million from P5.1 million

Due to payments during the year. This account stood at 0.02% and 0.04% as a percentage of total liabilities and equity for both 2024 and 2023, respectively.

Income tax payable –15% increase to P17.5 million from P15.2 million

Mainly from greater tax expense of certain subsidiaries for the year. This account was pegged at 0.11% of the total liabilities and equity in 2024 and 2023, respectively.

Interest-bearing loans – 733% increases to P875 million from P105 million

Due to additional bank loans to partially finance the construction of a warehouse facility in Calamba, Laguna of the property & related services segment.

Non-current refundable deposits – 89% decrease to P21 million from P192 million

Mostly from reclassification of refundable deposit from noncurrent to current in relation to lease of the property & related services segment. This represented 0.14% and 1.35% of the total liabilities and equity in 2024 and 2023, respectively.

Post-employment benefit obligation – 47% increase to P29.7 million from P20.2 million

Principally from higher discount rates in the actuarial valuation study for PAS19 reporting. This account stood at 0.19% and 0.14% of the total liabilities and equity in 2024 and 2023, respectively.

Deferred tax liabilities – 9% increase to P1,126 million from P1,031 million

Mainly in relation to impact of temporary differences in income tax computation arising from fair value gains and accumulated depreciation on investment properties of the property and related segment. This account stood at 7% as a percentage of total liabilities and equity in both years.

Non-Current Lease Liability –100% increase to P502 thousand from nil

Due to additional lease with maturity beyond one year from the end of the reporting period. This account represented 0.001% as a percentage of total liabilities and equity in 2024.

Capital stock – no change

This account stood at 13% and 14% of total liabilities and equity for 2024 and 2023, respectively.

Additional Paid-In-Capital – no change

This account represented 30% and 32% % of total liabilities and equity for 2024 and 2023, respectively.

Treasury Shares – no change

This account represented 1% of total liabilities and equity for both years.

Revaluation reserves – 42% increase to P182 million from P128 million

Mainly due to currency exchange differences on translating financial statements of foreign operations and fair value gains of financial assets at fair value through other comprehensive income. It stood at 1.18% and 0.90% of total liabilities and equity in 2023 and 2022, respectively.

Retained earnings – 7% increase to P5,731 million from P5,362 million

Resulting from net profit attributable to parent during the period. This account stood at 37% of total liabilities and equity in both years.

2024

Income Statement Items (2024 vs. 2023)

(Increase or decrease of 5% or more in the financial statements)

Sale of goods – 15% increase to P1,516 million from P1,315 million

Primarily from retail and government sales of distribution/retail segment. As a percentage of total revenues, this account represented 53% of total revenues of both years.

Service revenue – 7% increase to P836 million from P782 million

Primarily driven by increased integration project under distribution/retail segment and logistics business under logistics & technical solutions segment. As a percentage of total revenues, this account represented 29% and 32% in 2024 and 2023, respectively.

Rental income – 50% increase to P419 million from P278 million

Primarily attributable to the commencement of a lease agreement with a third-party lessee for a newly constructed warehouse in Calamba, Laguna under the property & related services segment. As a percentage of total revenues, this account represented 15% and 11% in 2024 and 2023, respectively.

Interest income – 9% decrease to P81 million from P90 million

Driven by declining interest rate of time deposits. As a percentage of total revenues, this account represented 3% and 4% in 2024 and 2023, respectively.

Sale of real estate – 100% increase to P8 million from nil

Solely from sale of a condominium unit and two parking slots this year, none from previous year. As a percentage of total revenues of 2024, this account stood at 0.28% in 2024.

Cost of sales - 19% increase to P1,237 million from P1,037 million

Associated mainly to increase in sales of the distribution segment. As a percentage of total revenues, this account represented 43% and 42% in 2024 and 2023, respectively.

Cost of services – 13% increase to P596 million from P529 million

Driven by revenue growth from rendering of services. This account stood at 21% in both years based on total revenues.

Cost of rentals – 31% increase to P94 million from P72 million

Brought by higher revenue from rental income. This account represented 3% based on total revenues of both years.

Cost of real estate sales – 100% increase to P3.9 million from nil in 2023

Attributable to cost of real estate sold in the current year, none from previous year. As a percentage of total revenues, this account stood at 0.14% in 2024.

Gross profit – 12% increase to P928 million from P827 million

Mostly due to the commencement of leasing operation of the newly constructed warehouse in Calamba, Laguna under property & related services segment. As a percentage of total revenues, this account stood at 32% and 34% in 2024 and 2023, respectively.

General and administrative expenses – 5% decrease to P464 million from P488 million

Mainly from lower impairment loss in investment in an associate in 2024. As a percentage of total revenues, this account stood at 16% and 20% in 2024 and 2023, respectively.

Selling and distribution costs – 28% increase to P160 million from P124 million

Primarily from increase in manpower cost, rental and bank charges from credit card transactions of the distribution/retail segment. This account represented 6% and 5% of total revenues for 2024 and 2023, respectively.

Other operating income –net – 8% decrease to P333 million from P362 million

Attributable to lower fair value gains on investment properties. As a percentage to total revenues, this account represented 12% in 2024 and 15% in 2023.

Operating profit – 11% increase to P637 million from P576 million

As a result of higher gross profit of leasing business. This account represented 22% and 23% as a percentage of total revenues for 2024 and 2023, respectively.

Finance income – 7% increase to P137 million from P128 million

Largely driven by higher interest income generated through increased placements in time deposit. This account represented 5% as a percentage of total revenues for both 2024 and 2023.

Finance costs – 90% increase to P11 million from P6 million

Chiefly due to interest expense on loan payable of the property & related services segment. This account represented 0.40% and 0.24% as a percentage of total revenues in 2024 and 2023 respectively.

Other gains - net – 163% increase to P85 million from P32 million

Primarily from gain on sale of real property by the property & related services segment. This account stood at 3% and 1% in 2024 and 2023 as a percentage of total revenues.

Profit before tax –16% increase to P849 million from P731 million

Mainly due to higher operating profit and finance income. This account stood at 30% as a percentage of total revenues of both years.

Tax expense – 24% increase to P246 million from P199 million

5. Attributable to greater pre-tax income of the property & related services and logistics & technical solutions segments. This account stood at 9% in 2024 and 8% in 2023 based on total revenues.

Net profit – 13% increase to P602 million from P531 million

Principally due to commencement of lease operation of a newly constructed warehouse in Calamba, Laguna, gain on sale of real property as part of other gains – net under the property & related services segment. This account stood at 21% in 2024 and 22% in 2023.

2023

Balance Sheet Items (2023 vs. 2022)

(Increase or decrease of 5% or more in the financial statements)

Cash and cash equivalents – 29% decrease to P2,710 million from P3,832 million

Primarily provided from investing activities from acquisition of investment property and increase in short-term placements. This account stood at 19% and 28% as a percentage of total assets for 2023 and 2022.

Short-term Investments – P153 million in 2023 from nil in 2022

Chiefly from transfer to time deposits with maturities of less than three months. This account stood at 1.1% as percentage of total assets in 2023 and nil in 2022.

Trade and other receivables – 4% increase to P251 million from P242 million

There was no material change for this account. As a percentage of total assets, this account stood at 1.7% in both years.

Advances to related parties – P2.4 million for both years

No change for this account. This account stood at 0.02% as a percentage of total assets in both years.

Merchandise inventories and supplies – 4% increase to P337 million from P325 million

There was no material change for this account. This account represented 2% as a percentage of total assets in both years.

Real estate inventories – P428.9 million for both years

There was no material change for this account. In 2023, the Company disposed its investment in Laguna International Industrial Park, Inc. (LIIP) which included fully impaired land and land development costs. This account stood at 3% as a percentage of total assets in both years.

Other current assets – 37% increase to P480 million from P350 million

Mainly from higher input VAT of the property and related services segment. This account stood at 3% as a percentage of total assets in both years.

Non-current trade and other receivables – 12% increase to P941 million from P838.5 million

Primarily attributable to advances to supplier for the ongoing construction of investment property in Calamba, Laguna and higher conversion of USD denominated cash surrender value of investment in life insurance. This account stood at 8% and 7% as a percentage of the total assets in 2023 and 2022, respectively.

Financial assets at fair value through other comprehensive income – 50% increase to P55.4 million from P37 million

Attributable to fair value gains on investment in club shares. This account stood at 0.39% and 0.27% as a percentage of total assets for 2023 and 2022, respectively.

Investment in an associate – 45% decrease to P48 million from P88 million

Due to recognized impairment loss amounting to P40 million due to the downturn in its business prospects. This stood 0.34% and 0.64% as of percentage of total assets in 2023 and 2022, respectively.

Investment in bond – P20 million in 2023 and 2022

No change for this account. This represented 0.14% and 0.15% of total assets in 2023 and 2022, respectively.

Property, plant and equipment – 1% decrease to P1,594 million from P1,586 million

There was no material change for this account. This represented 11% and 12% as a percentage of total assets in 2023 and 2022, respectively.

Investment property – 24% increase to P6,967 million from P5,608 million

Attributable to construction in progress for the development of warehouse facility and fair value gains of the property and related services segment. This account stood at 49% and 41% as a percentage of total assets in 2023 and 2022, respectively.

Right of Use assets – 61% increase to P4.6 million from P2.9 million

Resulting from additional ROU assets for leases that qualified under PFRS 16. This account stood at 0.03% and 0.02% as a percentage of total assets in 2023 and 2022, respectively.

Post-employment benefit asset – 19% increase to P124 million from P152 million

Principally due to higher present value of obligation than the fair value of plan assets. This represented 0.9% and 1.1% of total assets in 2023 and 2022, respectively.

Deferred tax assets – 11% increase to P11 million from P10 million

Mainly from distribution segment's provisions for inventory obsolescence. This account stood at 0.08% and 0.07% of total assets in 2023 and 2022, respectively.

Other non-current assets – 3% increase to P38.9 million from P37.9 million

There was no material change for this account. This represented 0.27% and 0.28% as percentage to total assets in 2023 and 2022, respectively.

Trade and other payables – 23% increase to P586 million from P478 million

Primary due to higher non-trade and other payables of distribution/retail segment and property & related services segment. This account stood at 4.10% and 3.5% as a percentage of total liabilities and equity in 2023 and 2022, respectively.

Customers' deposits – 71% decrease to P4.2 million from P14.6 million

Principally due to additional deposits received by distribution/retail segment. This account represented 0.11% and 0.08% as a percentage of total liabilities and equity in 2023 and 2022, respectively.

Current Lease Liability – 83% increase to P5.1 million from P2.8 million

Due to payments during the year. This account stood at 0.04% and 0.02% as a percentage of total liabilities and equity for both 2023 and 2022, respectively.

Advances from related parties – nil in 2023 and P1.88 million in 2022

No movement for this account. This account stood at 0.01% as a percentage of total liabilities and equity in 2022.

Income tax payable –10% increase to P15.2 million from P13.9 million

Mainly from greater tax expense of certain subsidiaries for the year. This account was pegged at 0.11% and 0.10% of the total liabilities and equity in 2023 and 2022, respectively.

Non-current refundable deposits – 4% increase to P192 million from P184.9 million

Mostly from security deposit related to real estate development project of the property and related services segment. This represented 1.35% of the total liabilities and equity in both years.

Non-Current Lease Liability –100% decrease to nil from P0.75 million

Primarily from transfer of non-current lease liabilities to current portion. This account represented 0.02% as a percentage of total liabilities and equity in 2022.

Post-employment benefit obligation – 27% increase to P20.2 million from P15.8 million

Principally from lower discount rates and higher salary projection rate in the actuarial valuation study for PAS19 reporting. This account stood at 0.14% and 0.12% of the total liabilities and equity in 2023 and 2022, respectively.

Deferred tax liabilities – 8% increase to P1,031 million from P955 million

Mainly in relation to the fair value gains of the property and related segment. This account stood at 7.2% and 7% as a percentage of total liabilities and equity in 2023 and 2022, respectively.

Capital stock – no change

This account stood at 14% and 15% of total liabilities and equity for 2023 and 2022, respectively.

Additional Paid-In-Capital – no change

This account represented 32% and 34% % of total liabilities and equity for 2023 and 2022, respectively.

Treasury Shares – no change

This account represented 1% of total liabilities and equity for both years.

Revaluation reserves – 14% decrease to P129 million from P149 million

Chiefly due to remeasurement of post-employment benefit plan. It stood at 0.90% and 1.09% of

total liabilities and equity in 2023 and 2022.

Retained earnings – 8% increase to P5,362 million from P4,962 million

Resulting from net profit attributable to parent during the period. This account stood at 37% and 36% of total liabilities and equity in 2023 and 2022, respectively

2023

Income Statement Items (2023 vs. 2022)

(Increase or decrease of 5% or more in the financial statements)

Service revenue – 5% increase to 782 million from P742.9 million

Improved primarily due to higher volume of integrated logistics services of the logistics and technical solutions segment. As a percentage of total revenues, this account represented 32% and 45% in 2023 and 2022, respectively.

Sale of goods – 131% decrease to P1,315 million from P569 million

Mainly due to full year sales of Avid Sales Corp in 2023 as compared to its one-month sales in 2022. Avid was acquired in November 2022. As a percentage of total revenues, this account represented 53% and 35% in 2023 and 2022, respectively.

Rental income – 5% increase to P278 million from P265.7 million

Mainly due to improved occupancy and higher rental rate of the property and related services segment. As a percentage of total revenues, this account represented 11% and 16% in 2023 and 2022, respectively.

Interest income – 59% increase to P90 million from P56.7 million

Driven by rising interest rates in 2023. As a percentage of total revenues, this account represented 4% and 3% in 2023 and 2022, respectively.

Sale of real estate – Nil in 2023 and 2022

Cost of services – 1% decrease to P529 million from P535.9 million

There was no material change for this account. This account stood at 21% and 33% in 2023 and 2022 based on total revenues.

Cost of sales - 131% increase to P1,037 million from P448 million

Associated to increase in sales of the distribution segment. As a percentage of total revenues, this account represented 27% and 32% in 2023 and 2022, respectively.

Cost of rentals – 2% decrease to P72 million from P73.7 million

There was no material change for this account. This account represented 3% and 5% in 2023 and 2022 based on total revenues.

Cost of real estate sales – Nil in 2023 and 2022

Gross profit – 44% increase to P827 million from P576 million

Contributed mostly by distribution segments. As a percentage of total revenues, this account stood at 34% and 35% in 2023 and 2022, respectively.

General and administrative expenses – 28% increase to P488 million from P383 million

Principally from higher personnel cost as an upshot of the acquisition of a distribution/retail subsidiary in November 2022 with a full year recognition in 2023 as compared to one month the previous year. Higher taxes and licenses and filing fee of the property and related services segment and allowance for impairment of an investment in an associate of the investment in others segment also contributed to the increase. As a percentage of total revenues, this account stood at 20% and 23% in 2023 and 2022, respectively.

Selling and distribution costs – 794% increase to P124 million from P13.9 million

Mainly from increase in manpower cost, rental and bank charges from credit card transactions, commission and communication and light & water of the distribution/retail segment. This account represented 5% and 1% of total revenues for 2023 and 2022, respectively.

Other operating income –net - 24% increase to P362 million from P292.5 million

Attributable to higher fair value gains of the property and related services segment. As a percentage to total revenues, this account represented 15% in 2023 and 18% in 2022.

Operating profit - 22% increase to P576 million from P471.6 million

Associated with improved gross profit and other operating income-net. This account represented 23% and 29% as a percentage of total revenues for 2023 and 2022, respectively.

Finance income – 54% increase to P128 million from P83 million

Driven by higher interest income from time deposit placements. This account represented 5% as a percentage of total revenues for both 2023 and 2022.

Gain on bargain purchase – nil in 2023 from P14.6 million in 2022

In November 2023, the Company acquired 100% ownership of Avid Sales Corporation (Avid). The said gain represented the difference of the acquisition cost of investment over the fair value of net assets of Avid at acquisition date. This account represented 1% as a percentage of total revenues for 2022.

Finance costs - 227% increase to P6 million from P1.8 million

Chiefly due to lower foreign currency exchange losses. This account represented 0.24% and 0.11% as a percentage of total revenues in 2023 and 2022 respectively.

Other gains - net – 33% increase to P32 million from P24 million

Mainly from gain on higher net interest income on retirement benefit asset (obligation), gain on deconsolidation of LIIP and Interstar, and supplier support fee. This account stood at 1.3% and 1.5% in 2023 and 2022 as a percentage of total revenues.

Profit before tax –24% increase to P731 million from P592 million

Mainly due to higher operating profit. This account stood at 30% in 2023 and 36% in 2022 as a percentage of total revenues.

Tax expense – 22% increase to P199 million from P163 million

6. Attributable to greater pre-tax income in 2023. This account stood at 8% in 2023 and 10% in 2022 based on total revenues.

Net profit – 24% increase to P531.7 million from P428.9 million

Principally due to better performance of all segments and higher other operating income from fair value gains in 2023. This account stood at 22% in 2023 and 26% in 2022.

viii. Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations

There is no significant seasonality in the Company's business that materially affects financial condition or results of operations.

Item 7. FINANCIAL STATEMENTS

The consolidated financial statements and schedules to Financial Statements and Supplementary Schedules are filed as part of the Form 17 - A.

(B) Information on Independent Accountant and Other Related Matters

(1) External Audit Fees and Services

- (a) Under the caption Audit and Audit-Related Fees, the aggregate fees billed for each of the last two fiscal years for professional services rendered by the external auditor for:
 1. The audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years:

The audit fees of our present external auditor, Punongbayan and Araullo for the examination of our annual audited financial statements, including those of our subsidiaries for the years ended December 31, 2025 and 2024 amounted to P6.98 million and P6.78 million, respectively.

2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.

None for 2025 and 2024.

- (b) Under the caption "Tax Fees", the aggregate fees billed in each of the last two (2) fiscal years for professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services. Registrant shall describe the nature of the services comprising the fees disclosed under this category.

The tax fees paid to the Tax Division of Punongbayan and Araullo for tax consultation and advisory services of our Company and those of our subsidiaries for the year ended December 31, 2025 and 2024 amounted to P240 thousand for both years.

- (c) Under the caption "All Other Fees", the aggregate fees billed in each of the last two (2) fiscal years for products and services provided by the external auditor, other than the services reported under items (a) & (b) above. Registrants shall describe the nature of the services comprising the fees disclosed under this category.

In 2025, Punongbayan & Araullo provided the following non-audit services to the Company:

1. Tax study on the sale and leaseback of two PEZA-registered companies – professional fees of P191,304; and,
2. Annual corporate governance training for Board members and key officers – professional fees of P120,000.

No other non-audit fees were paid in 2024.

- (d) The audit committee's approval policies and procedures for the above services.

The overall scope of the audit was reviewed and approved by the Audit Committee. The terms of engagement of the audit were also reviewed and approved by the Audit Committee.

The scope and terms of engagement of the tax consultation and advisory services were also reviewed and approved by the Audit Committee.

Upon the favorable endorsement by the Audit Committee, the proposed terms of engagement of services are submitted for approval to the Board of Directors. All of the above services were approved by the Board of Directors.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has no disagreements with the current accountant on accounting and financial disclosure.

On June 26, 2025, the Company reappointed Punongbayan and Araullo (P&A) as its external auditors for the year 2025.

There was no change in our existing accountant for the years 2025 and 2024.

<i>D. Interim Periods: Comparable discussion to assess material changes</i>

See attached SEC Form 17-Q, including discussions on the key performance indicators.

<i>E. Brief Description and General Nature and Scope of the Business</i>

1. Business Development

The Company, formerly United Paracale Mining Company, was incorporated on October 9, 1933 as a mining company.

On May 31, 1996, the Company's new set of stockholders executed deeds of assignment transferring to the Company their investments in shares of stock of certain companies as full payment for their subscriptions to 1.5 billion shares of the Company's capital stock. On June 18, 1996, the Securities and Exchange Commission approved the assignment of shares and the following amendments to the Company's Articles of Incorporation: (a) change in the Company's corporate name to Solid Group Inc.; (b) change in its primary purpose to that of a holding company; (c) change of the par value of its shares from P.01 to P1.00; (d) the declassification of its class A and class B capital stock; and (e) the increase in its authorized capital stock from P20 million (divided into P1.2 billion Class A shares and 0.8 billion Class B shares at P0.01 par value) to P5 billion divided into 5 billion shares at P1.00 par value, all of one class.

On September 4, 1996, an additional 524,475,000 of Company's shares of stock were offered to the public and listed in the Philippine Stock Exchange.

The Company was engaged in the manufacture of color television for both domestic and export sales as well as the distribution and marketing of various consumer audio and video products involving two major brands Sony and Aiwa. Two other manufacturing operations involved plastic molding factories. Due to dramatic changes in the business environment including the 1997 Asian crisis, market liberalization (AFTA duty reduction) and severe competition from both overseas and local sources, the Company eventually phased out its manufacturing operations in television production in 2002 and in plastics molding in 2009.

On the November 21, 2002 special stockholders' meeting, the stockholders approved the acquisition of the shares and/or economic interests in the Destiny Group (consisting of Destiny, Inc. and subsidiaries (DI) and Destiny Cable, Inc. and subsidiaries) from the Elena Lim family in exchange for 1.026 billion shares of the Company with par value of P1.00 per share.

In May 2003, the Company completed the acquisition of the entire issued and outstanding shares of DI, which is in the business of broadband multimedia services. The acquisition was approved by the Bureau of Internal Revenue (BIR) on May 15, 2003. A notice of exemption for the issuance of shares under the Revised Securities Act was filed with the Securities and Exchange Commission on November 6, 2003. Company shares totaling 224,461,752 was

proposed to be issued in payment for the DI acquisition upon approval of the listing of these shares with the Philippine Stock Exchange. However, in 2004, upon further review of the assets and liabilities of DI, certain receivables from and payables to related parties were removed from the valuation of DI's net assets. The re-valuation resulted in a change in its financial position from a net asset to a net liability of P23,201,010. The Company and DCI agreed that the Company would no longer issue shares of stock to DCI as payment for its acquisition of DI, but instead assume the DI's net liability which represents fair value of the ongoing business of DI including its existing cable internet subscriber base which, in accordance with the pooling of interest accounting applied to this transaction, was charged to additional paid-in capital. In 2012, Solid Broadband Corporation (SBC), the surviving company after the merger with DI, sold its broadband cable infrastructure and broadband internet subscriber base to Skycable Corporation.

The Company ventured into a 26-storey high rise condominium project Zen Towers located in the heart of Manila in 2007. This project was expanded in 2010 with the completion of a 11-storey building composed of offices for sale and lease in the same premise. Also part of the real estate business is a 75-room budget hotel Casa Bocobo in Manila which started in 2008 and a 144-room business hotel and three fully equipped event venues in Makati launched as Green Sun in 2014.

The Company reinvented itself by realigning its resources to market its own Filipino brand of mobile phone, 'mylphone', which was launched as the country's first dual SIM phone in 2007.

In November 2022, the Company acquired Avid Sales Corporation from the Lim Family for P100.2 million after the board approval on November 9, 2022. The acquisition price is less than 10% of the Company's total consolidated assets and less than the threshold amount for material related party transaction. The acquisition was ratified by the stockholders during the annual Stockholders' Meeting held on June 22, 2023.

The Company has fifteen (15) wholly-owned subsidiaries as of December 31, 2024, as follows:

My Solid Technologies & Devices Corporation (MySolid) was incorporated on April 21, 2009 to engage in the manufacture, sale, distribution, importation of any type of digital communication devices, communication technology, broadband and audio-video equipment, gadgets and accessories as well as undertake product research and development. MySolid merged with MyTel Mobility Solutions Inc. (MyTel), another wholly subsidiary of the Company with similar business, with MySolid as the surviving company effective June 1, 2012.

SolidGroup Technologies Corporation (SGTC) was incorporated on November 17, 1989 to engage in the development and implementation of information technology systems and applications. On February 22, 2011, the Board of Directors and stockholders approved the amendment of the SGTC's articles of incorporation to change its primary purpose. This was approved by the Securities and Exchange Commission on March 22, 2011 and starting that date, SGTC's primary purpose is to engage in, operate, conduct and maintain business of designing, manufacturing, installing, importing, exporting, marketing, distributing or otherwise dealing in at wholesale and retail prefabricated modular house and office units. SGTC was formerly a wholly-owned subsidiary of SC. In 2007, SGTC became a wholly-owned subsidiary of the Company when SC declared property dividend to the Company in the form of its investment in SGTC.

Solid Video Corporation (SVC) was incorporated on October 12, 1984. SVC distributes professional video equipment, accessories and supplies to broadcast networks and other companies.

Solid Manila Corporation (SMC) was incorporated on June 13, 1983. SMC is engaged in the lease and development of the Company's real estate properties. SMC merged with Solid Distributors, Inc. (SDI), another wholly-owned subsidiary of the Company, on December 23, 2003, with SMC as the surviving company. SMC merged with Solid Corporation (SC), another wholly owned subsidiary of the Company engaged in the same business of leasing real estate properties, with SMC as the surviving company effective January 1, 2012. In 2014, SMC renovated the Solid House Building and repurposed it to hotel and events place and operated the Green Sun Hotel. In December 2016, Green Sun Hotel Management, Inc. was incorporated and took over the management and operation of the hotel in 2017.

Zen Towers Corporation (Zen) was incorporated on July 6, 2005. Zen is engaged in the development and sale of real estate properties. It developed the Zen Tri-Tower condominium located in Ermita, Manila.

Precos Inc. (Precos) was incorporated on October 31, 1989 to engage in real estate and related businesses. Prior to 2004, Precos was 60% owned by Solid Corporation (SC) and 40% owned by Sony International (Singapore) Ltd. (SONIS). In 2004, Precos reacquired as treasury stock the shares held by SONIS, thereby making the Company a wholly owned subsidiary of SC. In 2007, Precos became a wholly-owned subsidiary of the Company when SC declared property dividend to the Company in the form of its investment in Precos. In February 2008, Precos acquired PhilNanning Consortium, Inc. (PNCI), a domestic company engaged in real estate business. PNCI has a subsidiary organized and operating in Guangxi, China engaged in property development. In August 2016, Precos sold its 100% ownership in PNCI to Solid Company Limited. In 2022, the Company entered into a Built-to-Specification Agreement with a third party for the lease of a warehouse. The lease agreement has a term of fifteen (15) years, commencing upon completion of construction, with an option to renew for an additional five (5) years. Construction of the warehouse was completed in 2024, and the formal lease contract commenced on August 1, 2024.

Kita Corporation (Kita) was incorporated on October 1, 1994. Kita produced color TV sets under the AIWA brand at its factory located inside the Clark Special Economic Zone. Kita ceased its manufacturing operations effective April 15, 2001 after its agreement with Aiwa expired in April 1, 2000 and was no longer renewed. Kita merged with Clark Plastics Manufacturing Corporation (CPMC), a wholly owned subsidiary of SC, on April 2004, with Kita as the surviving company. After its merger with CPMC, Kita resumed operations to continue the business of CPMC, which is injected plastics manufacturing as well as the lease of its property. In December 2010, Kita ceased the operations of its injected plastics manufacturing business. Henceforth, Kita's revenues principally come from the lease of its properties. In August 2019, Kita's 25-year contract of lease with Clark Development Corporation (CDC) covering parcels of land had expired and surrendered certain buildings to Clark International Airport Corporation since these locations are part of the site for the second Clark Airport runway. The lease was no longer renewed and it is currently securing clearance from CDC. In 2024, Kita's sole residential property located in Pampanga was sold, effectively ceasing all leasing operations.

Omni Solid Services Inc. (OSSI) (formerly Solid Laguna Corporation SLC) was incorporated on May 15, 1995. SLC merged with Solid City Industrial and Commercial Corporation (SCICC), a

wholly-owned subsidiary of Solid Corporation, on December 28, 2001 with SLC as the surviving company. SLC ceased its consumer electronics manufacturing operations in December 2002 after its manufacturing agreement with SPH expired in September 2002 and was not renewed. Subsequently, SLC's business is injected plastics manufacturing which was the business of SCICC prior to their merger. SLC ceased the operations of the plastic injection manufacturing business at the end of 2009 and operated as lessor of real estate. SLC merged with Omni Logistics Corporation (OLC), another wholly owned subsidiary of the Company, effective January 1, 2012, with SLC as the surviving company. After the merger, SLC resumed the business of OLC of providing warehousing and logistics services to third parties. On March 19, 2012, SLC changed its corporate name to Omni Solid Services, Inc.

SolidService Electronics Corporation (SEC) (formerly Solid Electronics Corporation SEC) was incorporated on August 9, 1982. SEC operates the repair and service centers for SONY brands of audio and video consumer electronics equipment and MyPhone digital devices. SEC merged with AA Electronics Corporation (AAEC), another wholly-owned subsidiary of the Company and Solid Electronics Services Inc. (SESI), a wholly owned subsidiary of SC on April 12, 2004 with SEC as the surviving company. On September 28, 2018, SEC changed its corporate name to SolidService Electronics Corporation.

Brilliant Reach Limited (BRL) was incorporated on March 12, 2003 in the British Virgin Islands and acquired by the Company on July 31, 2003. BRL handles and manages the placement of the Company's investible funds in foreign currency fixed income financial assets and other investments.

Solid Manila Finance Inc. (SMFI) was incorporated on September 9, 1999. SMFI is engaged in the financing and extension of business, appliance and other loans.

Solid Broadband Corporation (SBC) was incorporated on September 22, 2000 to offer broadband services. SBC obtained a congressional franchise to construct, install, establish, operate and maintain telecommunications systems throughout the Philippines under Republic Act No. 9116 which took effect on April 15, 2001. It has been granted provisional authority to use its franchise by the National Telecommunications Commission on April 15, 2002. SBC was merged with Destiny Inc. (DI) as approved by the Securities and Exchange Commission on August 26, 2005, with SBC as the surviving entity. Henceforth, SBC assumed the operations of DI of broadband cable infrastructure and provides transport services to an affiliate engaged in cable television operations. It also provides integrated multimedia services, among which are, VSAT, broadcast uplink and leased line services. In 2007, SBC started the marketing and distribution of mobile phones. In 2010, My Solid Technologies & Devices Corporation assumed the importation of the mobile phones from SBC while MyTel Mobility Solutions Inc. took over the distribution of mobile phones from SBC. On May 11, 2012, SBC entered into an agreement with Skycable Corporation for the sale/assignment and purchase of its wired and satellite assets and broadband/internet subscriber base. After the sale of its assets, SBC remaining business was acting as collecting agent of Sky Cable until the SBC's clients are transferred to the latter.

MyApp Corporation (MyApp) was incorporated on October 23, 2014 as a holding company. MyApp holds 50% ownership of Creative Hothouse Manila, Inc. which is engaged to design and develop mobile applications. In October 2016, MyApp sold its ownership in Creative Hothouse Manila, Inc. to Creative Hothouse Philippines PTE., LTD.

Green Sun Hotel Management Inc. was incorporated on December 19, 2016 to engage in the

hotel and its related business.

Avid Sales Corporation (Avid) was incorporated on July 23, 1996. It is presently engaged in distribution, wholesale and retail of home appliances and electronic products through both online and offline networks and digital solutions for institutional clients.

Henceforth, the term “Company” would mean the Parent Company and/or any of its subsidiaries.

2. Business of Issuer

Principal Products and Services

The consumer electronics business of the Company as of December 31, 2024 are:

(1) sale of mobile phones which generated sales of P31 million (for 35,450 units) or 2% of sales in 2024, P88 million (for 49,019 units) or 7% of sales in 2023 and P178 million (for 185,388 units) or 31% of sales in 2022; and, (2) after-sales service for principally SONY brands of consumer 8 electronic products and My|Phone with its 33 company-owned service centers throughout the Philippines as of end of 2024 which generated service income of P143 million or 17% of service revenues in 2024, P147 million or 19% of service revenues in 2023 and P152 million or 21% of service revenues in 2022. (3) warehousing, distribution and product testing of consumer electronic products with service revenue of P300 million or 36% of service revenues in 2024, P307 million or 39% of service revenues in 2023 and P261 million or 4% of service revenues in 2022; (4) subcontract or toll manufacturing of color TV sets for other brand owner (i.e. TCL, Skyworth) which generated tolling fee of P145 million (for 599,176 units) or 17% of service revenues, P115 million (for 420,008 units) or 15% of service revenues in 2023 and P95 million (for 420,008 units) or 13% of service revenues in 2022; (5) sale of refurbished appliances of P55 million or 3.5% in 2024, P55 million or 4% in 2023 and P55 million or 10% of sales in 2022; (6) retail sale of consumer electronic appliances of P997 million (for 177,214 units) or 66% in 2024, P883 million (for 141,462 units) or 67% of sales in 2023 and P95 million (for 8,874 units) or 17% of sales in 2022; (7) aftersales service for various consumer product sold in stores of P16 million or 2% in 2024, P12 million or 2% in 2023 and nil in 2022.

As mentioned above, Solid Broadband Corporation (SBC) sold its wired and satellite assets and broadband/internet subscriber base on May 11, 2012. After the sale of its assets, SBC remaining business was acting as collecting agent of Sky Cable Corporation until the SBC's clients are transferred to the latter. Revenues arising from this activity amounted to P90 million or 11% of service revenues in 2024, P86 million or 11% of service revenues in 2023 and P101 million or 14% of service revenues in 2022.

The Company's other business activities are: the development and sale of industrial estates in joint venture with Samsung Corporation of Korea, the development of residential condominium for sale and the development and lease of other real estate properties and hotel operations, sale of prefabricated modular houses, sale of broadcast/professional equipment and accessories, services from project integration.

The Company's products and services are sold in the Philippines. Revenues for the last 3 years, are as follows: broadcast/professional equipment and accessories of P382 million or 25% of sales in 2024, P258 million or 20% of sales in 2023 and P216 million or 38% of sales in 2022

and; prefabricated modular houses and services of P50 million or 3% of sales in 2024, P31 million or 2% of sales in 2023 and P25 million or 4% of sales in 2022.

Real estate sales amounted to P8 million in 2024, nil in 2023 and 2022. Rental revenues from leasing operations amounted to P419 million, P278 million and P265 million for 2024, 2023 and 2022, respectively. Revenues from hotel operations amounted to P94 million or 11% of service revenues, P93 million or 12% of service revenues in 2023 and P109 million or 15% of service revenues in 2022. Service fee from project integration and repairs of P57 million or 7% of service revenues in 2024, P23 million or 3% of service revenue in 2023 and P20 million or 3% of service revenues in 2022.

Distribution

The broadcast/professional equipment and accessories is also sold directly to its corporate clients such as broadcast stations. The Company distributes through its subsidiaries consumer electronic products and devices in the Philippines. MySolid Technologies and Devices Corporation (MySolid) is selling their remaining MyPhone stocks to corporate clients and government entities through public biddings.

Moreover, the Company also sells retail consumer electronic products through Avid Sales Corporation (Avid) under four concepts: Sony Centre (exclusive for Sony products), AV Surfer 9 (for multi-brand products) and Avidpro or Avid Multi-media (for corporate clients and government institutions) and online store (from own online store, Lazada and Shopee). As of December 31, 2024, it markets through 41 retail and online stores.

Status of any-publicly announced new product or service

None.

Competition

Avid competes with several retail consumer electronic stores: Abenson, Electroworld, SM Appliance, Anson, Western, Henry's Camera, Beyond Innovation and other retailers.

The broadcast/professional equipment and accessories that the Company sells competes with other brands like Panasonic and Sharp. Other local competitors are MQ Lightings, WAM Pacific, Composite Technologies, BMH System Solutions, Inc, Media Convergence Inc., BMH, EVI, EPIC and Henry's Store. Overseas competitors are B & H Photo Supply, Tape & Media, Tape Resources and Expandore.

The prefabricated modular houses that the Company markets are standardized in design, modular assembled, easy to assemble and disassemble and relocate and can also be stored easily. Its main products are designed and manufactured using light steel frames and sandwich wall panels that covers a wide range of applications such as temporary offices, dormitories for construction sites, municipal offices, residential settlements, school classrooms shops, temporary housing for disaster relief and military camps, temporary buildings for exhibitions. It competes with Indigo Prefab House and Smarthouse.

The MyPhone brand cellphones and tablets distributed by MySolid and STL maintained its focus

to public biddings and meeting new players in the said channel giving outright discount to corporate accounts and warranty extension as required by the procuring entity.

The Company provides warehousing, and logistics services mostly to electronics companies. It competes with Yusen Air Logistics, Seaquest Logistics, Lite Xpress International, DB Schenker, CJ Logistics, Fast Logistics among others. It also offers testing services to electronics companies and competes with TUV Rhineland, Duinos Smart Tech. and SPIA Product Conformity Services Inc.

The Company operates a hotel through Casa Bocobo Hotel (CBH) and The Hotel at Green Sun. It competes with other budget hotels within the Manila area and Makati area, respectively.

Inventories and Service Parts

The Company through its subsidiaries procures inventories and service parts from a number of sources in the Philippines and foreign suppliers for the supply of consumer and professional products and prefabricated modular houses.

Dependency of the business upon a single or few customers

Due to the expiration of lease contract of Kita Corporation (Kita) with CDC in 2019, Kita sole revenue is from the lease of its residential property. In 2024, Kita's sole residential property located in Pampanga was sold, effectively ceasing all leasing operations. The Company has no other major existing sales contracts.

Service

The Company provides through its subsidiaries, after-sales service for all the consumer electronic products it manufactures. As at December 31, 2024, it has 30 service centers throughout the Philippines. It is accredited by 3 AV brands namely Sony, JBL and GMA affordabox and also an accredited seller/installer service provider of Mitsubishi, authorized service center and product installer for AC brand – Concepcion Carrier, Condura, Kelvinator and Midea.

Related Party Transactions

In March 2024, Solid Manila Finance Inc. granted an interest-bearing loan of P10.0 million to Precos, Inc. The loan is subject to an initial interest rate of 6.65% per annum, subject to repricing every three months and has a term of five years with two years grace period. The Company also provides non-interest-bearing cash advances to its subsidiaries for their working capital requirements. Subsidiaries of the Company generally depend on one another for supply of services and lease of properties. (See Item 12- Certain Relationships and Related Transactions of Form 17- A)

Principal Terms and Expiration Dates of all Licenses and Agreements

- Memorandum of Understanding with Sony Philippines, Inc. (Sony)

On July 1, 2003, Solid Electronics Corporation (SEC) entered into a Memorandum of Understanding (MOU) with Sony for network support for Sony products. Under the MOU, Sony

authorized the Company to perform in-warranty and out-of warranty services to customers in the Philippines for a fee calculated as a percentage of Sony's annual sales.

In-warranty services shall be rendered free of charge to customers. The actual cost of replacement parts related to in-warranty services shall be shouldered by Sony. Network support fees shall be at a fixed rate per month. The Agreement is effective unless revoked by any of the parties.

- Distributorship Agreement with Sony Corporation

Solid Video Corporation has a non-exclusive Distributorship Agreement with Sony Corporation of Hong Kong Limited (Sony HK), a corporation organized and existing under the laws of Hong Kong. Under the agreement, SVC was designated by Sony HK as its non-exclusive distributor of Sony products in the Philippines. In addition, SVC shall provide the customers in the Philippines with repair and parts replacement services, including but not limited to repair and parts replacement services rendered by SVC which are covered under the 12-month warranty period at its own costs and expenses.

- Agreement with LF (Philippines) Inc.

In 2022, Precos, Inc. entered into a Built to Specification Agreement (the Agreement) with a thirdparty lessee. Under this agreement, the lessee will lease the warehouse for a period of 15 years, with an option to renew for another 5 years. The warehouse is to be constructed according to the specifications outlined in the Agreement. The lease agreement officially took effect on August 1, 2024, even though the warehouse was not yet fully completed at that time, as the lessee had already taken possession and commenced occupancy. The initial certificate of completion was issued on October 15, 2024, and as of December 31, 2024, the construction of the warehouse was fully completed

- Agreement with Sky Cable Corporation

In 2012, Solid Broadband Corporation (SBC) and Sky Cable Corporation (Sky) agreed that the management and administration of the sale, assignment and transfer of its assets, equipment, contracts, permits, licenses and subscriber base (the Assets) of SBC be entrusted to Sky. Sky, as the manager of the Assets, was given the overall power and responsibilities to handle all aspects necessary to carry out the administration and operations of the Assets and SBC, to accord the necessary additional authorizations, should the need arise. Sky assumes to pay SBC all cost and expenses in connection with use and operation of the assets.

Pursuant to the above agreement and pending the issuance of the National Telecommunications Commission (NTC) approval of the transfer of assets, SBC entered into an operating agreement with Sky on June 2, 2015 for the accommodation of the VSAT transactions of Sky wherein the said transactions will be sold and collected through SBC. Effective 2023, the service fee and other charges amounted to P4.7 million. The agreement is effective unless revoked by either party.

- Franchise

Solid Broadband Corporation (SBC) obtained a congressional franchise for 25 years to construct, install, establish, operate and maintain telecommunications systems throughout the Philippines

under Republic Act No. 9116 which took effect on April 14, 2001. On May 11, 2012, SBC entered into an agreement with Sky Cable Corporation for the sale/assignment and purchase of its wired and satellite assets and broadband/internet subscriber base. After the sale of its assets, SBC remaining business was acting as collecting agent of Sky Cable until the SBC's clients are transferred to the latter.

Need for any government approval

The transfer of the assets of SBC to Sky Cable Corporation pursuant to its Agreement on May 11, 2012 is still pending the approval of the National Telecommunications Commission.

Effect of existing and probable governmental regulations on the business

None.

Research and development activities

The Company has not spent any significant amount for research and development activities in the last three years.

Costs and effects of compliance with environmental laws

The Company has complied with environmental laws at minimal costs.

Employees

The Company and its subsidiaries have 439 regular employees as at December 31, 2025 as shown in the table below. It estimates to have 450 employees by the end of December 31, 2026. There is no existing union as of December 31, 2025. There are no employees who would be on strike nor have been on strike in the past three (3) years, nor are threatening to strike. The Company has no supplemental benefits and incentive arrangements with its employees other than the regular Christmas bonus, thirteenth month pay, performance incentives and leave conversions.

	<u>Number of employees</u>
Management	22
Sales and Distribution	51
Operation	180
Service	60
Administration	74
Finance	<u>52</u>
Total	<u>439</u>

Major Risks involved in the Businesses of the Company

The Company and its subsidiaries face inherent business risks, including market fluctuations, competition, supply chain disruptions, technological developments, inventory obsolescence, and changes in consumer demand. Its real estate business is subject to economic and competitive pressures that may affect occupancy and rental income, while logistics, retail, and electronics after-sales operations face operational and market-related risks. These risks are identified and

assessed through strategic planning, management reviews, and Board oversight.

To mitigate them, the Company monitors market and technological developments, maintains strong relationships with tenants and customers, and implements operational, inventory, and process controls to support sustainable performance across all business segments.

Item 2. Properties

B. Description of Property

Certain properties owned by the Company through its subsidiaries are as follows:

Location	Land Area (in sq. m.)	Current and Intended Use
Laguna International Industrial Park, Binan, Laguna	73,532	Building and warehouse for lease
La Huerta, Bicutan, Paranaque	18,490	Office building & warehouses for lease
Valenzuela, Marulas, Bulacan	10,493	Factory and warehouses, building for lease
San Dionisio, Paranaque	6,690	Warehouses for lease
Don Chino Roces Ave, Makati City	5,000	Hotel and office building
San Antonio, Paranaque	4,702	Warehouse for lease
San Antonio, Paranaque	4,056	Warehouse for lease
Natividad St., Ermita, Manila	4,505	Condominium tower (for sale)
Osmena Blvd., Cebu City	3,859	Office building for lease
Brgy. Tabuco, Naga City	3,059	Commercial lot for lease
Tandang Sora, Quezon City	2,511	Modular residential building for dormitory type leasing
Barrio Pantal, Dagupan City	1,918	Building under construction
Barrio San Rafael, Iloilo City	1,750	Service center and building for lease
J. Bocobo St., Ermita, Manila	1,724	Commercial building and hotel
Brgy. San Roque, San Pablo City	1,714	Service center and building for lease
Oliveros, Balintawak, Quezon City	1,400	Land intended for sale
Bacoar, Cavite	1,334	Commercial building for lease
Cabanatuan City, Nueva Ecija	1,212	Service center and building for lease
Araneta, Quezon City	1,000	Office building for lease
Calamba Premiere Industrial Park	4,176	Commercial lots for lease
Brgy. Parian, Prinza and Barandal, Calamba	132,929	Land and warehouse for lease

Pililla, Rizal

257,083

Agricultural lot for lease

Solid Corporation also owns a parcel of land in Bgys. Talipapa and Pamaldan, Cabanatuan City, Nueva Ecija with an area of 1,914,180 square meters. This property is the subject of a case filed by Solid Corporation on October 17, 1995 with the Department of Agrarian Reform Regional Adjudication Board (RARAB) to declare the emancipation patents issued to several tenant farmers of the said property and any patents that may subsequently be issued covering the same, null and void on the ground that the requirements of Presidential Decree No. 27 have not been complied with. The portion of the property that may be subject to litigation consists of 47,211 square meters. On February 6, 1997, the case was submitted for resolution. On June 26, 1997, the RARAB ordered the processing of the Certificate of Land Transfer for issuance to the tenants. On July 31, 1997, Solid Corporation appealed the RARAB decision to the DAR's Central Adjudication Board (DARAB). The appeal was resolved adverse to Solid Corporation on January 31, 2002. Solid Corporation appealed the DARAB decision to the Court of Appeals on February 11, 2002. The Court of Appeals dismissed the petition of Solid Corp. on March 1, 2002. In November 2002, Solid Corporation withdrew its appeal at the Court of Appeals preparatory to negotiating with DAR and Landbank, which the Court of Appeals granted last June 28, 2004. No amicable settlement was however reached. Thus, Solid Corporation filed for a Petition for Higher Valuation of Land before the Provincial Agrarian Reform Adjudication Board of the Department of Agrarian Reform in Cabanatuan City on November 18, 2007. The Department of Agrarian Reform granted Solid Corporation's petition and ordered Land Bank to re-evaluate the land valuation based only on Republic Act No. 6657 (The Comprehensive Agrarian Reform Program) on September 28, 2012. Land Bank amended the valuation and tendered an Amended Offer of P14.97 million to Solid Corporation (or Solid Manila Corporation, the surviving company after the merger of Solid Manila Corporation and Solid Corporation). Solid Manila Corporation applied for an amended valuation for Php16.4 million. Solid Manila Corporation is currently complying with the documentation requirements to recover compensation pursuant to a Final Favorable and Executory decision rendered of the Provincial Adjudicator of DARAB in Solid Manila Corp. vs DAR and DARAB as of April 2026.

Franchise

A Company's subsidiary, Solid Broadband Corporation (SBC), obtained a congressional franchise to construct, install, establish, operate and maintain telecommunications systems throughout the Philippines under Republic Act No. 9116 which took effect on April 15, 2001. On May 11, 2012, SBC entered into an agreement with Skycable Corporation for the sale/assignment and purchase of its wired and satellite assets and broadband/internet subscriber base, (See Agreements). After the sale of its assets, SBC's remaining business was acting as collecting agent of Sky Cable.

Mortgage, lien or encumbrance and limitation on ownership or usage on the properties

On December 29, 2023, Precos Inc., a wholly owned subsidiary of the Company, availed of the initial drawdown of a long-term loan from a local bank amounting to ₱105.0 million to partially finance the construction of a warehouse facility in Calamba, Laguna. As of December 31, 2025, total availments under the facility amounted to ₱875.0 million. The loan has a term of ten (10) years, inclusive of a two (2)-year grace period, and bears a floating interest rate repriced quarterly based on the Bloomberg Valuation Service (BVAL) rate plus an applicable margin. The initial interest rate was 6.25% per annum. Interest expense recognized in relation to the loan amounted to ₱54 million and ₱8.2 million for the years ended December 31, 2025 and 2024, respectively. In 2024, the Company incurred debt issuance costs of ₱18 million for documentary stamp tax, while no such costs were incurred in 2025. The loan is secured by a real estate mortgage over properties with an

aggregate value of ₱1.2 billion and is further supported by a suretyship agreement from one of the Group's subsidiaries.

Except for the above third-party claims filed against the Company's subsidiaries as disclosed above, there are no other mortgage, lien or encumbrance and limitation on the ownership or usage on the properties.

Lease agreements

The Company through its subsidiary, Avid Sales Corp. and SolidService Electronics Corporation, has entered into third party lease contracts for the operation of its electronic stores and service centers.

Location	Annual Rent (In Thousand Pesos)	Expiration Date
Alabang	444	Various up to December 31, 2025
Baguio	628	Various up to January 31, 2026
Cagayan de Oro	687	July 31, 2026
Cebu City	2,708	Various up to January 31, 2026
Ermita, Manila	3,575	December 31, 2026
Imus, Cavite	1,501	April 15, 2026
Cainta, Rizal	993	June 30, 2026
Laguna	26,344	Various up to July 31, 2026
Lipa City, Batangas	1,087	Various up to October 31, 2026
Makati City	3,608	Various up to December 31, 2025
Muntinlupa City	3,383	April 30, 2026
Olongapo City, Zambales	1,216	September 30, 2025
Ortigas, Mandaluyong City	6,372	Various up to October 31, 2026
Pasay City	3,948	October 31, 2026
Pasig City	1,630	Various up to June 30, 2026
Quezon City	9,169	Various up to December 31, 2026
San Fernando, Pampanga	2,402	Various up to July 31, 2026
Tacloban City, Leyte	379	December 31, 2025
Valenzuela	9,734	Various up to December 31, 2025
Zamboanga	1,571	December 31, 2025

The lease contracts are renewable upon mutual agreement of the parties.

Also, the Company through its subsidiaries, primarily Solid Manila Corporation, Omni Solid Services Inc., Precos Inc, and Zen Towers Corporation, leases out to tenants certain real estate properties as summarized below. These leases are renewable on terms mutually acceptable to the parties.

Location	Annual Rent (In Thousand Pesos)	Expiration Date
Araneta, Quezon City	1,526	Various up to February 24, 2027
Bacoor, Cavite	5,672	July 31, 2029
Cagayan de Oro	2,175	Various up to July 31, 2026
Calamba, Laguna	275,281	Various up to July 31, 2039
Ermita, Manila	68,272	Various up to July 31, 2029
Iloilo	5,060	Various up to November 30, 2026
Jones Ave., Cebu City	4,838	Various up to June 30, 2026
La Huerta, Bicutan, Paranaque	36,791	Various up to June 30, 2029
Laguna International Industrial Park, Binan Laguna		Various up to September 30, 2027
	100,836	
Magallanes, Makati		Various up to June 30, 2030
	21,701	
Naga, Camarines Sur	1,324	May 31, 2038
Project 4, Quezon City	1,716	June 30, 2026
Quezon Ave., Quezon City	4,016	Various up to September 30, 2027
San Antonio, Paranaque City	31,744	Various up to June 30, 2029
Tandang Sora, Quezon City	5,462	Various up to January 31, 2026
Valenzuela City, Metro Manila	17,300	Various up to February 28, 2027
San Pedro, Laguna	27,710	December 31, 2026

Properties the Company intends to acquire in the next twelve months

The Company estimates capital expenditures for the year 2026 amounting to P800 million for various real estate acquisitions, development, renovation and upgrade of facilities and transportation equipment. The purchase and/or construction of these capital expenditures will be financed primarily through the funds of the Company.

Item 3. Legal Proceedings

A. Legal Proceedings

As discussed in Item 2 (See Properties), Solid Manila Corporation is involved in litigation or other proceedings affecting its titles to real estate property and certain other litigation in relation to property, the outcome of which could individually or taken as a whole, not adversely affect the financial results, operations or prospects of the Company. The Company does not believe any such litigation will have a significant impact on the financial results, operations, or prospects of the Company.

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

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

F. Directors and Executive Officers

Please see the accompanying Information Statement for a brief summary of the business experience of each director and officer in the last five years.

G. Market Price of and Dividend on the Registrant's Common Equity

(1) Market Information

(a) Principal Market

The principal market for the registrant's common equity is the Philippine Stock Exchange.

- (i) The registrant's common equity is listed and traded only at the Philippine Stock Exchange. The high and low sales prices for each quarter within the last two years, including the high and low sales prices for the First Quarter of 2026, are as follows:

Stock Prices	<u>High (P)</u>	<u>Low (P)</u>
<u>2026</u>		
First Quarter	1.40	1.24
<u>2025</u>		
First quarter	1.32	0.97
Second quarter	1.35	1.01
Third quarter	1.47	1.20
Fourth quarter	1.35	1.16
<u>2024</u>		
First quarter	1.01	0.92
Second quarter	1.09	0.87
Third quarter	1.08	0.77
Fourth quarter	1.07	0.93

- (ii) Not applicable. The principal market is the Philippine Stock Exchange.

(b) The Company share was trading at P1.31 as of May 29, 2026 (the latest practicable trading date).

(c) Not applicable. This report is not filed in relation to registration of securities.

(2) Holders

The number of shareholders of record as of April 30, 2026 was 4,193. Common shares outstanding as of April 30, 2026 were 1,821,542,000 shares. Total issued shares as of April 30, 2026 were 2,030,975,000.

Top 20 stockholders of the Company's common stock as of April 30, 2026 are as follows:

	Name of Stockholder	No. of Shares Held	% to Total Outstanding
1.	AA Commercial, Inc.	583,377,817	32.03
2.	AV Value Holdings Corporation	499,999,999	27.45
3.	PCD Nominee Corporation (F)	337,704,973	18.54
4.	Lim, David S.	79,488,591	4.36
5.	Lim, Vincent S.	71,887,187	3.95
6.	Lim, Jason S.	65,176,160	3.58
7.	Marvin Jacob T. Lim	20,000,000	1.10
8.	PCD Nominee Corporation (NF)	19,128,102	1.05
9.	Christopher James L. Tan	18,462,000	1.01
10.	Melissa May Chua Cham Lim	11,000,000	0.60
	Michael Jordan Lim	11,000,000	0.60
	Kevin Michael Lim Tan	11,000,000	0.60
	Jonathan Joseph Lim	11,000,000	0.60
11.	Philippines International Life Insurance Co., Inc	10,000,000	0.55
	Jeremiah Joseph Lim	10,000,000	0.55
	Jessica Megan Lim	10,000,000	0.55
	Isabel Joyce Lim Tan	10,000,000	0.55
	Michelle May Chua Cham Lim	10,000,000	0.55
12.	Chua, Willington Chua &/or Constantino	8,770,000	0.48
13.	Chia Tzu Chern	2,872,000	0.16
14.	Chua, Constantino &/or Willington &/or George	1,750,000	0.10
15.	Hottick Development Corporation	1,408,000	0.08
16.	Paz, Venson	1,065,000	0.06
17.	Columbian Motors Corporation	1,000,000	0.05
	Lucio W. Yan &/or Clara Yan	1,000,000	0.05
18.	Lim, Julia	590,000	0.03
19.	Castillo Laman Tan Pantaleon & San Jose Law Office	536,000	0.03
20.	GMA Farms Inc.	500,000	0.03

b. Not applicable. This report is not filed in relation to registration of securities or any acquisition, business combination or other reorganization.

c. Not applicable. This report is not filed in relation to any acquisition, business combination or other reorganization.

d. Not applicable. This report is not filed in relation to registration of securities.

(3) Dividends

a. In 2025, cash dividend of P0.10 per share to stockholders of record as of July 15, 2025 and payable on August 7, 2025. In 2024, cash dividend of P0.10 per share to stockholders of record

as of July 15, 2024 and payable on August 8, 2024. In 2023, cash dividend of P0.06 per share to stockholders of record as of August 18, 2023 and payable on September 15, 2023.

b. The Company's retained earnings as of December 31, 2025 included undistributed earnings of subsidiaries and unconsolidated investees, which are not currently available for dividend declaration until such time that the subsidiaries have distributed them. The Company's retained earnings is also restricted for the cost of 209,433,000 treasury shares amounting to P115.6 million as of December 31, 2025.

(4) Recent Sales of Unregistered or Exempt Securities

There was no sale of unregistered or exempt securities in 2023 to 2025.

a. Securities Sold.

No securities were sold by the Company from 2023 to 2025.

b. Underwriters and Other Purchases

Not applicable. There were no securities sold by the Company from 2023 to 2025.

c. Consideration

Not applicable. There were no securities sold by the Company from 2023 to 2025.

d. Exemption from Registration Claimed

Not applicable. There were no securities sold by the Company from 2023 to 2025.

<i>H. Compliance with Corporate Governance Practices</i>

The Company adopted a Manual on Corporate Governance to institutionalize the rules and principles of good corporate governance in accordance with the Code of Corporate Governance promulgated by Securities and Exchange Commission (SEC). Its Manual on Corporate Governance was submitted to the SEC on September 2, 2002 in accordance with SEC Memorandum Circular No. 2 Series of 2002.

Pursuant to the Manual, three Board Committees – Audit, Nomination and Compensation and Remuneration Committees were created in 2003 to aid in complying with principles of good corporate governance. In 2003, the Company increased the number of independent directors from one (1) to two (2). In 2004, in compliance with SEC Memorandum Circular No. 6, the Company increased the number of independent directors in its Audit Committee, from one independent director to two (2) independent directors, and appointed an independent director to head the Audit Committee. In 2008, the company created another committee, the Risk Management Committee in addition to the 3 existing committees composed of four (4) members chaired by an independent director.

A Compliance Officer (CO) was appointed in 2002, directly reporting to the Chairman of the Board, to monitor compliance with the provisions and requirements of the Manual. The

Compliance Officer established an evaluation system to measure or determine the level of the Company's compliance with its Manual. In June 2023, a new CO was appointed by the Board of Directors to replace the retired CO. The same CO continues to serve in this role as of December 31, 2025.

The Board of Directors approved the Company's Revised Manual on Corporate Governance on September 30, 2010, in compliance with SEC Memorandum Circular No. 6, Series of 2009. The Revised Manual was adopted and submitted to the SEC on the same date. Subsequently, the Company adopted an Amended Manual of Corporate Governance, which was submitted to the SEC on July 25, 2014.

In June 13, 2013, the Board of Directors approved the Audit Committee Charter.

On April 2, 2014, the Board of Directors approved the Revised Code of Business Conduct of the Company.

On August 12, 2014, the Company's Board of Directors approved the following charters: Corporate Governance and Nominations Committee Charter, Compensation or Remuneration Committee Charter and Risk Management Committee Charter. The Company updated its various charter and the Company's Board of Directors approved the same on November 5, 2019 - the Amended Corporate Governance & Nominations Committee Charter, Risk Management Committee Charter, Internal Audit Charter, Audit Committee Charter. On the same date, the Board approved the Related Party Transaction Committee Charter. On November 10, 2020, the Board approved the Board Charter.

On April 1, 2009, the Board of Directors approved the Whistle Blowing Policy. On November 11, 2014, the Board of Directors approved the policies on: Enterprise Risk Management Policy, Conflict of Interest Policy, Related Party Transaction Policy and Insider Trading Policy. On November 5, 2019, the Company's Board of Directors approved the Amended Related Party Transaction Policy, Enterprise Risk Management Policy, Insider Trading Policy, Policy and Data Relating to Health, Safety and Welfare of Employees, Conflict of Interest Policy.

On August 8, 2019, the Company's Board of Directors approved the Material Related Party Transactions Policy of the Company in compliance with SEC Memorandum Circular No. 10, Series of 2019 and submitted the same to the SEC.

The Board of Directors approved the Amended Manual on Corporate Governance in compliance with SEC Memorandum Circular 19, Series of 2016 on May 29, 2017 and submitted it to the SEC on the same date, with an amendment submitted to the SEC on June 8, 2017.

Under the amended manual, the Company created the Related Party Transaction Committee and combined the other Board Committees. The Company has the following Board Committees: Audit Committee, Corporate Governance, Compensation and Nomination Committee, Risk Management Committee and Related Party Transaction Committee.

On April 23, 2025, the Company updated the Whistle Blowing Policy.

On May 20, 2025, the Company's Board of Directors approved updates to the Board Charter, Audit Committee Charter, Corporate Governance and Nominations Committee Charter, Compensation or Remuneration Committee Charter, Risk Management Committee Charter,

Internal Audit Charter, and Related Party Transaction Committee Charter. On the same date, the Board also approved updates to the following policies: Enterprise Risk Management, Conflict of Interest, Insider Trading, Policy on Data Relating to the Health, Safety and Welfare of Employees, including Company-Sponsored Training and Material Related Party Transactions.

The company has reelected Mr. Rafael F. Simpao and Atty Siegfried B Mison as Independent Directors during the Annual Stockholders' meeting on June 26, 2025.

The Company reappointed Punongbayan and Araullo, CPAs as its independent accountant for the year 2025 during the Annual Stockholders' meeting on June 26, 2025.

In 2023, the Company designated a new engagement partner for the audit of the financial statements of the Company beginning the year ending December 31, 2023 in compliance with its Manual on Corporate Governance, which requires that the Company's external auditor be rotated or the handling partner changed every five (5) years or earlier.

The Company, its Directors, Officers and Employees complied with all the leading practices and principles on Good Governance as embodied in the Company's Manual. In March 2023, all members of the Board of Directors, along with Senior Management officers, successfully completed a one-day special seminar on Corporate Governance conducted by the Institute of Corporate Directors (ICD), an accredited training provider of SEC. Furthermore, on October 10, 2024, the Company's Directors and Officers participated in a half-day Advanced Corporate Governance Seminar, also facilitated by ICD, in compliance with SEC Memorandum Circular No. 20, Series of 2013.

In compliance with its Amended Manual on Corporate Governance, the Board of Directors conducted an annual self-assessment covering the Board as a whole, the Chairman, individual directors, and its committees. In April 2022, the Company engaged an external facilitator to assist in the conduct of its 2021 board evaluation. Subsequently, in April 2026, the Institute of Corporate Directors conducted the board evaluation for the Company's 2025 performance, in accordance with the Company's governance manual and the SEC Code of Corporate Governance for publicly listed

The Annual Corporate Governance Report (ACGR) for 2012 was accomplished and submitted on June 28, 2013 in compliance with SEC Memorandum Circular No. 5, Series of 2013. There are no reported major deviations from its Revised Manual on Corporate Governance. The ACGR for 2015 was likewise submitted and included in the 2015 Annual Report (SEC Form 17-A). The 2016 ACGR was submitted on May 19, 2017 in compliance with SEC Memorandum Circular No. 20, Series of 2016. Subsequently, the Integrated Annual Corporate Governance Report (I-ACGR) for 2017 was submitted on May 30, 2018 in compliance with SEC Memorandum Circular No. 15, Series of 2017. The Company has since consistently complied with submission deadlines for succeeding I-ACGR filings. The 2025 I-ACGR will be submitted on or before May 30, 2026.

<i>I. External Audit Fees and Services</i>

(1) External Audit Fees and Services

(1) External Audit Fees and Services

- (e) Under the caption Audit and Audit-Related Fees, the aggregate fees billed for each of the last two fiscal years for professional services rendered by the external auditor for:
3. The audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years:

The audit fees of our present external auditor, Punongbayan and Araullo for the examination of our annual audited financial statements, including those of our subsidiaries for the years ended December 31, 2025 and 2024 amounted to P6.98 million and P6.78 million, respectively.

4. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.

None for 2025 and 2024

- (f) Under the caption "Tax Fees", the aggregate fees billed in each of the last two (2) fiscal years for professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services. Registrant shall describe the nature of the services comprising the fees disclosed under this category.

The tax fees paid to the Tax Division of Punongbayan and Araullo for tax consultation and advisory services of our Company and those of our subsidiaries for the year ended December 31, 2025 and 2024 amounted to P240 thousand for both years.

- (g) Under the caption "All Other Fees", the aggregate fees billed in each of the last two (2) fiscal years for products and services provided by the external auditor, other than the services reported under items (a) & (b) above. Registrants shall describe the nature of the services comprising the fees disclosed under this category.

In 2025, Punongbayan & Araullo provided the following non-audit services to the Company:

1. Tax study on the sale and leaseback of two PEZA-registered companies – professional fees of P191,304; and,
2. Annual corporate governance training for Board members and key officers – professional fees of P120,000.

No other non-audit fees were paid in 2024.

- (h) The audit committee's approval policies and procedures for the above services.

The overall scope of the audit was reviewed and approved by the Audit Committee. The terms of engagement of the audit were also reviewed and approved by the Audit Committee.

The scope and terms of engagement of the tax consultation and advisory services were also reviewed and approved by the Audit Committee.

Upon the favorable endorsement by the Audit Committee, the proposed terms of engagement of services are submitted for approval to the Board of Directors. All of the above services were

approved by the Board of Directors.

J. Request for Annual Report on SEC Form 17-A

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, FREE OF CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

***Solid Group, Inc.
2285 Don Chino Roces Avenue,
Makati City, Metro Manila
Attention: Annabella S. Orbe***

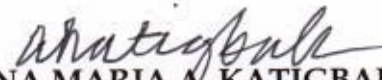
SECRETARY'S CERTIFICATE

I, **ANA MARIA A. KATIGBAK** of legal age, Filipino, and with business address at 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, after being duly sworn in accordance with law, depose and state that:

1. That I am the duly elected Assistant Corporate Secretary of **SOLID GROUP, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, with principal office at 2285 Don Chino Roces Avenue Extension, 1231 Makati City;

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors, and Officers are appointed or employed in any government agency.

IN WITNESS WHEREOF, I hereunto affixed my signature on MAY 26 2026, in Makati City.


ANA MARIA A. KATIGBAK
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of MAY 26 2026 at Makati City by affiant whose identity I have confirmed through her Driver's License with serial number N02-39-111447 issued by the Land Transportation Office, and valid until March 21, 2034, bearing the affiant's photograph and signature.

Doc. No. 482;
Page No. 98;
Book No. I;
Series of 2026.




JENNIFER D. PAGAY
Appointment No. M-063
Notary Public for Makati City
Until December 31, 2027
Castillo Laman Tan Pantaleon & San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 10766547 ; 01-02-2026 ; Makati City
IBP No. 535835 ; 12-22-2025 ; Bulacan Chapter
MCLE No. VIII-0021806; valid from 2-14-2025
valid until 4-14-2028; Pasig Cirv
Roll No. 01663

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Rafael F. Simpao, Jr.**, Filipino, of legal age and a resident of 384 San Bartolome St., Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Solid Group Inc.** and have been its independent director since July 2021.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Security Bank Foundation, Inc.	Chairman	March 1997 – present
Tany Foundation, Inc.	Trustee	January 2007 – present
Empire Global Management Corporation	Independent Director	October 2018 – present
WREIT, Inc.	Independent Director	September 2022 – present
All Asian Countertrade, Inc.	Independent Director	February 2024 – present

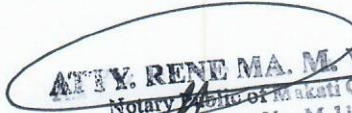
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Solid Group Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Solid Group Inc. and its subsidiaries and affiliates as 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. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
7. 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.
8. I shall inform the Corporate Secretary of Solid Group Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done this MAY 26 2026 at Makati City.


Rafael F. Simpao, Jr.
Independent Director

SUBSCRIBED AND SWORN to before me this MAY 26 2026 at Makati City,
affiant personally appeared before me and exhibited to me his Passport No.
P9954803B issued at DFA Manila valid until May 5, 2032.

Doc. No. 395:
Page No. 80:
Book No. XXV:
Series of 2026


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

CERTIFICATION OF INDEPENDENT DIRECTOR

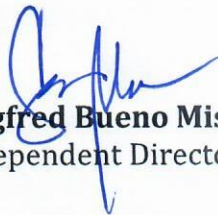
I, **Siegfred Bueno Mison**, Filipino, of legal age and a resident of 73 Times St., West Triangle, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Solid Group Inc.** and have been its independent director since January 2022.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Sonak Holdings Corporation	Consultant	March 2026 - Present
Bethel General Insurance and Surety Corp.	Chairman of the Board	2017- Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Solid Group Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Solid Group Inc. and its subsidiaries and affiliates as 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. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
7. 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.
8. I shall inform the Corporate Secretary of Solid Group Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done this MAY 26 2026 2026 at Makati City.


Siegfred Bueno Mison
Independent Director

MAY 26 2026

SUBSCRIBED AND SWORN to before me this _____ at Makati City,
affiant personally appeared before me and exhibited to me his Tax Identification No.
137-378-694.

Doc. No. 394:
Page No. 80:
Book No. XXV:
Series of 2026

ATTY. RENE MA. M. VILLA

~~Notary Public of Makati City~~

Appointment No. M-110
(Ren) (2025 - 2026)

Until December 31, 2026

PT No. 10766722; 01-03-2026; Makati City
Lifeline No. 013595; 12-27-2013, L.C.

Roll No. 37226

MCLE Compliance No. VII-0012754; 08-21-2024
Ground Floor, Makati Terraces Condominium
3650 Davila St., Tejeroc, Makati City

COVER SHEET

SEC Registration Number

[illegible]

COMPANY NAME

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

2	2	8	5		D	O	N		C	H	I	N	O		R	O	C	E	S		A	V	E	N	U	E			

[illegible][illegible][illegible]

Form Type

SEC FORM 17-A
(WITH SUSTAINABILITY REPORT)

Department requiring the report

ICTD/CGFD/MSRD

Secondary License Type, If Applicable

N/A

COMPANY INFORMATION

Company's Email Address

	N/A

Company's Telephone Number/s

8843-1511

Mobile Number

N/A

No. of Stockholders

4,190

**Annual Meeting
Month/Day**

Last Thursday of June (per AOI)

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Christopher James L. Tan

Email Address

cjlt@solidgroup.com.ph

Telephone Number/s8843-1511

Mobile Number

N/A

Contact Person's Address

2285 DON CHINO ROCES AVENUE MAKATI CITY

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

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

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED**

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

1. For the fiscal year ended December 31, 2025
2. SEC Identification Number: 845
3. BIR Tax Identification No.: 000-508-536-000
4. Exact name of issuer as specified in its charter **SOLID GROUP INC.**
5. Province, Country or other jurisdiction of incorporation or organization: Philippines
6. _____ (SEC Use Only)
Industry Classification Code
7. Address of principal office: Solid House, Postal Code: 1231
2285 Don Chino Roces Avenue
Makati City, Philippines
8. Telephone No: (632) 843-15-11
9. Former name, former address, and former fiscal year, if changed since last report: Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P1 par value	1,821,542,000 shares
11. Are any or all of these securities listed on the Philippine Stock Exchange

Yes [☒] No [☐]

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

Philippine Stock Exchange Common

12. Check whether the issuer:

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

Yes ☒ [x]No ☐ []

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

Yes ☒ [x]No ☐ []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant:

P632,863,400

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PART I. BUSINESS AND GENERAL INFORMATION

Item 1. Business

(A) Description of Business

1. Business Development

The Company, formerly United Paracale Mining Company, was incorporated on October 9, 1933 as a mining company.

On May 31, 1996, the Company's new set of stockholders executed deeds of assignment transferring to the Company their investments in shares of stock of certain companies as full payment for their subscriptions to 1.5 billion shares of the Company's capital stock. On June 18, 1996, the Securities and Exchange Commission approved the assignment of shares and the following amendments to the Company's Articles of Incorporation: (a) change in the Company's corporate name to Solid Group Inc.; (b) change in its primary purpose to that of a holding company; (c) change of the par value of its shares from P.01 to P1.00; (d) the declassification of its class A and class B capital stock; and (e) the increase in its authorized capital stock from P20 million (divided into P1.2 billion Class A shares and 0.8 billion Class B shares at P0.01 par value) to P5 billion divided into 5 billion shares at P1.00 par value, all of one class.

On September 4, 1996, an additional 524,475,000 of Company's shares of stock were offered to the public and listed in the Philippine Stock Exchange.

The Company was engaged in the manufacture of color television for both domestic and export sales as well as the distribution and marketing of various consumer audio and video products involving two major brands Sony and Aiwa. Two other manufacturing operations involved plastic molding factories. Due to dramatic changes in the business environment including the 1997 Asian crisis, market liberalization (AFTA duty reduction) and severe competition from both overseas and local sources, the Company eventually phased out its manufacturing operations in television production in 2002 and in plastics molding in 2009.

On the November 21, 2002 special stockholders' meeting, the stockholders approved the acquisition of the shares and/or economic interests in the Destiny Group (consisting of Destiny, Inc. and subsidiaries (DI) and Destiny Cable, Inc. and subsidiaries) from the Elena Lim family in exchange for 1.026 billion shares of the Company with par value of P1.00 per share.

In May 2003, the Company completed the acquisition of the entire issued and outstanding shares of DI, which is in the business of broadband multimedia services. The acquisition was approved by the Bureau of Internal Revenue (BIR) on May 15, 2003. A notice of exemption for the issuance of shares under the Revised Securities Act was filed with the Securities and Exchange Commission on November 6, 2003. Company shares totaling 224,461,752 was proposed to be issued in payment for the DI acquisition upon approval of the listing of these shares with the Philippine Stock Exchange. However, in 2004, upon further review of the assets and liabilities of DI, certain receivables from and payables to related parties were removed from the valuation of DI's net assets. The re-valuation resulted in a change in its financial position from a net asset to a net liability of P23,201,010. The Company and DCI agreed that the Company would no longer issue shares of

stock to DCI as payment for its acquisition of DI, but instead assume the DI's net liability which represents fair value of the ongoing business of DI including its existing cable internet subscriber base which, in accordance with the pooling of interest accounting applied to this transaction, was charged to additional paid-in capital. In 2012, Solid Broadband Corporation (SBC), the surviving company after the merger with DI, sold its broadband cable infrastructure and broadband internet subscriber base to Skycable Corporation.

The Company ventured into a 26-storey high rise condominium project Zen Towers located in the heart of Manila in 2007. This project was expanded in 2010 with the completion of a 11-storey building composed of offices for sale and lease in the same premise. Also part of the real estate business is a 75-room budget hotel Casa Bocobo in Manila which started in 2008 and a 144-room business hotel and three fully equipped event venues in Makati launched as Green Sun in 2014.

The Company reinvented itself by realigning its resources to market its own Filipino brand of mobile phone, 'mylphone', which was launched as the country's first dual SIM phone in 2007.

In November 2022, the Company acquired Avid Sales Corporation from the Lim Family for P100.2 million after the board approval on November 9, 2022. The acquisition price is less than 10% of the Company's total consolidated assets and less than the threshold amount for material related party transaction. The acquisition was ratified by the stockholders during the annual Stockholders' Meeting held on June 22, 2023.

The Company has fifteen (15) wholly-owned subsidiaries as of December 31, 2025, as follows:

My Solid Technologies & Devices Corporation (MySolid) was incorporated on April 21, 2009 to engage in the manufacture, sale, distribution, importation of any type of digital communication devices, communication technology, broadband and audio-video equipment, gadgets and accessories as well as undertake product research and development. MySolid merged with MyTel Mobility Solutions Inc. (MyTel), another wholly subsidiary of the Company with similar business, with MySolid as the surviving company effective June 1, 2012.

SolidGroup Technologies Corporation (SGTC) was incorporated on November 17, 1989 to engage in the development and implementation of information technology systems and applications. On February 22, 2011, the Board of Directors and stockholders approved the amendment of the SGTC's articles of incorporation to change its primary purpose. This was approved by the Securities and Exchange Commission on March 22, 2011 and starting that date, SGTC's primary purpose is to engage in, operate, conduct and maintain business of designing, manufacturing, installing, importing, exporting, marketing, distributing or otherwise dealing in at wholesale and retail prefabricated modular house and office units. SGTC was formerly a wholly-owned subsidiary of SC. In 2007, SGTC became a wholly-owned subsidiary of the Company when SC declared property dividend to the Company in the form of its investment in SGTC.

Solid Video Corporation (SVC) was incorporated on October 12, 1984. SVC distributes professional video equipment, accessories and supplies to broadcast networks and other companies.

Solid Manila Corporation (SMC) was incorporated on June 13, 1983. SMC is engaged in the lease and development of the Company's real estate properties. SMC merged with Solid Distributors, Inc. (SDI), another wholly-owned subsidiary of the Company, on December 23, 2003, with SMC as the surviving company. SMC merged with Solid Corporation (SC), another wholly owned

subsidiary of the Company engaged in the same business of leasing real estate properties, with SMC as the surviving company effective January 1, 2012. In 2014, SMC renovated the Solid House Building and repurposed it to hotel and events place and operated the Green Sun Hotel. In December 2016, Green Sun Hotel Management, Inc. was incorporated and took over the management and operation of the hotel in 2017.

Zen Towers Corporation (Zen) was incorporated on July 6, 2005. Zen is engaged in the development and sale of real estate properties. It developed the Zen Tri-Tower condominium located in Ermita, Manila.

Precos Inc. (Precos) was incorporated on October 31, 1989 to engage in real estate and related businesses. Prior to 2004, Precos was 60% owned by Solid Corporation (SC) and 40% owned by Sony International (Singapore) Ltd. (SONIS). In 2004, Precos reacquired as treasury stock the shares held by SONIS, thereby making the Company a wholly owned subsidiary of SC. In 2007, Precos became a wholly-owned subsidiary of the Company when SC declared property dividend to the Company in the form of its investment in Precos. In February 2008, Precos acquired Phil-Nanning Consortium, Inc. (PNCI), a domestic company engaged in real estate business. PNCI has a subsidiary organized and operating in Guangxi, China engaged in property development. In August 2016, Precos sold its 100% ownership in PNCI to Solid Company Limited. In 2022, the Company entered into a Built-to-Specification Agreement with a third party for the lease of a warehouse. The lease agreement has a term of fifteen (15) years, commencing upon completion of construction, with an option to renew for an additional five (5) years. Construction of the warehouse was completed in 2024, and the formal lease contract commenced on August 1, 2024.

Kita Corporation (Kita) was incorporated on October 1, 1994. Kita produced color TV sets under the AIWA brand at its factory located inside the Clark Special Economic Zone. Kita ceased its manufacturing operations effective April 15, 2001 after its agreement with Aiwa expired in April 1, 2000 and was no longer renewed. Kita merged with Clark Plastics Manufacturing Corporation (CPMC), a wholly owned subsidiary of SC, on April 2004, with Kita as the surviving company. After its merger with CPMC, Kita resumed operations to continue the business of CPMC, which is injected plastics manufacturing as well as the lease of its property. In December 2010, Kita ceased the operations of its injected plastics manufacturing business. Henceforth, Kita's revenues principally come from the lease of its properties. In August 2019, Kita's 25-year contract of lease with Clark Development Corporation (CDC) covering parcels of land had expired and surrendered certain buildings to Clark International Airport Corporation since these locations are part of the site for the second Clark Airport runway. The lease was no longer renewed and it is currently securing clearance from CDC. In 2024, Kita's sole residential property located in Pampanga was sold, effectively ceasing all leasing operations.

Omni Solid Services Inc. (OSSSI) (formerly Solid Laguna Corporation SLC) was incorporated on May 15, 1995. SLC merged with Solid City Industrial and Commercial Corporation (SCICC), a wholly-owned subsidiary of Solid Corporation, on December 28, 2001 with SLC as the surviving company. SLC ceased its consumer electronics manufacturing operations in December 2002 after its manufacturing agreement with SPH expired in September 2002 and was not renewed. Subsequently, SLC's business is injected plastics manufacturing which was the business of SCICC prior to their merger. SLC ceased the operations of the plastic injection manufacturing business at the end of 2009 and operated as lessor of real estate. SLC merged with Omni Logistics Corporation (OLC), another wholly owned subsidiary of the Company, effective January 1, 2012, with SLC as the surviving company. After the merger, SLC resumed the business of OLC of providing

warehousing and logistics services to third parties. On March 19, 2012, SLC changed its corporate name to Omni Solid Services, Inc.

SolidService Electronics Corporation (SEC) (formerly Solid Electronics Corporation SEC) was incorporated on August 9, 1982. SEC operates the repair and service centers for SONY brands of audio and video consumer electronics equipment and MyPhone digital devices. SEC merged with AA Electronics Corporation (AAEC), another wholly-owned subsidiary of the Company and Solid Electronics Services Inc. (SESI), a wholly owned subsidiary of SC on April 12, 2004 with SEC as the surviving company. On September 28, 2018, SEC changed its corporate name to SolidService Electronics Corporation.

Brilliant Reach Limited (BRL) was incorporated on March 12, 2003 in the British Virgin Islands and acquired by the Company on July 31, 2003. BRL handles and manages the placement of the Company's investible funds in foreign currency fixed income financial assets and other investments.

Solid Manila Finance Inc. (SMFI) was incorporated on September 9, 1999. SMFI is engaged in the financing and extension of business, appliance and other loans.

Solid Broadband Corporation (SBC) was incorporated on September 22, 2000 to offer broadband services. SBC obtained a congressional franchise to construct, install, establish, operate and maintain telecommunications systems throughout the Philippines under Republic Act No. 9116 which took effect on April 15, 2001. It has been granted provisional authority to use its franchise by the National Telecommunications Commission on April 15, 2002. SBC was merged with Destiny Inc. (DI) as approved by the Securities and Exchange Commission on August 26, 2005, with SBC as the surviving entity. Henceforth, SBC assumed the operations of DI of broadband cable infrastructure and provides transport services to an affiliate engaged in cable television operations. It also provides integrated multimedia services, among which are, VSAT, broadcast uplink and leased line services. In 2007, SBC started the marketing and distribution of mobile phones. In 2010, My Solid Technologies & Devices Corporation assumed the importation of the mobile phones from SBC while MyTel Mobility Solutions Inc. took over the distribution of mobile phones from SBC. On May 11, 2012, SBC entered into an agreement with Skycable Corporation for the sale/assignment and purchase of its wired and satellite assets and broadband/internet subscriber base. Subsequent to the sale, SBC acts as a collecting agent for Sky Cable. In 2025, this arrangement remains in effect until SBC's legislative franchise expires in April 2026.

MyApp Corporation (MyApp) was incorporated on October 23, 2014 as a holding company. MyApp holds 50% ownership of Creative Hothouse Manila, Inc. which is engaged to design and develop mobile applications. In October 2016, MyApp sold its ownership in Creative Hothouse Manila, Inc. to Creative Hothouse Philippines PTE., LTD.

Green Sun Hotel Management Inc. was incorporated on December 19, 2016 to engage in the hotel and its related business.

Avid Sales Corporation (Avid) was incorporated on July 23, 1996. It is presently engaged in distribution, wholesale and retail of home appliances and consumer electronic products through both online and offline networks and digital solutions for institutional and corporate clients.

Henceforth, the term "Company" would mean the Parent Company and/or any of its subsidiaries.

2. Business of Issuer

Principal Products and Services

The consumer electronics business of the Company as of December 31, 2025 are:

(1) sale of mobile phones which generated sales of P38 million (for 33,168 units) or 3% of sales in 2025, P31 million (for 35,450 units) or 2% of sales in 2024 and P88 million (for 49,019 units) or 7% of sales in 2023; and (2) after-sales service for principally SONY brands of consumer electronic products and My|Phone with its 30 company-owned service centers throughout the Philippines as of end of 2025 which generated service income of P134 million or 14% of service revenues in 2025, P143 million or 17% of service revenues in 2024 and P147 million or 19% of service revenues in 2023 (3) warehousing, distribution and product testing of consumer electronic products with service revenue of P330 million or 34% of service revenues in 2025, P300 million or 36% of service revenues in 2024 and P307 million or 39% of service revenues in 2023; (4) subcontract or toll manufacturing of color TV sets for other brand owner (i.e. TCL, Skyworth) which generated tolling fee of P166 million (for 651,975 units) or 17% of service revenues in 2025, P145 million (for 599,176 units) or 17% of service revenues in 2024 and P115 million (for 420,008 units) or 15% of service revenues in 2023; (5) sale of refurbished appliances of P51 million or 3.3% in 2025, P55 million or 3.5% in 2024 and P55 million or 4% in 2023; (6) retail sale of consumer electronic appliances of P1,153 million (for 126,423 units) or 74% in 2025, P997 million (for 177,214 units) or 66% in 2024 and P883 million (for 141,462 units) or 67% of sales in 2023; (7) after-sales service for various consumer product sold in stores of P25 million or 3% in 2025, P16 million or 2% in 2024 and P12 million or 2% in 2023..

As mentioned above, Solid Broadband Corporation (SBC) sold its wired and satellite assets and broadband/internet subscriber base on May 11, 2012. After the sale of its assets, SBC continues to act as a collecting agent for Sky Cable. As of December 31, 2025, this arrangement remains in effect and will cease upon the expiration of SBC's legislative franchise in April 2026. Revenues arising from this activity amounted to P61 million or 6% of service revenues in 2025, P90 million or 11% of service revenues in 2024 and P86 million or 11% of service revenues in 2023.

The Company's other business activities are: the development of residential condominium for sale and the development and lease of other real estate properties and hotel operations, sale of prefabricated modular houses, sale of broadcast/professional equipment and accessories, services from project integration.

The Company's products and services are sold in the Philippines. Revenues for the last 3 years, are as follows: broadcast/professional equipment and accessories of P287 million or 8% of sales in 2025, P382 million or 25% of sales in 2024 and P258 million or 20% of sales in 2023, and; prefabricated modular houses and services of P13 million or 1% of sales in 2025, P50 million or 3% of sales in 2024 and P31 million or 2% of sales in 2023.

Real estate sales amounted to nil in 2025, P8 million in 2024 and nil in 2023. Rental revenues from leasing operations amounted to P613 million, P419 million and P278 million for 2025, 2024 and 2023, respectively. Revenues from hotel operations amounted to P152 million or 15% of service revenues, P94 million or 11% of service revenues and P93 million or 12% of service revenues in 2023. Service fee from project integration and repairs of P121 million or 12% of service revenues

in 2025, P57 million or 7% of service revenues in 2024 and P23 million or 3% of service revenue in 2023.

Distribution

The broadcast/professional equipment and accessories are also sold directly to its corporate clients such as broadcast stations. The Company distributes through its subsidiaries consumer electronic products and devices in the Philippines.

Moreover, the Company also sells retail consumer electronic products through Avid Sales Corporation (Avid) under four concepts: Sony Centre (exclusive for Sony products), AV Surfer (for multi-brand products) and Avidpro or Avid Multi-media (for corporate clients and government institutions) and online store (from own online store, Lazada and Shopee). As of December 31, 2025, it markets through 43 retail and online stores. MySolid Technologies and Devices Corporation (MySolid) is selling their remaining MyPhone stocks to corporate clients and government entities through public biddings.

Status of any-publicly announced new product or service

None.

Competition

Avid competes with several retail consumer electronic stores: SM Appliance, Abenson, Ansons, Western Mktg., Super East Mktg, Henry's Camera, Camerahaus, Beyond Innovation and other retailers.

The broadcast/professional equipment and accessories that the Company sells competes with other brands like Panasonic and Sharp. Other local competitors are MQ Lightings, WAM Pacific, Composite Technologies, BMH System Solutions, Inc, 90 Degrees, Media Convergence Inc., BMH, EVI, EPIC and Henry's Store. Overseas competitors and B & H Photo Supply, Tape & Media, Tape Resources and Expandore.

The prefabricated modular houses marketed by the Company are standardized in design, modular in assembly, and are easy to assemble, disassemble, relocate, and store. Its principal products are designed and manufactured using light steel frames and sandwich wall panels and are suitable for a wide range of applications, including temporary offices, construction site dormitories, municipal offices, residential settlements, school classrooms, retail shops, disaster relief housing, military camps, and temporary exhibition facilities. It differentiates itself through integration of steel modular framing systems, ALC panel technology, and solar-ready building solutions. It competes with Steeltech Buildings Systems Corp. and Smart House Philippines.

The prefabricated modular houses marketed by the Company are standardized in design, modular in assembly, and are easy to assemble, disassemble, relocate, and store. Its principal products are designed and manufactured using light steel frames and sandwich wall panels and are suitable for a wide range of applications, including temporary offices, construction site dormitories, municipal offices, residential settlements, school classrooms, retail shops, resort houses, disaster relief housing, military camps, and temporary exhibition facilities. The Company differentiates its products through the integration of light steel framing systems, ALC panel technology, and solar-

ready building solutions. It competes with Steeltech Buildings Systems Corp. and Smart House Philippines.

The MyPhone brand cellphones and tablets distributed by MySolid and STL continue to focus on public and government bidding activities and implemented bundling offers and promotional programs for its remaining inventories.

The Company provides warehousing, and logistics services mostly to electronics companies. It competes with domestic companies Yusen Air Logistics, Seaquest Logistics, Lite Xpress International, DB Schenker, CJ Logistics, Fast Logistics, Ocean Speed International among others and foreign companies Cainiao Smart Logistics (under Alibaba) and F2. It also offers testing laboratory services. Its competitors are TUV Rhineland, Duinos Smart Tech and SPIA Product Conformity Services Inc.

The Company operates a hotel through Casa Bocobo Hotel (CBH) and The Hotel at Green Sun. It competes with other budget hotels within the Manila area and Makati area, respectively.

Inventories and Service Parts

The Company through its subsidiaries procures inventories and service parts from a number of sources in the Philippines and foreign suppliers for the supply of consumer and professional products and prefabricated modular houses.

Dependency of the business upon a single or few customers

Due to the expiration of lease contract of Kita Corporation (Kita) with CDC in 2019, Kita sole revenue is from the lease of its residential property. In 2024, Kita's sole residential property located in Pampanga was sold, effectively ceasing all leasing operations. The Company has no other major existing sales contracts.

Service

The Company provides through its subsidiaries, after-sales service for all the consumer electronic products it manufactures. As at December 31, 2025, it has 30 service centers throughout the Philippines. It is accredited by 3 AV brands namely Sony, JBL and GMA affordabox and also an accredited seller/installer service provider of Mitsubishi, authorized service center and product installer for AC brand – Concepcion Carrier, Condura, Kelvinator and Midea.

Related Party Transactions

In March 2024, Solid Manila Finance Inc. granted an interest-bearing loan of P10.0 million to Precos, Inc. The loan is subject to an initial interest rate of 6.65% per annum, subject to repricing every three months and has a term of five years with two years grace period. The Company also provides non-interest-bearing cash advances to its subsidiaries for their working capital requirements. Subsidiaries of the Company generally depend on one another for supply of services and lease of properties. (See Item 12- Certain Relationships and Related Transactions of Form 17-A)

Principal Terms and Expiration Dates of all Licenses and Agreements

- Memorandum of Understanding with Sony Philippines, Inc. (Sony)

On July 1, 2003, SolidService Electronics Corporation (SEC) formerly Solid Electronics Corporation (SEC) entered into a Memorandum of Understanding (MOU) with Sony as the after sales support for Sony products. Under the MOU, Sony authorized the Company to perform in-warranty and out-of warranty services to customers in the Philippines.

In-warranty services shall be rendered free of charge to customers. The actual cost of replacement parts related to in-warranty services shall be shouldered by Sony. Sony will pay the labor fees based on agreed rates. Network support fees shall be at a fixed rate per month. The Agreement is effective unless revoked by any of the parties.

- Distributorship Agreement with Sony Corporation

Solid Video Corporation has a non-exclusive Distributorship Agreement (the Agreement) with Sony Corporation of Hong Kong Limited (Sony HK), a corporation organized and existing under the laws of Hong Kong. Under the Agreement, the Company is designated by Sony HK as its non-exclusive distributor of Sony products in the Philippines. In addition, the Company shall provide the customers in the Philippines with repair and parts replacement services including, but not limited to, repair and parts replacement services rendered by the Company which are covered under the 12 month-warranty period at its own costs and expenses. The Agreement was effective until March 31, 2026.

- Agreement with LF (Philippines) Inc.

In 2022, Precos, Inc. entered into a Built to Specification Agreement (the Agreement) with a third-party lessee. Under the agreement, the lessee will lease the warehouse for a period of 15 years, with an option to renew for another 5 years. The warehouse is to be constructed according to the specifications outlined in the Agreement. The lease agreement became effective on August 1, 2024, notwithstanding that construction of the warehouse had not yet been fully completed, as the lessee had already taken possession of the premises and commenced occupancy. An initial certificate of completion was issued on October 15, 2024. Construction of the warehouse was completed by the end of December 2024.

- Agreement with Sky Cable Corporation

In 2012, Solid Broadband Corporation (SBC) and Sky Cable Corporation (Sky) agreed that the management and administration of the sale, assignment and transfer of its assets, equipment, contracts, permits, licenses and subscriber base (the Assets) of SBC be entrusted to Sky. Sky, as the manager of the Assets, was given the overall power and responsibilities to handle all aspects necessary to carry out the administration and operations of the Assets and SBC, to accord the necessary additional authorizations, should the need arise. Sky assumes to pay SBC all cost and expenses in connection with use and operation of the assets.

Pursuant to the above agreement and pending the issuance of the National Telecommunications Commission (NTC) approval of the transfer of assets, SBC entered into an operating agreement with Sky on June 2, 2015 for the accommodation of the VSAT transactions of Sky wherein the said

transactions will be sold and collected through SBC. Effective 2025, the service fee and other charges amounted to P4.3 million. The agreement is effective until the expiration of its legislative franchise in April 2026..

- Franchise

Solid Broadband Corporation (SBC) obtained a congressional franchise for 25 years to construct, install, establish, operate and maintain telecommunications systems throughout the Philippines under Republic Act No. 9116 which took effect on April 14, 2001. On May 11, 2012, SBC entered into an agreement with Sky Cable Corporation for the sale/assignment and purchase of its wired and satellite assets and broadband/internet subscriber base. After the sale of its assets, SBC remaining business was acting as collecting agent of Sky Cable until SBC's expiration of its legislative franchise in April 2026.

Need for any government approval

The transfer of the assets of SBC to Sky Cable Corporation pursuant to its Agreement on May 11, 2012 is still pending the approval of the National Telecommunications Commission.

Effect of existing and probable governmental regulations on the business

None.

Research and development activities

The Company has not spent any significant amount for research and development activities in the last three years.

Costs and effects of compliance with environmental laws

The Company has complied with environmental laws at minimal costs.

Employees

The Company and its subsidiaries have 439 regular employees as at December 31, 2025 as shown in the table below. It estimates to have 450 employees by the end of December 31, 2026. There is no existing union as of December 31, 2025. There are no employees who would be on strike nor have been on strike in the past three (3) years, nor are threatening to strike. The Company has no supplemental benefits and incentive arrangements with its employees other than the regular Christmas bonus, thirteenth month pay, performance incentives and leave conversions.

	<u>Number of employees</u>
Management	22
Sales and Distribution	51
Operation	180
Service	60
Administration	74
Finance	<u>52</u>
Total	<u>439</u>

Major Risks involved in the Businesses of the Company

The Company and its subsidiaries face inherent business risks, including market fluctuations, competition, supply chain disruptions, technological developments, inventory obsolescence, and changes in consumer demand. Its real estate business is subject to economic and competitive pressures that may affect occupancy and rental income, while logistics, retail, and electronics after-sales operations face operational and market-related risks. These risks are identified and assessed through strategic planning, management reviews, and Board oversight.

To mitigate them, the Company monitors market and technological developments, maintains strong relationships with tenants and customers, and implements operational, inventory, and process controls to support sustainable performance across all business segments.

Item 2. Properties

B. Description of Property

Certain properties owned by the Company through its subsidiaries are as follows:

Location	Land Area (in sq. m.)	Current and Intended Use
Laguna International Industrial Park, Binan, Laguna	73,532	Building and warehouse for lease
La Huerta, Bicutan, Paranaque	18,490	Office building & warehouses for lease
Valenzuela, Marulas, Bulacan	10,493	Factory and warehouses, building for lease
San Dionisio, Paranaque	6,690	Warehouses for lease
Don Chino Roces Ave, Makati City	5,000	Hotel and office building
San Antonio, Paranaque	4,702	Warehouse for lease
San Antonio, Paranaque	4,056	Warehouse for lease
Natividad St., Ermita, Manila	4,505	Condominium tower (for sale)
Osmena Blvd., Cebu City	3,859	Office building for lease
Brgy. Tabuco, Naga City	3,059	Commercial lot for lease
Tandang Sora, Quezon City	2,511	Modular residential building for dormitory type leasing
Barrio Pantal, Dagupan City	1,918	Building under construction
Barrio San Rafael, Iloilo City	1,750	Service center and building for lease
J. Bocobo St., Ermita, Manila	1,724	Commercial building and hotel
Brgy. San Roque, San Pablo City	1,714	Service center and building for lease
Oliveros, Balintawak, Quezon City	1,400	Land intended for sale
Bacoar, Cavite	1,334	Commercial building for lease
Cabanatuan City, Nueva Ecija	1,212	Service center and building for lease
Araneta, Quezon City	1,000	Office building for lease

Calamba Premiere Industrial Park	4,176	Commercial lots for lease
Brgy. Parian, Prinza and Barandal, Calamba	132,929	Land and warehouse for lease
Pililla, Rizal	257,083	Agricultural lot for lease

Solid Corporation also owns a parcel of land in Bgys. Talipapa and Pamaldan, Cabanatuan City, Nueva Ecija with an area of 1,914,180 square meters. This property is the subject of a case filed by Solid Corporation on October 17, 1995 with the Department of Agrarian Reform Regional Adjudication Board (RARAB) to declare the emancipation patents issued to several tenant farmers of the said property and any patents that may subsequently be issued covering the same, null and void on the ground that the requirements of Presidential Decree No. 27 have not been complied with. The portion of the property that may be subject to litigation consists of 47,211 square meters. On February 6, 1997, the case was submitted for resolution. On June 26, 1997, the RARAB ordered the processing of the Certificate of Land Transfer for issuance to the tenants. On July 31, 1997, Solid Corporation appealed the RARAB decision to the DAR's Central Adjudication Board (DARAB). The appeal was resolved adverse to Solid Corporation on January 31, 2002. Solid Corporation appealed the DARAB decision to the Court of Appeals on February 11, 2002. The Court of Appeals dismissed the petition of Solid Corp. on March 1, 2002. In November 2002, Solid Corporation withdrew its appeal at the Court of Appeals preparatory to negotiating with DAR and Landbank, which the Court of Appeals granted last June 28, 2004. No amicable settlement was however reached. Thus, Solid Corporation filed for a Petition for Higher Valuation of Land before the Provincial Agrarian Reform Adjudication Board of the Department of Agrarian Reform in Cabanatuan City on November 18, 2007. The Department of Agrarian Reform granted Solid Corporation's petition and ordered Land Bank to re-evaluate the land valuation based only on Republic Act No. 6657 (The Comprehensive Agrarian Reform Program) on September 28, 2012. Land Bank amended the valuation and tendered an Amended Offer of P14.97 million to Solid Corporation (or Solid Manila Corporation, the surviving company after the merger of Solid Manila Corporation and Solid Corporation). Solid Manila Corporation applied for an amended valuation for Php16.4 million. Solid Manila Corporation is currently complying with the documentation requirements to recover compensation pursuant to a Final Favorable and Executory decision rendered of the Provincial Adjudicator of DARAB in Solid Manila Corp. vs DAR and DARAB as of April 2026.

Franchise

A Company's subsidiary, Solid Broadband Corporation (SBC), obtained a congressional franchise to construct, install, establish, operate and maintain telecommunications systems throughout the Philippines under Republic Act No. 9116 which took effect on April 15, 2001. On May 11, 2012, SBC entered into an agreement with Skycable Corporation for the sale/assignment and purchase of its wired and satellite assets and broadband/internet subscriber base, (See Agreements). After the sale of its assets, SBC's remaining business was acting as collecting agent of Sky Cable.

Mortgage, lien or encumbrance and limitation on ownership or usage on the properties

On December 29, 2023, Precos Inc., a wholly owned subsidiary of the Company, availed of the initial drawdown of a long-term loan from a local bank amounting to ₱105.0 million to partially finance the construction of a warehouse facility in Calamba, Laguna. As of December 31, 2025, total availments under the facility amounted to ₱875.0 million. The loan has a term of ten (10) years, inclusive of a two (2)-year grace period, and bears a floating interest rate repriced quarterly based on the Bloomberg Valuation Service (BVAL) rate plus an applicable margin. The initial

interest rate was 6.25% per annum. Interest expense recognized in relation to the loan amounted to ₱54 million and ₱8.2 million for the years ended December 31, 2025 and 2024, respectively. In 2024, the Company incurred debt issuance costs of ₱18 million for documentary stamp tax, while no such costs were incurred in 2025. The loan is secured by a real estate mortgage over properties with an aggregate value of ₱1.2 billion and is further supported by a suretyship agreement from one of the Group's subsidiaries.

Except for the above third-party claims filed against the Company's subsidiaries as disclosed above, there are no other mortgage, lien or encumbrance and limitation on the ownership or usage on the properties.

Lease agreements

The Company through its subsidiary, Avid Sales Corp. and SolidService Electronics Corporation, has entered into third party lease contracts for the operation of its electronic stores and service centers.

Location	Annual Rent (In Thousand Pesos)	Expiration Date
Alabang	444	Various up to December 31, 2025
Baguio	628	Various up to January 31, 2026
Cagayan de Oro	687	July 31, 2026
Cebu City	2,708	Various up to January 31, 2026
Ermita, Manila	3,575	December 31, 2026
Imus, Cavite	1,501	April 15, 2026
Cainta, Rizal	993	June 30, 2026
Laguna	26,344	Various up to July 31, 2026
Lipa City, Batangas	1,087	Various up to October 31, 2026
Makati City	3,608	Various up to December 31, 2025
Muntinlupa City	3,383	April 30, 2026
Olongapo City, Zambales	1,216	September 30, 2025
Ortigas, Mandaluyong City	6,372	Various up to October 31, 2026
Pasay City	3,948	October 31, 2026
Pasig City	1,630	Various up to June 30, 2026
Quezon City	9,169	Various up to December 31, 2026
San Fernando, Pampanga	2,402	Various up to July 31, 2026
Tacloban City, Leyte	379	December 31, 2025
Valenzuela	9,734	Various up to December 31, 2025
Zamboanga	1,571	December 31, 2025

The lease contracts are renewable upon mutual agreement of the parties.

Also, the Company through its subsidiaries, primarily Solid Manila Corporation, Omni Solid Services Inc., Precos Inc, and Zen Towers Corporation, leases out to tenants certain real estate properties as summarized below. These leases are renewable on terms mutually acceptable to the parties.

Location	Annual Rent (In Thousand Pesos)	Expiration Date
Araneta, Quezon City	1,526	Various up to February 24, 2027
Bacoor, Cavite	5,672	July 31, 2029
Cagayan de Oro	2,175	Various up to July 31, 2026
Calamba, Laguna	275,281	Various up to July 31, 2039
Ermita, Manila	68,272	Various up to July 31, 2029
Iloilo	5,060	Various up to November 30, 2026
Jones Ave., Cebu City	4,838	Various up to June 30, 2026
La Huerta, Bicutan, Paranaque	36,791	Various up to June 30, 2029
Laguna International Industrial Park, Binan Laguna	100,836	Various up to September 30, 2027
Magallanes, Makati	21,701	Various up to June 30, 2030
Naga, Camarines Sur	1,324	May 31, 2038
Project 4, Quezon City	1,716	June 30, 2026
Quezon Ave., Quezon City	4,016	Various up to September 30, 2027
San Antonio, Paranaque City	31,744	Various up to June 30, 2029
Tandang Sora, Quezon City	5,462	Various up to January 31, 2026
Valenzuela City, Metro Manila	17,300	Various up to February 28, 2027
San Pedro, Laguna	27,710	December 31, 2026

Properties the Company intends to acquire in the next twelve months

The Company estimates capital expenditures for the year 2026 amounting to P800 million for various real estate acquisitions, development, renovation and upgrade of facilities and transportation equipment. The purchase and/or construction of these capital expenditures will be financed primarily through the funds of the Company.

Item 3. Legal Proceedings

C. Legal Proceedings

As discussed in Item 2 (See Properties), Solid Manila Corporation is involved in litigation or other proceedings affecting its titles to real estate property and certain other litigation in relation to property, the outcome of which could individually or taken as a whole, not adversely affect the financial results, operations or prospects of the Company. The Company does not believe any such litigation will have a significant impact on the financial results, operations, or prospects of the Company.

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

A. Market Price of and Dividends on Registrant's Common Equity and Related Stockholders Matters

(1) Market Information

(a) Principal Market

The principal market for the registrant's common equity is the Philippine Stock Exchange

(i) The registrant's common equity is listed and traded only at the Philippine Stock Exchange. The high and low sales prices for each quarter within the last two years are as follows:

Stock Prices

	<u>High (P)</u>	<u>Low (P)</u>
<u>2025</u>		
First quarter	1.32	0.97
Second quarter	1.35	1.01
Third quarter	1.47	1.20
Fourth quarter	1.35	1.16
<u>2024</u>		
First quarter	1.01	0.92
Second quarter	1.09	0.87
Third quarter	1.08	0.77
Fourth quarter	1.07	0.93

(ii) Not applicable. The principal market is the Philippine Stock Exchange.

(b) The Company share was trading at P1.35 as of May 11, 2026 (the latest practicable trading date).

(c) Not applicable. This report is not filed in relation to registration of securities.

(2) Holders

The number of shareholders of record as of December 31, 2025 was 4,193. Common shares outstanding as of December 31, 2025 were 1,821,542,000 shares. Total issued shares as of December 31, 2025 were 2,030,975,000.

Top 20 stockholders of the Company's common stock as of December 31, 2025 are as follows:

	Name of Stockholder	No. of Shares Held	% to Total Outstanding
1.	AA Commercial, Inc.	583,377,817	32.03
2.	AV Value Holdings Corporation	499,999,999	27.45
3.	PCD Nominee Corporation (F)	337,704,973	18.54
4.	Lim, David S.	79,488,591	4.36
5.	Lim, Vincent S.	71,887,187	3.95
6.	Lim, Jason S.	65,176,160	3.58
7.	Marvin Jacob T. Lim	20,000,000	1.10
8.	PCD Nominee Corporation (NF)	19,128,102	1.05
9.	Christopher James L. Tan	18,462,000	1.01
10.	Melissa May Chua Cham Lim	11,000,000	0.60
	Michael Jordan Lim	11,000,000	0.60
	Kevin Michael Lim Tan	11,000,000	0.60
	Jonathan Joseph Lim	11,000,000	0.60
11.	Philippines International Life Insurance Co., Inc	10,000,000	0.55
	Jeremiah Joseph Lim	10,000,000	0.55
	Jessica Megan Lim	10,000,000	0.55
	Isabel Joyce Lim Tan	10,000,000	0.55
	Michelle May Chua Cham Lim	10,000,000	0.55
12.	Chua, Willington Chua &/or Constantino	8,770,000	0.48
13.	Chia Tzu Chern	2,872,000	0.16
14.	Chua, Constantino &/or Willington &/or George	1,750,000	0.10
15.	Hottick Development Corporation	1,408,000	0.08
16.	Paz, Venson	1,065,000	0.06
17.	Columbian Motors Corporation	1,000,000	0.05
	Lucio W. Yan &/or Clara Yan	1,000,000	0.05
18.	Lim, Julia	590,000	0.03
19.	Castillo Laman Tan Pantaleon & San Jose Law Office	536,000	0.03
20.	GMA Farms Inc.	500,000	0.03
	Jacinto Ray Sy	500,000	0.03
	Suntay Isabel C.	500,000	0.03

b. Not applicable. This report is not filed in relation to registration of securities or any acquisition, business combination or other reorganization.

c. Not applicable. This report is not filed in relation to any acquisition, business combination or other reorganization.

d. Not applicable. This report is not filed in relation to registration of securities.

(3) Dividends

a. In 2025, cash dividend of P0.10 per share to stockholders of record as of July 15, 2025 and payable on August 7, 2025. In 2024, cash dividend of P0.10 per share to stockholders of record as of July 15, 2024 and payable on August 8, 2024. In 2023, cash dividend of P0.06 per share to stockholders of record as of August 18, 2023 and payable on September 15, 2023.

b. The Company's retained earnings as of December 31, 2025 included undistributed earnings of subsidiaries and unconsolidated investees, which are not currently available for dividend declaration until such time that the subsidiaries have distributed them. The Company's retained earnings is also restricted for the cost of 209,433,000 treasury shares amounting to P115.6 million as of December 31, 2025.

(4) Recent Sales of Unregistered or Exempt Securities

There was no sale of unregistered or exempt securities in 2023 to 2025.

a. Securities Sold.

No securities were sold by the Company from 2023 to 2025.

b. Underwriters and Other Purchases

Not applicable. There were no securities sold by the Company from 2023 to 2025.

c. Consideration

Not applicable. There were no securities sold by the Company from 2023 to 2025.

d. Exemption from Registration Claimed

Not applicable. There were no securities sold by the Company from 2023 to 2025.

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

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

(1) Plan of Operation

Not applicable. The Company have revenues from operations in each of the last two fiscal years.

(2) Management's Discussion and Analysis

Full Fiscal Years

Key Performance Indicators

The following key performance indicators were identified by the Company: revenue growth, asset turnover, operating expense ratio, earnings before interest, taxes, depreciation and amortization (EBITDA), earnings per share, current ratio and debt to equity ratio.

Revenue growth was determined as follows: revenues for the current year less revenues for last year or change in revenues divided by the revenues of the previous year.

Asset turnover was computed based on the revenues earned during the year divided by the average total assets.

Operating expense ratio was calculated as follows: operating expenses for the period divided by revenues for period.

EBITDA was determined by adding back interest expense, depreciation and amortization charges to income before tax on continuing operations for the year.

Earnings per share was computed based on the net income or loss for the period divided by the weighted average shares outstanding during the year.

Current ratio was computed as follows: total current assets as of end of the year divided by total current liabilities as of end of the year.

Debt to equity ratio was computed by dividing the total liabilities (excluding amounts due to related parties) as of end of the year by the total equity as of end of the year.

Key performance indicators for 2025, 2024 and 2023 are as follows:

	December 31, 2025	December 31, 2024	December 31, 2023
Revenue growth (decline)	13%	16%	51%
Asset turnover	21%	19%	18%
Operating expense ratio	22%	22%	25%
EBITDA	P1,084 million	P968 million	P818 million
Earnings (loss) / share	0.38	0.30	0.28
Current ratio	8.73 : 1	7.45:1	7.14 : 1
Debt to equity ratio	0.21 : 1	0.21:1	0.16 : 1

2025

Revenue grew by 13% in 2025 reaching P3,237 in 2025 from P2,861 million in 2024 driven by significant growth in leasing operations across various locations, increased sales of retail electronic products and continued expansion of logistics services.

Asset turnover stood at 21% and 19% in 2025 and 2024, mainly from higher revenues for the year.

Operating expense ratio was flat at 22% for both 2025 and 2024. There was no material change for this ratio.

EBITDA increased to P1,084 million in 2025 from P968 million in 2024 driven by higher profit before tax.

Earnings per share went up to P0.38 in 2025 from P0.30 in 2024. The increase was primarily due to higher net income attributable to equity holders of the Parent for the year.

Current ratio was at 8.73:1 as of December 31, 2025 from 7.45:1 as of December 31, 2024 chiefly due to decrease in current liabilities.

Debt to equity ratio stood at 0.21:1 as of December 31, 2025 and as of December 31, 2024.

2024

Revenue increased by 16% in 2024, compared to a 51% growth in 2023, driven by strong performance across all segments primarily retail sales within the distribution/retail segment and the commencement of a significant leasing contract within the property and related services segment.

Asset turnover stood at 19% and 18% in 2024 and 2023, mainly from higher revenues for the year.

Operating expense ratio decreased to 22% in 2024, down from 25% in 2023, mostly due to higher revenue and provision for inventory obsolescence.

EBITDA grew to P968 million in 2024 from P818 million in 2023 driven by higher profit before tax of the investment & others and property & related services segments.

Earnings per share went up to P0.30 in 2024 from earnings per share of P0.28 in 2023 mainly from higher net profit for the year

Current ratio was at 7.45:1 as of December 31, 2024 from 7.14:1 as of December 31, 2023 chiefly due to increase in current assets.

Debt to equity ratio stood at 0.21:1 as of December 31, 2024 from 0.16:1 as of December 31, 2023 principally due to higher liabilities owing to bank loan availments.

2023

Revenues grew by 51% in 2023 reaching P2,466 million from P1,634 million in 2022 principally due to improved revenues of the distribution/retail segment. Sale of goods was amplified by the full year sales of Avid Sales Corp in 2023 compared to its one-month sales in 2022 when it was acquired in November 2022.

Asset turnover was higher at 18% for 2023 versus 12% in 2022 mainly from higher revenues of the digital/retail segment.

Operating expense ratio remained at 25% and 24% for 2023 and 2022, respectively. There was no material change for this ratio.

EBITDA climbed to P818 million in 2023 from the amount of P676 million of the previous year mostly driven by higher operating profit of the property and related services and logistics & technical solutions segments.

Earnings per share was P0.28 in 2023 from P0.23 in 2022. EPS grew principally from higher reported net profit for the year.

Current ratio was lower at 7.14 : 1 as at December 31, 2023 compared with 10.13 : 1 as of end of the previous year mainly from lower current assets.

Debt to equity ratio was 0.16: 1 as at December 31, 2023 from 0.14 : 1 as of December 31, 2022 chiefly from greater total liabilities.

Results of Operations 2025

Revenue rose by 13% to P3,237 million in 2025 from P2,861 million in 2024 from improved revenues of property and related services, distribution/retail, technical support and solutions segments as explained below.

Sale of goods grew by 2% to P1,551 million in 2025 compared to P1,516 million in 2024 mainly attributable to higher sales volume in the distribution/retail segment supported by higher institutional sales and expansion of store presence. There was no significant change for this account.

Service revenue went up by 18% to P985 million in 2025 from P836 million in 2024 primarily due to the service integration project, improved logistics services and a twofold increase in service revenue from hotel operations of the property and related services segment supported by higher events booking and room occupancy.

Rental income increased by 46% to P613 million in 2025 from P419 million in 2024 boosted by the full year recognition of rental in 2025 from the leased warehouse in Calamba, Laguna, compared to only five months of recognition in the previous year, as well as expansion of leasing operations across various locations under the property & related services segment.

Interest income was up by 5% to P86 million in 2025 from P81 million in 2024 mostly due to higher time deposit placements of investment & others segment.

Sale of real estate was nil in 2025 compared to P8 million in 2024 from the sale of a condominium unit and two parking lots.

Cost of sales, services, rentals and real estate sold rose by 5% to P2,037 million in 2025 from P1,932 million in 2024, as discussed below.

Cost of sales amounted to P1,227 million in 2025 from P1,237 million in the same period last year. There was no material change for this account.

Cost of services reached P703 million in 2025, an 18% increase compared to P596 million in 2024 mainly due to higher integration cost from completed integration projects, along with increased subcontracting costs and rental expenses associated with the expansion of logistics activities.

Cost of rental was recorded at P105 million in 2025, up by 12% against P94 million in 2024 in relation to the expanded leasing operation of the property and related services segment.

Cost of real estate sold was nil in 2025 from P3.9 million in the same period of 2024.

Gross profit increased to P1,200 million in 2025 from P929 million in 2024 predominantly because of higher gross profit from lease operations of newly constructed warehouse in Calamba, Laguna of the property & related services segment.

Other operating expenses (income) amounted to P454 million in 2025 from P290 million in 2024 as explained below.

General and administrative expenses increased by 10% to P511 million in 2025 from P464 million in 2024 primarily due to incremental personnel cost, increased utilities expenses, impairment of an investment in an associate, and a loss on the write-off of software development costs.

Selling and distribution costs amounted to P187 million in 2025, representing 17% increase from P160 million in 2024 driven by higher commissions, delivery expenses and selling & bank charges related to credit card transactions of the distribution/retail segment.

Other operating income – net decreased by 26% to P245 million in 2025 from P333 million in 2024. The decline was primarily due to lower fair value gains on investment properties in 2025 compared to fair value gains recognized in 2024.

Operating profit increased by 17% to P746 million in 2025 compared to P637 million in 2024 significantly due to higher gross profit as explained above.

Other income (charges) – net amounted to P185 million income in 2025, compared to P211 million in 2024. The decrease was principally due to the following:

Finance income declined by 23% to P105 million in 2025 from P137 million in 2024. The decrease was principally attributed to lower interest income resulting from reduced investible funds placed in time deposits under the property & related services segment. In addition, foreign exchange gains were recognized in 2024 from USD-denominated dividend income, while no similar transactions occurred in 2025.

Finance costs increased significantly by 428% to P60 million in 2025 from P11 million in 2024, mainly due to interest on loans used to partially finance the construction of a warehouse in Calamba, Laguna under the property & related services segment. It was previously capitalized as borrowing costs under PAS 23 until completion in October 2024, after which it was recognized in profit or loss.

Other gains – net increased by 63% to P140 million in 2025 from P85 million in 2024. The growth was primarily driven by certification service income charged to lessee for the recovery of costs incurred by the Company in relation to infrastructure enhancements undertaken to obtain the Leadership in Energy and Environmental Design (LEED) Gold certification for the leased premises, which was successfully obtained.

Profit before tax reached P931 million in 2025, an increase of 10% from P849 million in 2024. The increase was attributed to higher operating profit, as discussed above.

Tax expense dropped by 8% to P226 million in 2025 from P246 million in 2024. This was principally due to lower regular corporate income tax and a reduction in deferred tax expense related to lower fair value gains on investment properties in 2025 compared to prior year.

Net profit was higher by 17% to P704 million in 2025 as compared to P602 million in 2024 mainly due to higher operating profit as stated above.

Net profit attributable to equity holders of the parent realized P696 million in 2025 against P551 million net profit in 2024, 26% higher due to higher profit before tax as discussed above.

Net profit attributable to non-controlling interests (NCI) amounted to P7 million and P51 million in 2025 and 2024, respectively. This represents minority share in net profit for the year.

Financial Position 2025

Cash and cash equivalents declined by 16% to P2,576 million as of December 31, 2025 from P3,077 million as of December 31, 2024. The decrease was primarily due to net cash outflows from investing activities as a result of allocation of funds into short-term placements.

Short-term placements surged by 211%, reaching P622 million as of December 31, 2025, from P200 million as of December 31, 2024 driven by allocation of additional investible funds into higher-yielding time deposits with maturities of 91 days or more.

Trade and other receivables increased by 32% to P573 million as of December 31, 2025 from P435 million as of December 31, 2024, mainly driven by higher rental receivables from the property and related services segment and increased loan receivables from the investment and others segment. Trade customers are generally established and financially stable companies, providing reasonable assurance of collectibility. Nevertheless, trade accounts are periodically reviewed to assess potential credit risk, and allowances are recognized for accounts considered doubtful of collection.

Advances to related parties went down by 64% to P2.4 million as of December 31, 2025, compared to P6.6 million as of December 31, 2024. The decline pertains to Starworld's advances to a related party which were included in the net assets deconsolidated following the sale of Starworld shares and consequent loss of control of subsidiary.

Merchandise inventories and supplies – net decreased by 36% to P227 million as of December 31, 2025, from P353 million as of December 31, 2024. The decline was mainly attributable to the completion of integration projects under the distribution/retail segment during the year, resulting in the utilization and reclassification of related inventories and supplies to appropriate expense and asset accounts.

Real estate inventories remained at P424 million for both years. There was no change for this account.

Other current assets totaled P542 million as of December 31, 2025 compared with P567 million as of December 31, 2024, a 4% decrease due to application of input VAT against output VAT of the property & related services segment. There was no material change for this account.

Total current assets reached P4,970 million as of December 31, 2025 from P5,066 million as of December 31, 2024 as discussed above.

Non-current trade and other receivables rose to P476 million as of December 31, 2025 from P453 million as of December 31, 2024, a 5% growth driven by the appreciation of USD-denominated cash surrender value of investment in life insurance against the Philippine peso resulting in a higher investment balance.

Financial assets at fair value through other comprehensive income increase by 27% to P94 million as of December 31, 2025 from P74.2 million the previous year arising from fair value gains on club shares.

Investments in associates - net of allowance dropped by 22% to P29 million as of December 31, 2025 from P38 million as of December 31, 2024 primarily due to additional P10 million impairment loss on Fekon following a continuous reassessment of its business outlook. This was partially offset by the recognition of Company's remaining 30% interest in Starworld measured at fair value upon loss of control and the onset of significant influence (as discussed in Note 7.3.b of the financial statements).

Investment in bonds was P20 million as of December 31, 2025 and as of December 31, 2024 from investment made in 2021. There was no change in this account.

Right-of-use (ROU) assets, net, increased by 25% to P3.7 million as of December 31, 2025 from P3.0 million as of December 31, 2024, mainly attributable to additional lease contracts recognized in accordance with PFRS 16, Leases.

Property and equipment totaled P1,607 million as of December 31, 2025 and P1,612 million as of December 31, 2024, indicating no material change in this account.

Investment properties – net increased to P8,384 million as of December 31, 2025 from P8,041 million as of December 31, 2024, mainly due to fair value gains and additional investment properties recognized during the year. Despite the increase, there was no material change in the overall balance of this account.

Post-employment benefit assets, net, declined by 55% to P58 million as of December 31, 2025 from P131 million as of December 31, 2024, primarily due to the impact of the asset ceiling under PAS 19, Employee Benefits, based on the latest actuarial valuation. The asset ceiling indicates that the present value of economic benefits recoverable from the defined retirement benefit plan is lower than the surplus of fair value of the plan assets over the present value of the defined benefit obligation.

Deferred tax assets - net amounted to P13 million as of December 31, 2025 compared to P12.5 million as of December 31, 2024. There was no material change for this account.

Other non-current assets decreased by 36% to P31 million as of December 31, 2025 from P48 million as of December 31, 2024 mainly due to full write-off of software development cost following management's assessment that this will no longer generate future economic benefits.

Total non-current assets grew to P10,717 million as of December 31, 2025 from P10,434 million as of December 31, 2024 mainly from higher investment properties.

Total assets reached P15,688 million as of December 31, 2025 from P15,500 million as of December 31, 2024 as explained above.

The current portion of interest-bearing loans amounted to P39 million as of December 31, 2025, compared to nil in 2024. This increase relates to the reclassification of a portion of the long-term

borrowings maturing within 12 months from the reporting date, in accordance with PAS 1, which requires such amounts to be presented as current liabilities based on the remaining contractual maturity and the absence of an unconditional right to defer settlement for at least 12 months.

Trade and other payables decreased by 25% to P494 million as of December 31, 2025 compared to P658 million as of December 31, 2024 principally from unearned rent, which were subsequently applied to rental income during the period under the property & related services segment, as well as the settlement of outstanding obligations to suppliers.

Customers' deposits soared by 1845% to P24.7 million as of December 31, 2025, up from P1.2 million as of December 31, 2024, driven by additional deposits from customers under distribution/retail segment.

Current lease liabilities went up by 13% to P3.8 million as of December 31, 2025 from P3.4 million as of December 31, 2024 due to recognition of additional liabilities arising from renewed long-term lease contracts that qualified under PFRS16, Leases and reclassification of a portion of lease obligations from non-current to current due to passage of time and contractual maturity.

Income tax payable was down by 63% to P6.5 million as of December 31, 2025 from P17 million as of December 31, 2024 from lower regular corporate income tax expense as result of reduced taxable income for the year.

Total current liabilities declined by 16% to P569 million as of December 31, 2025 from P680 million as of December 31, 2024 due to lower trade and other payables.

Non-current interest-bearing loans decreased slightly to P836 million as of December 31, 2025, from P875 million as of December 31, 2024. This reduction was chiefly due to the reclassification of P39 million to the current portion, in accordance with PAS 1, which requires the recognition of the current portion representing maturities within 12 months. Loans were used to partially finance the construction of the now completed warehouse facility in Calamba, Laguna, under the property & related services segment.

Non-current refundable deposits went up by 6% to P23 million as of December 31, 2025 from P21 million as of December 31, 2024 due to additional deposit received from lessees in connection with lease agreements of certain subsidiaries.

Post-employment benefit obligation totaled P32 million as of December 31, 2025 compared to P29 million as of December 31, 2024, reflecting 10% increase driven by the recognition of current service and interest costs for the year in accordance with PAS 19. This represents the unfunded retirement obligation of certain subsidiaries.

Deferred tax liabilities – net rose to P1,212 million as of December 31, 2025 from P1,126 million as of December 31, 2024, an increase of 8%, primarily due to deferred tax arising from temporary differences related to fair value gains and depreciation of investment properties, as well as PFRS 16 lease adjustments recognized during the year.

Non-current lease liabilities decreased by 88% to P60 thousand as of December 31, 2025 from P502 thousand as of December 31, 2024 due to the reclassification of a portion of lease liabilities from non-current to current liabilities.

Total non-current liabilities was recognized at P2,104 million as of December 31, 2025 and P 2,053 million as of December 31, 2024 as discussed above.

Total liabilities amounted to P2,673 million as of December 31, 2025 from P2,734 million as of December 31, 2024 as discussed above.

Capital stock, additional paid-in capital, and treasury shares remained unchanged at P2,030 million, P4,641 million, and P115 million, respectively, as of December 31, 2025 and 2024.

Revaluation reserves declined by 12% to P161 million as of December 31, 2025 from P182 million as of December 31, 2024, mainly due to actuarial remeasurement losses on the defined benefit plan, including the effect of the asset ceiling under PAS 19.

Retained earnings increased by 9% to P6,247 million as of December 31, 2025, from P5,731 million as of December 31, 2024. The increase was driven by net profit for the period, partially offset by dividends declared to stockholders.

Total equity attributable to Equity holders of Parent increased to P12,965 million as of December 31, 2025 and P12,471 million as of December 31, 2024.

Non-controlling interests decreased by 83% to P49 million as of December 31, 2025 from P294 million as of December 31, 2024, primarily attributable to Starworld's capital reduction and subsequent deconsolidation following the sale of its shares of stock. As a result of the deconsolidation, the non-controlling interest as of December 31, 2025 relate solely to the 25% minority interest in Skyworld.

Total equity amounted to P13,014 million as of December 31, 2025 from P12,766 million as of December 31, 2024 as discussed above.

Results of Operations 2024

Revenues grew by 16% achieving P2,861 million in 2024 from P2,466 million in 2023 as explained below.

Sale of goods climbed 15% to P1,516 million in 2024 from P1,315 million in 2023 primarily from retail and government sales of distribution/retail segment.

Service revenue was higher by 7% to ₱836 million in 2024, from ₱782 million in 2023, primarily driven by increased integration project under the distribution/retail segment and the continued expansion of the logistics business of the logistics and technical solutions segment.

Rental income climbed 50% to ₱419 million in 2024 from ₱278 million in 2023, primarily attributable to the commencement of a lease agreement with a third-party lessee for a newly constructed warehouse in Calamba, Laguna under the property & related segment.

Interest income declined by 9% to P 81 million in 2024, from P90 million in 2023 mainly due to declining interest rate of time deposits for the current year.

Sale of real estate was P8 million in 2024 from sale of a condominium unit and two parking slots, none in the previous year.

Cost of sales, services, real estate sold and rentals increased by 18% to P1,932 million in 2024 from P1,639 million in 2023 as discussed below.

Cost of sales amounted to P1,237 million in 2024, an increase of 19% from P1,037 million last year associated to increase in sales.

Cost of services reached P596 million in 2024 from P529 million in 2023, up by 13% driven by revenue growth from rendering of services.

Cost of rentals grew by 31% at P94 million in 2024 from P72 million attributable to higher rental income.

Cost of real estate sold was P3.9 million in 2024, nil in 2023.

Gross profit amounted to P928 million in 2024, up by 12% from P827 million in 2023. The significant change was from the commencement of leasing operation of the newly constructed warehouse in Calamba, Laguna in 2024.

Other operating expenses (income) amounted to P290 million in 2024 from P251 million in 2023 as explained below.

General and administrative expenses went down by 5% to P464 million in 2024 from P488 million in 2023 mainly from lower impairment loss in investment in an associate.

Selling and distribution costs escalated by 28% to P160 million in 2024 from P124 million in 2023 brought primarily by increase in manpower cost, rental, and bank charges from credit card transactions of the distribution/retail segment.

Other operating income – net reached P333 million in 2024 down by 8% from P362 million in 2023 attributable to lower fair value gains on investment properties.

Operating profit (loss) improved by 11% to P637 million in 2024 from P576 million in 2023 as a result of higher gross profit of leasing business.

Other income (charges) went up to P211 million income in 2024 against P155 million in 2023 principally from the following:

Finance income increased by 7% to P137 million in 2024, from P128 million in the prior year largely driven by higher interest income generated through increased placements in time deposit.

Finance costs surged by 90% to P11 million in 2024 from P6 million in 2023 chiefly due to interest expenses on loan payable of the property and related services segment.

Other gains - net amounted to P85 million income in 2024, or growth of 163% compared to P32 million of the previous year primarily attributable to gain on sale of real property by the property & related services segment.

Profit before tax was P849 million in 2024, up by 16% from P731 million in 2023 mainly due to increase in operating profit, other gains – net and higher finance income as discussed above.

Tax expense went up by 24% to P246 million in 2024 from P199 million in 2023 from greater pre-tax income of the property & related services and logistics & technical solutions segments.

Net profit improved by 13% to P602 million in 2024 against P531 million in 2023 principally due to commencement of lease operation of newly constructed warehouse in Laguna and gain on sale of real property as part of other gains – net under property & related services segment.

Net profit attributable to equity holders of the parent realized P551 million in 2024 against P509 million net profit in 2023 as discussed above.

Net profit attributable to non-controlling interests (NCI) amounted to P51 million in 2024 compared with P22 million in 2023 due to gain on sale of real property of Starworld Corp. This represents minority share in net profit for the period.

Financial Position 2024

Cash and cash equivalents went up by 14% reaching P3,077 million as of December 31, 2024, compared to P2,710 million as of December 31, 2023. The growth was principally attributable to cash provided from operating activities due to collection of trade and other receivables and from financing activities from the proceeds of long-term interest-bearing loans.

Short-term placements amounted to P200 million as of December 31, 2024 higher by 30% from P153 million as of December 31, 2023 due to higher placements of time deposits with maturities of more than three months but less than one year.

Trade and other receivables reached P435 million as of December 31, 2024 from P251 million as of December 31, 2023, up by 73% primarily from higher rental receivables of the property & related services segment and trade receivables of distribution/retail segment. Trade customers are generally established and stable companies with reasonable assurance of collectibility of their accounts. Nonetheless, trade accounts are periodically reviewed to assess the possible losses from non-collection and allowance is provided for possible losses on accounts which are considered doubtful of collection.

Advances to related parties totaled to P6.6 million as of December 31, 2024, up from P2.4 million as of December 31, 2023. The increase was primarily due to the gain on reversal of previously recorded allowance on the advances to related parties.

Merchandise inventories and supplies - net went up by P353 million as of December 31, 2024, higher by 5% from P337 million as of December 31, 2023 mainly due to additional purchases of the distribution/retail segment intended for ongoing projects.

Real estate inventories stood at P424 million as of December 31, 2024 compared to P428 million as of December 31, 2023. There was no material change for this account.

Other current assets increased by 18% at P567 million as of December 31, 2024 compared with P480 million as of December 31, 2023 principally from higher input VAT of the property and related segment.

Total current assets reached P5,065 million as of December 31, 2024 from P4,365 million as of December 31, 2023 as discussed above.

Non-current trade and other receivables declined by 58% to P453 million as of December 31, 2024 from P1,084 million as of December 31, 2023 mainly due to termination of two investments in life insurance policies by investment & others segment.

Financial assets at fair value through other comprehensive income soared by 34% to P74 million as of December 31, 2024 from P55 million as of December 31, 2023 arising from fair value gains on club shares.

Investment in an associate decreased to P38 million as of December 31, 2024 from P48 million as of December 31, 2023 representing deposits related to the planned increase in authorized capital stock of Fekon Solid Motorcycle Mfg Corp. In 2024, the Group recognized an additional impairment loss of P10 million due to the continued downturn following a reassessment of the associate's business outlook.

Investment in bonds was unchanged at P20 million for both December 31, 2024 and 2023.

Rights-of-use (ROU) assets – net decreased by 36% to P3 million as of December 31, 2023 from P4.6 million as of December 31, 2023 from depreciation ROU assets under PFRS 16, Leases.

Property and equipment slightly rose to P1,612 million as of December 31, 2024 from P1,594 million as of December 31, 2023. There was no material change for this account.

Investment properties – net went up by 15% to P8,041 million as of December 31, 2024 from P6,967 million as of December 31, 2023 owing mainly to the completed construction of warehouse facility and fair value gains of the property & related service segment.

Post-employment benefit asset increased by 6% to P131 million as of December 31, 2023 vs. P123 million as of December 31, 2023 principally due to higher fair value of plan assets than the present value of obligation.

Deferred tax assets – net grew by 14% to P12 million as of December 31, 2024, from P11 million as of December 31, 2023 as a result of the distribution segment's provision for inventory obsolescence and recognition of deferred income

Other non-current assets reached P48.9 million as of December 31, 2024 from P38.9 million as of December 31, 2023. The 24% increase was chiefly due to a deposit made for the purchase of land of the logistics and technical solutions segment.

Total non-current assets amounted to P10,434 million as of December 31, 2024 and P9,948 million as of December 31, 2023 mainly from increase in investment properties as discussed above.

Total assets reached P15,500 million as of December 31, 2024 from P14,313 million as of December 31, 2023 as discussed above.

Trade and other payables grew by 12%, reaching ₱658 million as of December 31, 2024, against ₱586 million as of December 31, 2023 principally driven by the reclassification of refundable deposit from non-current to current liabilities under the property and related services segment.

Customers' deposits went down by 70% to P1.2 million as of December 31, 2024 from P4.2 million as of December 31, 2023 primarily due to recognition of revenue of the distribution/retail segment.

Current lease liabilities decreased by 34% to P3.4 million as of December 31, 2024 from P5.1 million as of December 31, 2023 due to payments of lease liabilities.

Income tax payable increased by 15% to P17 million as of December 31, 2024 from P15 million as of December 31, 2023 mainly from greater tax expense of certain subsidiaries for the year.

Total current liabilities amounted to P680 million as of December 31, 2024 from P610 million as of December 31, 2023 due to higher trade & other payables.

Interest-bearing loans soared to P875 million as of December 31, 2024, an increase of 733% from P105 million as of December 31, 2023 due to additional bank loans to partially finance the construction of a warehouse facility in Calamba, Laguna of the property & related services segment.

Non-current refundable deposits dropped by 89% to P21 million as of December 31, 2024, from P192 million as of December 31, 2023 mostly from reclassification of refundable deposit from noncurrent to current in relation to lease of the property & related services segment.

Post-employment benefit obligation amounted to P29 million as of December 31, 2024 and P20 million as of December 31, 2023 principally from higher discount rates in the actuarial valuation study for PAS 19 reporting. This represents the unfunded retirement obligation of certain subsidiaries.

Deferred tax liabilities -net went up to P1,126 million as of December 31, 2024 from P1,031 million as of December 31, 2023 mainly in relation to the impact of temporary differences in income tax computation arising from fair value gains and accumulated depreciation on investment property of the property and related segment.

Non-current lease liabilities reached P502 thousand as of December 31, 2024 compared to nil as of December 31, 2023 due to additional lease with maturity beyond one year from the end of the reporting period.

Total non-current liabilities rose to P 2,053 million as of December 31, 2024 and P1,348 million as of December 31, 2023 from interest bearing loan and deferred tax liabilities of the property and related segment as mentioned above.

Total liabilities amounted to P2,734 million as of December 31, 2024 from P1,959 million as of December 31, 2023 as discussed above.

Capital stock stood at P2,030 million as of December 31, 2024 and December 31, 2023.

Additional paid-in capital was maintained at P4,641 million as of December 31, 2024 and as of December 31, 2023.

Treasury shares amounted to P115 million as of December 31, 2024 and as of December 31, 2023.

Revaluation reserves increased by 42% to P182 million as of December 31, 2024 from P128 million as of December 31, 2023 mainly due to currency exchange differences on translating financial statements of foreign operations and fair value gains of financial assets at fair value through other comprehensive income.

Retained earnings grew to P5,731 million as of December 31, 2024 from P5,362 million as of December 31, 2023 as a result of net profit attributable to parent during the year.

Total equity attributable to Equity holders of Parent amounted to P12,471 million as of December 31, 2024 and P12,048 million as of December 31, 2023.

Non-controlling interests fell to P294 million as of December 31, 2024 from P305 million as of December 31, 2023 from minority share in dividends for the year.

Total equity amounted to P12,766 million as of December 31, 2024 from P11,353 million as of December 31, 2023.

Results of Operations 2023

Revenues expanded by 51% in 2023 reaching P2,466 million from P1,634 million in 2022 primarily as a result of significant revenue growth of the distribution/retail segment as explained below.

Sale of goods more than doubled by 131% reaching P1,315 million in 2023 from P569 million for the same period in 2022 derived substantially from the full year sales of Avid Sales Corp in 2023 as compared to its one-month sales in 2022. Avid was acquired in November 2022.

Service revenue grew 5% to P782 million in 2023 compared with P742 million in 2022 primarily because of higher volume of integrated logistics services of the logistics & technical solutions segment.

Rental income climbed by 5% to P278 million in 2023 from P265.7 million in 2022 mainly due to improved occupancy and higher rental rate of the property and related services segment.

Interest income rose to P90 million in 2023, up by 60% from P56.6 million in 2022 driven by rising interest rates in 2023.

Sale of real estate was nil in 2023 and 2022.

Cost of sales, services and rentals posted P1,639 million in 2023 from P1,058 million for the same period in 2022 as discussed below.

Cost of sales went up to P1,037 million in 2023, an increase of 132% from P448 million of last year in relation to increase in sales of the distribution/retail segment.

Cost of services amounted to P529 million in 2023 from P535 million in 2022. There was no material change for this account.

Cost of rentals was recorded at P72 million in 2023 against P74.7 million in 2022. There was no material change for this account.

Cost of real estate sold was nil in 2023 and 2022.

Gross profit increased by 44% to P827 million in from P576 million in 2022 mostly contributed distribution/retail segment.

Other operating expenses (income) amounted to P251 million expenses in 2023 from P104 million in 2022 as explained below.

General and administrative expenses rose by 28% to P488 million in 2023 from P383 million in 2022 principally from higher personnel costs as an upshot of the acquisition of a distribution/retail subsidiary in November 2022 with a full year recognition in 2023 as compared to one month the previous year. Higher taxes and licenses and filing fee of the property and related services segment and allowance for impairment of an investment in an associate of the investment and others segment also contributed to the increase.

Selling and distribution costs escalated by 794% to P124 million in 2023 from P13.9 million in 2022 owing mainly from increase in manpower cost, rental, and bank charges from credit card transactions, commission and communication and light & water of the distribution/retail segment.

Other operating income – net went up by 24% to P362 million in 2023 from P292.5 million in 2022 principally due to higher fair value gains of the property and related services segment.

Operating profit (loss) reached P576 million in 2023 from P471.6 million in 2022 associated with improved gross profit and other operating income – net, as explained above.

Other income (charges) realized P155 million income in 2023 against P120.5 million income in 2022 mainly from the following:

Finance income was up by 54% to P128 million in 2023 as compared with P83 million last year mainly due to higher interest income from time deposit placements.

Finance costs rose to P6 million in 2023 from P1.8 million in 2022 primarily due to lower foreign currency exchange losses.

Other gains - net amounted to P32 million income in 2023, up by 33% compared with P24 million of the previous year mainly from higher net interest income on retirement benefit asset (obligation), gain on deconsolidation of LIIP and Interstar, and supplier support fee.

Profit before tax gained 24% at P731 million in 2023 from P592 million in 2022 attributable to higher operating profit mentioned above.

Tax expense amounted to P199 million in 2023 or 22% bigger from P163 million in 2022 mainly from greater pre-tax income.

Net profit realized was 24% higher at P531.7 million in 2023 against P428.9 million in 2022 principally due to better performance of all segments and higher other operating income from fair value gains in 2023.

Net profit attributable to equity holders of the parent amounted to P509.6 million 2023 against P427.6 million in 2022 as discussed above.

Net profit attributable to non-controlling interest (NCI) amounted to P22 million in 2023 compared with P1.3 million in 2022 primarily from higher net income of its investee for the period. This represents minority share in net profit for the period.

Financial Position 2023

Cash and cash equivalents declined by 29% to P2,710 million as of December 31, 2023 from P3,832 million as of December 31, 2022. Cash was principally provided from investing activities from acquisition of investment property and decrease in short-term placements.

Short-term placements went up to P153.7 million as of December 31, 2023 from nil as of December 31, 2022 due to higher placements of time deposits with maturities of more than three months but less than one year.

Trade and other receivables amounted to P251 million as of December 31, 2023 from P242 million as of December 31, 2022, up by 4%. There was no material change for this account. Trade customers are generally established and stable companies with reasonable assurance of collectibility of their accounts. Nonetheless, trade accounts are periodically reviewed to assess the possible losses from non-collection and allowance is provided for possible losses on accounts which are considered doubtful of collection.

Advances to related parties was maintained at P2.4 million as of December 31, 2023 and as of December 31, 2022. There was no material change for this account.

Merchandise inventories and supplies - net amounted to P337 million as of December 31, 2023, higher by 4% from P324 million as of December 31, 2022. There was no material change for this account.

Real estate inventories stood at P428 million as of December 31, 2023 and December 31, 2022. There was no material change for this account. In 2023, the Company disposed its investment in Laguna International Industrial Park, Inc.(LIIP) which includes fully impaired land and land development costs.

Other current assets were higher by 37% at P480 million as of December 31, 2023 compared with P350 million as of December 31, 2022 primarily from higher input VAT of the property and related segment.

Total current assets reached P4,365 million as of December 31, 2023 from P5,180 million as of December 31, 2022 as discussed above.

Non-current trade and other receivables grew by 15% to P1,084 million as of December 31, 2023 from P941 million as of December 31, 2022 mainly primarily attributable to advances to supplier for the ongoing construction of investment property in Calamba, Laguna and higher conversion of USD denominated cash surrender value of investment in life insurance.

Financial assets at fair value through other comprehensive income amounted to P55 million as of December 31, 2023 vs. P37 million as of December 31, 2022 arising from fair value gains on club shares.

Investment in associate was P48 million as of December 31, 2023 from P88 million as of December 31, 2022 representing deposits to the planned increase in authorized capital stock of Fekon Solid Motorcycle Mfg Corp. In 2023, the Group recognized impairment loss amounting to P40 million due to the downturn in its business prospects.

Investment in bonds was unchanged at P20 million for both December 31, 2023 and 2022.

Property and equipment slightly rose to P1,594 million as of December 31, 2023 from P1,586 million as of December 31, 2022. There was no material change for this account.

Investment properties – net went up by 24% to P6,967 million as of December 31, 2023 from P5,608 as of December 31, 2022 attributable to construction in progress for the development of warehouse facility and fair value gains of the property & related service segment.

Rights-of-use (ROU) assets – net increased to P4.6 million as of December 31, 2023, higher by 61% from P2.9 million as of December 31, 2022 from additional ROU assets for leases that qualified under PFRS 16.

Post-employment benefit asset dropped 19% to P123 million as of December 31, 2023 vs. P152 million as of December 31, 2022 principally due to higher present value of obligation than the fair value of plan assets.

Deferred tax assets - net increased by 11% to P11 million as of December 31, 2023, from P9.9 million as of December 31, 2022 mainly from distribution segment's higher allowance for inventory obsolescence and impairment on trade and other receivables.

Other non-current assets stood at P38.9 million as of December 31, 2023 from P37.9 million as of December 31, 2022. There was no material change for this account.

Total non-current assets amounted to P9,948 million as of December 31, 2023 and P8,484 million as of December 31, 2022 mainly from increase in investment properties as discussed above.

Total assets reached P14,313 million as of December 31, 2023 from P13,664 million as of December 31, 2022 as discussed above.

Trade and other payables grew by 23% to P586 million as of December 31, 2023 against P478 million as of December 31, 2022 driven by higher trade & other payables of distribution/retail segment and property & related services segment.

Customers' deposits went down by 71% to P4.2 million as of December 31, 2023 from P14.5 million as of December 31, 2022 primarily from refund of deposits of the distribution/retail segment.

Current lease liabilities increased by 83% to P5.12 million as of December 31, 2023 from P2.79 million as of December 31, 2022 due to additional lease liabilities.

Advances from related parties amounted to nil as of December 31, 2023 and P1.88 million as of December 31, 2022 as the said advances was part of the consideration transferred upon disposal of the investment in Interstar.

Income tax payable grew by 10% to P15 million as of December 31, 2023 from P13.9 million as of December 31, 2022 mainly from greater tax expense of certain subsidiaries for the year.

Total current liabilities amounted to P610 million as of December 31, 2023 from P511 million as of December 31, 2022 due to higher trade & other payables.

Interest-bearing loan of P105 million as of December 31, 2023 pertains to initial drawdown of long-term loan from a local bank to partially finance the construction of warehouse facility in Calamba, Laguna.

Non-current refundable deposits climbed 4% to P192 million as of December 31, 2023, from P184.8 million as of December 31, 2022 mainly from security deposit related to real estate development project of the property & related services segment.

Post-employment benefit obligation amounted to P20 million as of December 31, 2023 and P15.8 million as of December 31, 2022 principally from lower discount rates and higher salary projection rate in the actuarial valuation study for PAS 19 reporting. This represents the unfunded retirement obligation of certain subsidiaries.

Deferred tax liabilities -net amounted to P1,031 million as of December 31, 2023 and P955 million as of December 31, 2022. It went up mainly in relation to the fair value gains on investment property of the property and related segment. In 2023, the Company retrospectively restated the 2022 and 2021 financial statements to correct prior period error in deferred tax liabilities on accumulated fair value gains and depreciation of investment properties resulting in a reduction in this account in the amount of P56 million.

Non-current lease liabilities was nil as of December 31, 2023 compared P748 thousand as of December 31, 2022 due to transfer of the maturing lease within the year to current liability.

Total non-current liabilities amounted to P 1,348 million as of December 31, 2023 and P1,156 million as of December 31, 2022 from interest bearing loan and deferred tax liabilities of the property and related segment as mentioned above.

Total liabilities amounted to P1,960 million as of December 31, 2023 from P1,667 million as of December 31, 2022 as discussed above.

Capital stock stood at P2,030 million as of December 31, 2023 and December 31, 2022.

Additional paid-in capital was maintained at P4,641 million as of December 31, 2023 and as of December 31, 2022.

Treasury shares amounted to P115 million as of December 31, 2023 and as of December 31, 2022.

Revaluation reserves decreased by 14% to P128 million as of December 31, 2023 from P149 million as of December 31, 2022 mainly due to remeasurement of post-employment benefit plan.

Retained earnings increased to P5,362 million as of December 31, 2023 from P4,962 million as of December 31, 2022 as a result of net profit attributable to parent during the period. In 2023, the Company retrospectively restated the 2022 and 2021 financial statements to correct prior period error in deferred tax liabilities on accumulated fair value gains and depreciation of investment properties. The restatement increased this account in the amount of P56 million.

Total equity attributable to Equity holders of Parent amounted to P12,048 million as of December 31, 2023 and P11,668 million as of December 31, 2022.

Non-controlling interests fell to P305 million as of December 31, 2023 from P328 million as of December 31, 2022 from minority share in dividends for the period.

Total equity amounted to P12,353 million as of December 31, 2023 from P11,996 million as of December 31, 2022.

Past and future financial condition and results of operations, with particular emphasis on the prospects for the future.

The Philippine economy grew by 4.4% in 2025, marking the slowest rate of expansion in the post-pandemic period and falling below the government's target range of 5.5% to 6.5%, based on data from the Philippine Statistics Authority (PSA). Economic activity was affected by several headwinds, including adverse weather conditions, uncertainties arising from high-profile infrastructure project issues, and moderation in household consumption. Despite these conditions, the services sector remained the primary driver of growth.

Against this backdrop, the Group recorded consolidated revenues of P3,237 million in 2025, an increase of 13% from P2,861 million in 2024 and 31% from P2,467 million in 2023. The increase was primarily driven by higher contributions from its core business segments, particularly Property & Related Services, Distribution/Retail and Logistics & Technical Solutions.

Net income amounted to P705 million in 2025, representing an increase of approximately 17% from P603 million in 2024 and 33% from P531 million in 2023. The increase reflects improved profitability and sustained earnings growth over the three-year period.

Segment-wise, performance was predominantly driven by the Property and Related Services segment, which contributed 74.61% of total earnings, underscoring its continued role as the

company's core profit engine. This was followed by the Logistics and Technical Solutions segment at 18.32% and the Investments and Others segment at 7.40%, both of which provided additional support to consolidated results. In contrast, the Distribution/Retail segment registered a negative contribution of 0.33%, reflecting a marginal drag on overall profitability.

The 2025 results highlight a concentrated earnings structure with strong reliance on the property segment, while mixed performance across supporting businesses particularly the underperformance in retail likely contributed to the slight decline in net income compared to the previous year.

Fair value gains on investment properties were P128 million (P96 million net of tax) in 2025, compared to P263 million (P197 million net of tax) in 2024 and P296 million (P224 million net of tax) in 2023. Earnings per share amounted to P0.38 in 2025, compared to P0.30 in 2024 and P0.28 in 2023. Excluding fair value gains and the impact of PFRS 16 amounting to P 78.5 million in 2025 and P44.67 million in 2024, net income from core operating segments increased by 38% in 2025 and 17% in 2024, reflecting improved underlying operating performance.

For 2026, the Group expects the Philippine economy to register moderate but below-trend growth, with real GDP projected to expand by approximately 4.1% to 4.4%, based on recent estimates from multilateral institutions and private-sector economists. The outlook remains affected by external uncertainties, including elevated commodity and energy prices arising from geopolitical tensions, as well as softer domestic economic conditions.

Domestic demand is expected to continue supporting the Group's retail and distribution businesses, although consumer spending may remain tempered by inflation and higher energy and transportation costs. The Group's real estate leasing, logistics, and technical services businesses are likewise expected to remain stable, supported by sustained services activity and trade flows.

Despite prevailing market challenges, the Company's revenue growth, improved gross profitability, and operational efficiencies demonstrate the resilience of SGI's core businesses. Management will continue to focus on cost discipline, operational efficiency, and selective growth opportunities to support long-term value creation.

Distribution/Retail

The Distribution/Retail segment remained the largest contributor, representing 51% of total consolidated revenues. Revenue increased by 8% to P1,644 million in 2025 from P1,529 million in 2024 and P1,299 million in 2023, driven by stronger demand for electronic products. The segment posted a net loss of P2.4 million in 2025, a significant improvement from the P18 million net loss in 2024, although still below the P20 million net profit recorded in 2023. The improved results in 2025 were supported by stronger sales and lower inventory-related losses compared to the prior year.

Avid Sales Corporation (Avid) recognized revenues of P1,179 million in 2025, P1,015 million in 2024, and P895 million in 2023, driven by its Sony Centre business concept, AV Surfer, direct sales, and e-commerce platforms. Despite the higher revenue base, net profit increased only slightly to P16.9 million from P16.7 million in 2024, reflecting lower gross margins and higher operating expenses, although this remains 17% higher than the P14.4 million recorded in 2023. For 2026, Avid is projecting net sales revenue of P1,326 million and net profit of P19 million, supported by retail sales from brick-and-mortar stores, the enterprise business, and its e-commerce platform.

Solid Video Corporation recorded revenue of ₱409 million in 2025, a 7% decline from ₱439 million in 2024, which was significantly higher than ₱281 million in 2023. The decrease was primarily due to the absence of special projects recognized in 2024. As a result of lower revenue and higher operating expenses, net profit declined by 33% to ₱16 million from ₱24 million in 2024, with ₱29 million net profit in 2023. For 2026, the Company is forecasting revenue of ₱440 million and net profit of ₱23 million, supported by awarded government projects, improved market share in production-related video equipment, and expansion into medical products and equipment.

SolidGroup Technologies Corp's revenue declined by 56% to ₱23 million in 2025 from ₱52 million in 2024 and ₱33.9 million in 2023 primarily driven by lower modular sales. Following a sharp revenue decline in 2025 due to weaker modular sales, the company expects a recovery in 2026, with projected revenue of ₱75 million and net income of ₱1.2 million, indicating operations are approaching break-even.

MySolid Technologies & Devices Corporation (MyPhone) recorded revenue of ₱39 million in 2025, a 23% increase from ₱32 million in 2024, but significantly lower than the ₱88 million recorded in 2023. The increase was driven by clearance sale activities across online channels, dealer networks, and office-based initiatives. As a result, net loss improved to ₱20 million in 2025 from ₱47 million in 2024, reflecting higher sales volume and improved gross profit contribution from clearance activities. In 2026, the Company commenced the winding down of its operations and is expected to cease operations by June 2026.

Property & Related Services

The Property & Related Services (PRS) segment recorded a 55% increase in external revenue to ₱615 million in 2025 from ₱396 million in 2024 and ₱263 million in 2023, driven by improved leasing operations. The segment contributed 19% of consolidated revenues for the year, primarily reflecting the full-year rental income from Precos, Inc. in 2025, compared with only five months of rental income recognized in 2024. Net profit amounted to ₱526 million in 2025, compared with ₱423 million in 2024 and ₱332 million in 2023, supported by the continued expansion of leasing-related income.

Solid Manila Corporation achieved revenue growth of 8% to ₱242 million in 2025 from ₱225 million in 2024 and ₱203 million in 2023, primarily driven by improved leasing performance. Net income, however, declined to ₱249 million in 2025 from ₱421 million in 2024 and ₱353 million in 2023, mainly due to lower fair value gains on investment properties.

The completion of the Green Sun Building renovation in 2025 continued to support the Company's operations and strengthen its position within the industry. In addition, there is an ongoing construction of a four-storey mixed-use commercial center in Dagupan City designed to capitalize on the growing business environment in the area, with an expected return on investment over a seven-year period. In 2026, following the acquisition of certain PEZA properties that will further enhance its leasing operations, the Company projects revenues of ₱310 million and a net profit of ₱180 million, excluding fair value gains on investment properties.

Zen Towers Corporation recognized revenue of ₱59.2 million in 2025, slightly lower than the ₱59.9 million posted in 2024 but an improvement from ₱51 million in 2023. The Company reported better occupancy in its residential units, although unlike in 2024, no condominium sales were recorded.

during the year. Despite the marginal decline in revenue, net income increased to P31 million in 2025, compared with P26 million in 2024 and P24 million in 2023 benefiting from fair value gains in investment properties.

The planned development of Tower 3, a 14-storey condominium intended for commercial and office leasing with an estimated project cost of P500 million, has again been deferred in favor of other priority projects of the Company. In 2026, the Company intends to focus on enhancing property amenities and tenant services to improve the overall leasing experience, strengthen tenant retention, and attract stable, long-term occupants. While market conditions for office and residential leasing are expected to remain competitive with limited growth, the Company projects revenues of P62 million and net income of P31 million for 2026.

Green Sun Hotel Management Inc. and Casa Bocobo Hotel Inc. continued to strengthen their financial performance over the past three years. Combined revenues rose to P152 million in 2025, compared with P94 million in 2024 and P92.5 million in 2023, reflecting stronger operations supported by increased demand across hotel and events activities. Combined net income likewise improved to P19 million in 2025, from P14 million in 2024 and P12 million in 2023 driven by higher revenues and improved operating performance.

For 2026, the companies are targeting combined revenues of P125 million and net income of P16 million. The outlook reflects anticipated challenges in hotel and events operations arising from global uncertainties and prevailing economic conditions, which may continue to affect demand for events, corporate functions and large gatherings. Despite these conditions, management remains cautiously optimistic. The companies will continue to focus on strengthening market position in the Makati and Manila hospitality sectors through active client acquisition, diversification of service offerings, and sustained operational efficiency. Continued emphasis will also be placed on cost management and service enhancement to support long-term sustainability.

Precos, Inc. strengthened the leasing operations of the property and related segment business through the completion in 2024 of a 10.5-hectare LEED-accredited distribution facility in its Laguna property, with a total investment cost of P3 billion. The facility commenced commercial operations on August 1, 2024 under a 15-year lease agreement with a third-party lessee. Revenue from this lease arrangement increased to P273 million in 2025 from P113 million in 2024, while net profit rose to P210 million in 2025 from P67 million in 2024. For 2026, it is expected to generate P193 million in revenue and P95 million in net profit. The project has supported the growth of recurring income streams and contributed to the stabilization of topline performance.

Logistics and Technical Solutions

The Logistics and Technical Solutions segment remained a key contributor to the Company's operations, accounting for 26% of consolidated revenues. Revenue increased by 9% to P830 million in 2025 from P763 million in 2024 and P727 million in 2023, driven by higher transaction volumes across all service lines. Net income, however, declined by 12% to P129 million from P146 million in 2024 and P142 million in 2023, primarily due to higher subcontracting costs.

Omni Solid Services Inc. (OSSI) posted an 11% growth to P699 million from P628 million in 2024 from P580 million in 2023. While its net income declined by 11% to P126 million due to higher operating costs from P142 million in 2024 and P135 million in 2023, it still exceeded its target by 10%. In 2026, it plans to expand further its existing fleet of delivery vehicles and to enhance its

logistics operations. These initiatives are aimed at achieving its projected ₱681 million in revenue and ₱158 million in net profit.

SolidService Electronics Corporation recorded a 6% decrease in revenue to ₱134 million in 2025, from ₱140 million in 2024 and ₱147 million in 2023, driven by reduced repair volumes amid limited availability and rising costs of replacement parts. Net income likewise declined to ₱3 million, from ₱4.0 million in 2024 and ₱7.3 million in 2023. The Company continues to expand its Audio-Visual (AV) and HVAC services and is pursuing accreditation with leading air conditioning brands to strengthen its market position. A nationwide rollout of integrated service operations is also underway. For 2026, the Company targets ₱165 million in revenue and ₱6 million in net income, incorporating its planned expansion into managing the authorized service providers of Beko & Hitachi (excluding HVAC), effective April 1, 2026, and leveraging its network of more than one hundred authorized service centers nationwide.

Investment and Others

The Investments and Others segment accounted for 4% of total consolidated revenues. Revenue decreased by 57% to ₱355 million in 2025 from ₱833 million in 2024 and ₱396 million in 2023, primarily due to the absence of dividend income from a foreign subsidiary recognized in 2025, which had significantly contributed to 2024 results. Excluding dividend income and other intercompany items, revenue amounted to ₱148 million in 2025, ₱173 million in 2024, and ₱177 million in 2023. Correspondingly, net income declined to ₱213 million in 2025 from ₱693 million in 2024 and ₱236 million in 2023, reflecting the lower revenue base. Despite the decline in earnings, the segment maintained stable dividend distributions to stockholders at ₱182 million in both 2024 and 2025, higher than the ₱109 million declared in 2023. Looking ahead to 2026, the segment is expected to recover modestly, with revenue projected at ₱251 million and net income targeted at ₱192 million. These projections include intercompany items and are based on expectations of more stable income streams and improved profitability.

Business Prospects for 2026 and Beyond

The Company remains focused on sustaining revenue growth and strengthening profitability through disciplined operations, prudent financial management, and continued focus on its core businesses. While the operating environment is expected to remain challenging due to geopolitical developments, inflationary pressures, and broader macroeconomic uncertainties, management believes the Company remains well-positioned to navigate these conditions.

As of the reporting date, the Company maintains a solid financial position and continues to pursue initiatives aimed at improving operational efficiency, expanding recurring revenue streams, and enhancing customer relationships. Looking ahead to 2026 and beyond, management intends to pursue selective growth opportunities across its business segments while maintaining a disciplined approach to capital and cost management.

Although external market conditions may continue to affect business performance, the Company remains cautiously optimistic that its diversified operations, established market presence, and long-term business strategies will support sustainable growth and long-term shareholder value.

- i. Known Trends or Demands, Commitments, Events or Uncertainties that will impact Liquidity.

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will materially impact on its liquidity.

- ii. Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of an obligation.

As discussed in Notes of the financial statements under Contingencies, certain subsidiaries of the Company are involved in litigation or proceedings, the outcome of which could individually or taken as a whole, not adversely affect the financial results, operations or prospects of the Company. Except of these contingencies, the Company is not aware of other events that will materially trigger direct or contingent financial obligation.

- iii. Material Off-Balance Sheet Transactions, Arrangements, Obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company has no material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the period that is not included in the financial statements.

- iv. Material Commitments for Capital Expenditures, the general purpose of the Commitment and Expected Sources of Funds

The Company estimates capital expenditures for the year 2026 to amount to P800 million for various real estate development, renovation and upgrade of facilities and transportation equipment. The purchase and/or construction of these capital expenditures will be financed primarily through the funds of the Company.

- v. Known Trends, Events or Uncertainties that will impact Sales/Revenues/Income from Continuing Operations

MySolid Technologies & Devices Corporation (Mysolid) implemented a business downsizing and rationalization program in 2022 amid the continued slowdown of local handset brands in the maturing Philippine telecommunications market. The Company redirected its focus toward tablet devices for institutional sales and feature phones distributed through select territorial partners. In 2023, the Company discontinued the distribution of feature phones due to declining market demand and low projected sales volumes. In 2025, it sold a substantial portion of its remaining MyPhone inventory to corporate clients and government entities through public bidding activities. The Company continues to liquidate its remaining feature phone and tablet inventories and expects to cease operations by June 2026.

- vi. Significant elements of Income or Loss that did not arise from Continuing Operations

None.

vi. Causes for any Material Changes from Period to Period

As discussed in Section V, Known Trends, Events and Uncertainties, MySolid further downsized and rationalized its business operations in 2022 amid the continued slowdown of local handset brands in the maturing Philippine telecommunications market. The Company subsequently focused its operations primarily on tablet devices for institutional sales and feature phones distributed through select territorial partners. This transition contributed to a continued decline in sales in the succeeding years, resulting in operating losses of ₱20 million in 2025, ₱47 million in 2024, and ₱8.8 million in 2023.

In November 2022, the Company acquired Avid Sales Corporation (ASC) following a due diligence audit conducted by Isla Lipana & Co. (a member firm of PriceWaterhouseCoopers). As a result, ASC's results of operations for the one-month period ended December 31, 2022, as well as its financial position as of December 31, 2022, were consolidated into the Company's 2022 financial statements. The acquisition significantly impacted the Company's consolidated operations and financial position and resulted in a gain on acquisition of shares amounting to ₱14.55 million in 2022. Following the acquisition, the Company continued to deliver steady growth. In 2023, it reported full-year revenue of ₱895 million and net profit of ₱14 million. In 2024, revenue increased to ₱1.014 billion, with net profit rising to ₱16 million. By 2025, the Company achieved further strong growth, posting revenue of ₱1.179 billion and net profit of ₱17 million.

In 2022, Precos Inc. entered into a Built-to-Specification Agreement in 2022 with a third-party lessee for a 15-year lease, with an option to extend for an additional five years. No revenues were recognized in 2023, as the Company had not yet commenced commercial operations. Following the commencement of the lease on August 1, 2024, the Company recognized revenues of ₱273.4 million in 2025 and ₱113.2 million in 2024. The lease is expected to provide a stable long-term revenue stream and contribute significantly to the Company's consolidated financial performance over the lease term.

In 2025, Starworld reduced its authorized capital stock from P530.0 million to P5.3 million. Consequently, the share of the Group in Starworld's capital stock decreased by P209.9 million, which is presented in the 2025 consolidated statement of changes in equity. Subsequently, SMC disposed of its shares of stock of Starworld, resulting in the Group's reduction of ownership interest from 50% to 30% and loss of control. Accordingly, the retained 30% interest is accounted for as an investment in an associate in 2025.

Based on appraisal reports obtained in 2025, 2024 and 2023, the Company recognized fair value gains on investment property of P171 million, P263 million and P296 million, respectively.

2025**Balance Sheet Items (2025 vs. 2024)**

(Increase or decrease of 5% or more in the financial statements)

Cash and cash equivalents – 16% decrease to P2,576 million from P3,077 million

Principally attributable to net cash outflows from investing activities as a result of allocation of funds into short-term placements. This account stood at 16% and 20% as a percentage of total assets for 2025 and 2024.

Short-term placements – 211% increase to P622 million from P200 million

Driven by allocation of additional investible funds into higher-yielding time deposits with maturities of 91 days or more. This account stood at 4% and 1% as percentage of total assets in 2025 and 2024.

Trade and other receivables – 32% increase to P573 million from P435 million

Largely due to higher rental receivables from the property & related services segment and increased loan receivables of investment & others segment. As a percentage of total assets, this account stood at 4% and 3% in 2025 and 2024.

Advances to related parties – 64% decrease to P2.4 million from P6.6 million

Mainly pertains to Starworld's advances to a related party which were included in the net assets deconsolidated following the sale of Starworld shares and consequent loss of control of subsidiary. This account stood at 0.02% and 0.04% as a percentage of total assets in 2025 and 2024.

Merchandise inventories and supplies – 36% decrease to P227 million from P353 million

Mainly attributable to the completion of integration projects under the distribution/retail segment during the year resulting in the utilization and reclassification of related inventories and supplies to appropriate expense and asset accounts. This account represented 1% and 2% as a percentage of total assets in 2025 and 2024.

Real estate inventories – P424.9 million in 2025 and 2024

No change for this account. This account stood at 3% as a percentage of total assets in both years.

Other current assets – 4% decrease to P542 million from P567 million

Due to application of input VAT against output VAT of the property and related services segment. This account stood at 3% and 4% as a percentage of total assets in both years.

Non-current trade and other receivables – 5% increase to P476 million from P453 million

Mainly driven by the appreciation of USD-denominated cash surrender value of investment in life insurance against the Philippine pesos resulting in a higher investment balance. This account stood at 3% as a percentage of the total assets in both years.

Financial assets at fair value through other comprehensive income – 27% increase to P94 million from P74 million

Attributable to fair value gains on investment in club shares. This account stood at 0.60% and 0.48% as a percentage of total assets for 2025 and 2024, respectively.

Investment in an associate – 22% decrease to P29 million from P38 million

Primarily due to additional P10 million impairment loss on Fekon following a continuous reassessment of its business outlook. This was partially offset by the recognition of the Company's remaining 30% interest in Starworld measured at fair value upon loss of control and on the onset of significant influence. This account stood at 0.19% and 0.25% as of percentage of total assets in 2025 and 2024, respectively.

Investment in bond – P20 million in 2025 and 2024

No change for this account. This represented 0.13% of total assets in both years.

Right of use assets – 25% increase to P3.7 million from P3 million

Mainly attributable to additional lease contracts recognized in accordance with PFRS 16, Leases. This account stood at 0.02% as a percentage of total assets in both years.

Property and equipment – 0.34% decrease to P1,607 million from P1,612 million

There was no material change for this account. This represented 10% as a percentage of total assets in both years.

Investment properties – 4% increase to P8,384 million to P8,041 million

Mainly due to fair value gains and additional investment properties recognized during the year. Despite the increase, there was no material change in the overall balance of this account. This account stood at 53% and 52% as a percentage of total assets in 2025 and 2024, respectively.

Post-employment benefit asset – 55% decrease to P58 million from P131 million

Primarily due to the impact of the asset ceiling under PAS 19 Employee Benefit based on the latest actuarial valuation for the year. This represented 0.37% and 0.85% of total assets in 2025 and 2024, respectively.

Deferred tax assets – net – 3% increase to P13 million from P12.5 million

There was no material variance for this account. This account stood at 0.08% of total assets in both years.

Other non-current assets – 36% decrease to P31 million from P48 million

Mainly due to full write-off of software development cost following management's assessment that this will no longer generate future economic benefits. This represented 0.20% and 0.31% as percentage to total assets in 2025 and 2024, respectively.

Current Interest-bearing loans – 100% increase to P39 million from nil

Due to reclassification of a portion of the long-term borrowings maturing within 12 months from the reporting date, in accordance with PAS 1, which requires such amounts to be presented as current liabilities based on the remaining contractual maturity and the absence of an unconditional right to defer settlement for at least 12 months. This account represented 0.25% as a percentage of total liabilities and equity in 2025.

Trade and other payables – 25% decrease to P494 million from P658 million

Principally from unearned rent, which were subsequently applied to rental income during the year under the property & related services segment as well as the settlement of the outstanding obligations to suppliers. This account stood at 3% and 4% as a percentage of total liabilities and equity in 2025 and 2024, respectively.

Customers' deposits – 1845% increase to P24.7 million from P1.2 million

Primarily from additional deposits from customers under distribution/retail segment. This account represented 0.16% and 0.01% as a percentage of total liabilities and equity in 2025 and 2024, respectively.

Current Lease Liabilities – 13% increase to P3.8 million from P3.4 million

Due to recognition of additional liabilities arising from renewed long-term lease contracts that qualified under PFRS16, Leases and reclassification of a portion of lease obligations from non-current to current due to passage of time and contractual maturity. This account stood at 0.02% as a percentage of total liabilities and equity for both years.

Income tax payable – 63% decrease to P6.5 million from P17.5 million

Mainly from lower regular corporate income tax expense as a result of reduced taxable income of certain subsidiaries for the year. This account was represented 0.04% and 0.11% of the total liabilities and equity in 2025 and 2024, respectively.

Non-current interest-bearing loans – 5% decrease to P835 million from P875 million

Chiefly due to reclassification of P39 million to the current portion in accordance with PAS 1 which requires the recognition of the current portion representing maturities within 12 months after the reporting date. This account stood at 5% and 6% of the total liabilities and equity in 2025 and 2024, respectively.

Non-current refundable deposits – 6% increase to P23 million from P21 million

Due to additional deposit received from lessees in connection with lease agreements of certain subsidiaries. This represented 0.15% and 0.14% of the total liabilities and equity in 2025 and 2024, respectively.

Post-employment benefit obligation – 10% increase to P32 million from P29 million

Driven by the recognition of current service cost and interest cost for the year in accordance with PAS 19 Employee Benefits. This account stood at 0.21% and 0.19% of the total liabilities and equity in 2025 and 2024, respectively.

Deferred tax liabilities – 8% increase to P1,212 million from P1,126 million

Primarily due to deferred tax arising from temporary differences related to fair value gains and depreciation of investment properties, as well as PFRS 16 lease adjustments recognized during the year. This account stood at 8% and 7% as a percentage of total liabilities and equity in 2025 and 2024, respectively.

Non-Current Lease Liabilities – 88% decrease to P60 thousand from P502 thousand

Due to the reclassification of a portion of lease liabilities from non-current to current liabilities. This account represented 0.0004% from 0.0032% as a percentage of total liabilities and equity in 2025 and 2024, respectively.

Capital stock – no change

This account stood at 13% of total liabilities and equity for both 2025 and 2024, respectively.

Additional Paid-In-Capital – no change

This account represented 30% of total liabilities and equity for 2025 and 2024, respectively.

Treasury Shares – no change

This account represented 1% of total liabilities and equity for both years.

Revaluation reserves – 12% decrease to P161 million from P182 million

Mainly due to actuarial remeasurement losses on the defined benefit plan, including the effect of the asset ceiling under PAS 19. It stood at 1% of total liabilities and equity in 2025 and 2024, respectively.

Retained earnings – 9% increase to P6,247 million from P5,731 million

Driven by net profit for the period, partially offset by dividends declared to stockholders. This account stood at 39% and 37% of total liabilities and equity in 2025 and 2024, respectively.

Income Statement Items (2025 vs. 2024)

(Increase or decrease of 5% or more in the financial statements)

Sale of goods – 2% increase to P1,551 million from P1,516 million

Mainly attributable to higher sales volume in the distribution/retail segment supported by higher institutional sales and expansion of store presence. There was no significant change for this account. As a percentage of total revenues, this account represented 48% and 53% in 2025 and 2024, respectively.

Service revenue – 18% increase to P985 million from P836 million

Primarily due to the service integration project, improved logistics services and a twofold increase in service revenue from hotel operations of the property and related services segment supported by higher events booking and room occupancy. As a percentage of total revenues, this account represented 30% and 29% in 2025 and 2024, respectively.

Rental income – 46% increase to P613 million from P419 million

Mainly due to the full year recognition of rental in 2025 from the leased warehouse in Calamba Laguna, compared to only five months of recognition in the previous year, as well as expansion of leasing operations across various locations under the property & related services segment. As a percentage of total revenues, this account represented 19% and 15% in 2025 and 2024, respectively.

Interest income – 5% increase to P86 million from P81 million

Mostly due to higher time deposit placements of investment & others segment. As a percentage of total revenues, this account represented 3% for both years.

Sale of real estate – nil in 2025 from P8 million in 2024

None in 2025, compared to sale of a condominium unit and two parking lots the previous year, As a percentage of total revenues of 2024, this account stood at 0.28% in 2024.

Cost of sales – 1% decrease to P1,227 million from P1,237 million

There was no material change for this account. As a percentage of total revenues, this account represented 38% and 43% in 2025 and 2024, respectively.

Cost of services – 18% increase to P703 million from P596 million

Mainly due to higher integration cost from completed integration projects, along with increased subcontracting costs and rental expenses associated with the expansion of logistics activities. This account stood at 22% and 21% in 2025 and 2024, respectively based on total revenues.

Cost of rentals – 12% increase to P105 million from P94 million

Relates mainly to the expansion of leasing operation under property & related services segment. This account represented 3% in both years based on total revenues.

Cost of real estate sales – 100% decrease to nil in 2025 from P3.9 million in 2024

Solely from cost of a condominium unit and two parking lots sold from previous year, none in 2025. As a percentage of total revenues of 2024, this account stood at 0.14% in 2024.

Gross profit – 29% increase to P1,200 million from P928 million

Predominantly because of higher gross profit from lease operations of newly constructed warehouse in Calamba, Laguna of the property & related services segment. As a percentage of total revenues, this account stood at 37% and 32% in 2025 and 2024, respectively.

General and administrative expenses – 10% increase to P511 million from P464 million

Principally from higher personnel cost, utilities expenses, impairment of an investment in an associate and loss on write-off of software development cost. As a percentage of total revenues, this account represented 16% in both years.

Selling and distribution costs – 17% increase to P187 million from P160 million

Mainly from increase in commissions, delivery expenses and selling & bank charges related to credit card transactions of the distribution/retail segment. This account represented 6% of total revenues in both years.

Other operating income – 26% decrease to P245 million from P333 million

Primarily due to lower fair value gains on investment properties in 2025 compared to the fair value gains recognized in the prior year. As a percentage of total revenues, this account represented 8% in 2025 and 12% in 2024

Operating profit - 17% increase to P746 million from P637 million

Significantly due to higher gross profit. This account represented 23% and 22% as a percentage of total revenues for 2025 and 2024, respectively.

Finance income – 23% decrease to P105 million from P137 million

Principally attributed to lower interest income resulting from reduced investible funds placed in time deposits under the property & related services segment. In addition, foreign currency gains were recognized in 2024 from USD-denominated dividend income, while no similar transactions occurred in 2025. As a percentage of total revenues, this account represented 3% in 2025 and 5% in 2024.

Finance costs – 428% to P60 million from P11 million

Mainly due to interest on loans used to partially finance the construction of a warehouse in Calamba, Laguna under the property & related services segment. It was previously capitalized as borrowing costs under PAS 23 until completion in October 2024, after which it was recognized in

profit or loss. As a percentage of total revenues, this account represented 1.8% and 0.4%% in 2025 and 2024, respectively.

Other gains - net – 63% increase to P140 million from P85 million

Primarily driven by certification service income charged to lessee for the recovery of costs incurred by the Company in relation to infrastructure enhancements undertaken to obtain Leadership in Energy and Environmental Design (LEED) Gold certification for leased premises, which was successfully achieved. This account stood at 4% and 3% in 2025 and 2024 as a percentage of total revenues.

Profit before tax – 10% decrease to P931 million from P849 million

Mainly attributed to higher operating profit. This account stood at 29% in 2025 and 30% in 2024 as a percentage of total revenues.

Tax expense – 8% decrease to P226 million from P246 million

Principally due to lower regular corporate income tax and reduced deferred tax expenses related to lower fair value gains on investment properties in 2025 compared to prior year. This account stood at 7% in 2025 and 9% in 2024 based on total revenues.

Net profit – 17% increase to P704 million from P602 million

Principally due to higher operating profit. This account stood at 22% in 2025 and 21% in 2024 as percentage of total revenues.

2024

Balance Sheet Items (2024 vs. 2023)

(Increase or decrease of 5% or more in the financial statements)

Cash and cash equivalents – 14% increase to P3,077 million from P2,710 million

Principally attributable to cash provided from operating activities due to collection of trade and other receivables and from financing activities from the proceeds of long-term interest-bearing loans. This account stood at 20% and 19% as a percentage of total assets for 2024 and 2023.

Short-term placements – 30% increase to P200 million from P153 million

Chiefly from higher placements of time deposits with maturities of more than three months but less than one year. This account stood at 1% as percentage of total assets in 2024 and 2023.

Trade and other receivables – 73% increase to P435 million from P251 million

Primarily from higher rental receivables of the property& related services segment and trade receivables of distribution/retail segment. As a percentage of total assets, this account stood at 3% and 2% in 2024 and 2023.

Advances to related parties – 177% increase to P6.6 million from P2.4 million

Due to gain on reversal of previously recorded allowance on the advances to related parties. This account stood at 0.04% and 0.02% as a percentage of total assets in 2024 and 2023.

Merchandise inventories and supplies – 5% increase to P353 million from P337 million

Mainly due to additional purchases of the distribution/retail segment intended for the ongoing projects. This account represented 2% as a percentage of total assets in both years.

Real estate inventories – P424.9 million from P428.9 million

There was no material change. This account stood at 3% as a percentage of total assets in both years.

Other current assets – 18% increase to P567 million from P480 million

Principally from higher input VAT of the property and related services segment. This account stood at 4% and 3% as a percentage of total assets in both years.

Non-current trade and other receivables – 58% decrease to P453 million from P1,084 million

Mainly due to termination of two investments in life insurance policies by investment & others segment. This account stood at 3% and 8% as a percentage of the total assets in 2024 and 2023, respectively.

Financial assets at fair value through other comprehensive income – 34% increase to P74 million from P55 million

Attributable to fair value gains on investment in club shares. This account stood at 0.48% and 0.39% as a percentage of total assets for 2024 and 2023, respectively.

Investment in an associate – 21% decrease to P38 million from P48 million

Solely due to recognition of additional impairment loss following a reassessment of the associate's business outlook. This account stood at 0.24% and 0.33% as of percentage of total assets in 2024 and 2023, respectively.

Investment in bond – P20 million in 2024 and 2023

No change for this account. This represented 0.13% of total assets in both years.

Right of use assets – 36% decrease to P3 million from P4.6 million

Resulting from depreciation of ROU assets for leases that qualified under PFRS 16. This account stood at 0.02% and 0.03% as a percentage of total assets in 2024 and 2023, respectively.

Property and equipment – 1% increase to P1,612 million from P1,594 million

There was no material change for this account. This represented 10% and 11% as a percentage of total assets in 2024 and 2023, respectively.

Investment properties – 15% increase to P8,041 million from P6,967 million

Owing mainly to the completed construction of warehouse facility in Calamba, Laguna and fair value gains of the property & related service segment This account stood at 51% and 48% as a percentage of total assets in 2024 and 2023, respectively.

Post-employment benefit asset – 6% increase to P131 million from P123 million

Principally due to higher fair value of plan assets than the present value of obligations. This represented 0.85% and 0.87% of total assets in 2024 and 2023, respectively.

Deferred tax assets – net – 14% increase to P12 million from P11 million

Mainly from distribution segment's provision for inventory obsolescence and recognition of deferred income. This account stood at 0.08% of total assets in both years.

Other non-current assets – 24% increase to P48.2 million from P38.9 million

Due to deposit made for the purchase of land of the logistics and technical solutions segment. This represented 0.31% and 0.27% as percentage to total assets in 2023 and 2022, respectively.

Trade and other payables – 12% increase to P658 million from P586 million

Principally driven by the reclassification of refundable deposit from non-current to current liabilities of the property & related services segment. This account stood at 4% as a percentage of total liabilities and equity in both years.

Customers' deposits – 70% decrease to P1.2 million from P4.2 million

Primarily from recognition of revenue of the distribution/retail segment. This account represented 0.01% and 0.03% as a percentage of total liabilities and equity in 2024 and 2023, respectively.

Current Lease Liabilities – 34% decrease to P3.4 million from P5.1 million

Due to payments during the year. This account stood at 0.02% and 0.04% as a percentage of total liabilities and equity for both 2024 and 2023, respectively.

Income tax payable – 15% increase to P17.5 million from P15.2 million

Mainly from greater tax expense of certain subsidiaries for the year. This account was pegged at 0.11% of the total liabilities and equity in 2024 and 2023, respectively.

Interest-bearing loans – 733% increases to P875 million from P105 million

Due to additional bank loans to partially finance the construction of a warehouse facility in Calamba, Laguna of the property & related services segment.

Non-current refundable deposits – 89% decrease to P21 million from P192 million

Mostly from reclassification of refundable deposit from noncurrent to current in relation to lease of the property & related services segment. This represented 0.14% and 1.35% of the total liabilities and equity in 2024 and 2023, respectively.

Post-employment benefit obligation – 47% increase to P29.7 million from P20.2 million

Principally from higher discount rates in the actuarial valuation study for PAS19 reporting. This account stood at 0.19% and 0.14% of the total liabilities and equity in 2024 and 2023, respectively.

Deferred tax liabilities – 9% increase to P1,126 million from P1,031 million

Mainly in relation to impact of temporary differences in income tax computation arising from fair value gains and accumulated depreciation on investment properties of the property and related segment. This account stood at 7% as a percentage of total liabilities and equity in both years.

Non-Current Lease Liability – 100% increase to P502 thousand from nil

Due to additional lease with maturity beyond one year from the end of the reporting period. This account represented 0.001% as a percentage of total liabilities and equity in 2024.

Capital stock – no change

This account stood at 13% and 14% of total liabilities and equity for 2024 and 2023, respectively.

Additional Paid-In-Capital – no change

This account represented 30% and 32% % of total liabilities and equity for 2024 and 2023, respectively.

Treasury Shares – no change

This account represented 1% of total liabilities and equity for both years.

Revaluation reserves – 42% increase to P182 million from P128 million

Mainly due to currency exchange differences on translating financial statements of foreign operations and fair value gains of financial assets at fair value through other comprehensive income. It stood at 1.18% and 0.90% of total liabilities and equity in 2023 and 2022, respectively.

Retained earnings – 7% increase to P5,731 million from P5,362 million

Resulting from net profit attributable to parent during the period. This account stood at 37% of total liabilities and equity in both years.

2024**Income Statement Items (2024 vs. 2023)**

(Increase or decrease of 5% or more in the financial statements)

Sale of goods – 15% increase to P1,516 million from P1,315 million

Primarily from retail and government sales of distribution/retail segment. As a percentage of total revenues, this account represented 53% of total revenues of both years.

Service revenue – 7% increase to P836 million from P782 million

Primarily driven by increased integration project under distribution/retail segment and logistics business under logistics & technical solutions segment. As a percentage of total revenues, this account represented 29% and 32% in 2024 and 2023, respectively.

Rental income – 50% increase to P419 million from P278 million

Primarily attributable to the commencement of a lease agreement with a third-party lessee for a newly constructed warehouse in Calamba, Laguna under the property & related services segment. As a percentage of total revenues, this account represented 15% and 11% in 2024 and 2023, respectively.

Interest income – 9% decrease to P81 million from P90 million

Driven by declining interest rate of time deposits. As a percentage of total revenues, this account represented 3% and 4% in 2024 and 2023, respectively.

Sale of real estate – 100% increase to P8 million from nil

Solely from sale of a condominium unit and two parking slots this year, none from previous year. As a percentage of total revenues of 2024, this account stood at 0.28% in 2024.

Cost of sales - 19% increase to P1,237 million from P1,037 million

Associated mainly to increase in sales of the distribution segment. As a percentage of total revenues, this account represented 43% and 42% in 2024 and 2023, respectively.

Cost of services – 13% increase to P596 million from P529 million

Driven by revenue growth from rendering of services. This account stood at 21% in both years based on total revenues.

Cost of rentals – 31% increase to P94 million from P72 million

Brought by higher revenue from rental income. This account represented 3% based on total revenues of both years.

Cost of real estate sales – 100% increase to P3.9 million from nil in 2023

Attributable to cost of real estate sold in the current year, none from previous year. As a percentage of total revenues, this account stood at 0.14% in 2024.

Gross profit – 12% increase to P928 million from P827 million

Mostly due to the commencement of leasing operation of the newly constructed warehouse in Calamba, Laguna under property & related services segment. As a percentage of total revenues, this account stood at 32% and 34% in 2024 and 2023, respectively.

General and administrative expenses – 5% decrease to P464 million from P488 million

Mainly from lower impairment loss in investment in an associate in 2024. As a percentage of total revenues, this account stood at 16% and 20% in 2024 and 2023, respectively.

Selling and distribution costs – 28% increase to P160 million from P124 million

Primarily from increase in manpower cost, rental and bank charges from credit card transactions of the distribution/retail segment. This account represented 6% and 5% of total revenues for 2024 and 2023, respectively.

Other operating income –net – 8% decrease to P333 million from P362 million

Attributable to lower fair value gains on investment properties. As a percentage to total revenues, this account represented 12% in 2024 and 15% in 2023.

Operating profit – 11% increase to P637 million from P576 million

As a result of higher gross profit of leasing business. This account represented 22% and 23% as a percentage of total revenues for 2024 and 2023, respectively.

Finance income – 7% increase to P137 million from P128 million

Largely driven by higher interest income generated through increased placements in time deposit. This account represented 5% as a percentage of total revenues for both 2024 and 2023.

Finance costs – 90% increase to P11 million from P6 million

Chiefly due to interest expense on loan payable of the property & related services segment. This account represented 0.40% and 0.24% as a percentage of total revenues in 2024 and 2023 respectively.

Other gains - net – 163% increase to P85 million from P32 million

Primarily from gain on sale of real property by the property & related services segment. This account stood at 3% and 1% in 2024 and 2023 as a percentage of total revenues.

Profit before tax –16% increase to P849 million from P731 million

Mainly due to higher operating profit and finance income. This account stood at 30% as a percentage of total revenues of both years.

Tax expense – 24% increase to P246 million from P199 million

Attributable to greater pre-tax income of the property & related services and logistics & technical solutions segments. This account stood at 9% in 2024 and 8% in 2023 based on total revenues.

Net profit – 13% increase to P602 million from P531 million

Principally due to commencement of lease operation of a newly constructed warehouse in Calamba, Laguna, gain on sale of real property as part of other gains – net under the property & related services segment. This account stood at 21% in 2024 and 22% in 2023.

2023

Balance Sheet Items (2023 vs. 2022)

(Increase or decrease of 5% or more in the financial statements)

Cash and cash equivalents – 29% decrease to P2,710 million from P3,832 million

Primarily provided from investing activities from acquisition of investment property and increase in short-term placements. This account stood at 19% and 28% as a percentage of total assets for 2023 and 2022.

Short-term Investments – P153 million in 2023 from nil in 2022

Chiefly from transfer to time deposits with maturities of less than three months. This account stood at 1.1% as percentage of total assets in 2023 and nil in 2022.

Trade and other receivables – 4% increase to P251 million from P242 million

There was no material change for this account. As a percentage of total assets, this account stood at 1.7% in both years.

Advances to related parties – P2.4 million for both years

No change for this account. This account stood at 0.02% as a percentage of total assets in both years.

Merchandise inventories and supplies – 4% increase to P337 million from P325 million

There was no material change for this account. This account represented 2% as a percentage of total assets in both years.

Real estate inventories – P428.9 million for both years

There was no material change for this account. In 2023, the Company disposed its investment in Laguna International Industrial Park, Inc. (LIIP) which included fully impaired land and land development costs. This account stood at 3% as a percentage of total assets in both years.

Other current assets –37% increase to P480 million from P350 million

Mainly from higher input VAT of the property and related services segment. This account stood at 3% as a percentage of total assets in both years.

Non-current trade and other receivables –12% increase to P941 million from P838.5 million

Primarily attributable to advances to supplier for the ongoing construction of investment property in Calamba, laguna and higher conversion of USD denominated cash surrender value of investment in life insurance. This account stood at 8%and 7% as a percentage of the total assets in 2023 and 2022, respectively.

Financial assets at fair value through other comprehensive income – 50% increase to P55.4 million from P37 million

Attributable to fair value gains on investment in club shares. This account stood at 0.39% and 0.27% as a percentage of total assets for 2023 and 2022, respectively.

Investment in an associate – 45% decrease to P48 million from P88 million

Due to recognized impairment loss amounting to P40 million due to the downturn in its business prospects. This stood 0.34% and 0.64% as of percentage of total assets in 2023 and 2022, respectively.

Investment in bond – P20 million in 2023 and 2022

No change for this account. This represented 0.14% and 0.15% of total assets in 2023 and 2022, respectively.

Property, plant and equipment – 1% decrease to P1,594 million from P1,586 million

There was no material change for this account. This represented 11% and 12% as a percentage of total assets in 2023 and 2022, respectively.

Investment property – 24% increase to P6,967 million from P5,608 million

Attributable to construction in progress for the development of warehouse facility and fair value gains of the property and related services segment. This account stood at 49% and 41% as a percentage of total assets in 2023 and 2022, respectively.

Right of Use assets – 61% increase to P4.6 million from P2.9 million

Resulting from additional ROU assets for leases that qualified under PFRS 16. This account stood at 0.03% and 0.02% as a percentage of total assets in 2023 and 2022, respectively.

Post-employment benefit asset – 19% increase to P124 million from P152 million

Principally due to higher present value of obligation than the fair value of plan assets. This represented 0.9% and 1.1% of total assets in 2023 and 2022, respectively.

Deferred tax assets – 11% increase to P11 million from P10 million

Mainly from distribution segment's provisions for inventory obsolescence. This account stood at 0.08% and 0.07% of total assets in 2023 and 2022, respectively.

Other non-current assets – 3% increase to P38.9 million from P37.9 million

There was no material change for this account. This represented 0.27% and 0.28% as percentage to total assets in 2023 and 2022, respectively.

Trade and other payables – 23% increase to P586 million from P478 million

Primary due to higher non-trade and other payables of distribution/retail segment and property & related services segment. This account stood at 4.10% and 3.5% as a percentage of total liabilities and equity in 2023 and 2022, respectively.

Customers' deposits – 71% decrease to P4.2 million from P14.6 million

Principally due to additional deposits received by distribution/retail segment. This account represented 0.11% and 0.08% as a percentage of total liabilities and equity in 2023 and 2022, respectively.

Current Lease Liability – 83% increase to P5.1 million from P2.8 million

Due to payments during the year. This account stood at 0.04% and 0.02% as a percentage of total liabilities and equity for both 2023 and 2022, respectively.

Advances from related parties – nil in 2023 and P1.88 million in 2022

No movement for this account. This account stood at 0.01% as a percentage of total liabilities and equity in 2022.

Income tax payable – 10% increase to P15.2 million from P13.9 million

Mainly from greater tax expense of certain subsidiaries for the year. This account was pegged at 0.11% and 0.10% of the total liabilities and equity in 2023 and 2022, respectively.

Non-current refundable deposits – 4% increase to P192 million from P184.9 million

Mostly from security deposit related to real estate development project of the property and related services segment. This represented 1.35% of the total liabilities and equity in both years.

Non-Current Lease Liability – 100% decrease to nil from P0.75 million

Primarily from transfer of non-current lease liabilities to current portion. This account represented 0.02% as a percentage of total liabilities and equity in 2022.

Post-employment benefit obligation – 27% increase to P20.2 million from P15.8 million

Principally from lower discount rates and higher salary projection rate in the actuarial valuation study for PAS19 reporting. This account stood at 0.14% and 0.12% of the total liabilities and equity in 2023 and 2022, respectively.

Deferred tax liabilities – 8% increase to P1,031 million from P955 million

Mainly in relation to the fair value gains of the property and related segment. This account stood at 7.2% and 7% as a percentage of total liabilities and equity in 2023 and 2022, respectively.

Capital stock – no change

This account stood at 14% and 15% of total liabilities and equity for 2023 and 2022, respectively.

Additional Paid-In-Capital – no change

This account represented 32% and 34% % of total liabilities and equity for 2023 and 2022, respectively.

Treasury Shares – no change

This account represented 1% of total liabilities and equity for both years.

Revaluation reserves – 14% decrease to P129 million from P149 million

Chiefly due to remeasurement of post-employment benefit plan. It stood at 0.90% and 1.09% of total liabilities and equity in 2023 and 2022.

Retained earnings – 8% increase to P5,362 million from P4,962 million

Resulting from net profit attributable to parent during the period. This account stood at 37% and 36% of total liabilities and equity in 2023 and 2022, respectively

2023**Income Statement Items (2023 vs. 2022)**

(Increase or decrease of 5% or more in the financial statements)

Service revenue – 5% increase to 782 million from P742.9 million

Improved primarily due to higher volume of integrated logistics services of the logistics and technical solutions segment. As a percentage of total revenues, this account represented 32% and 45% in 2023 and 2022, respectively.

Sale of goods – 131% decrease to P1,315 million from P569 million

Mainly due to full year sales of Avid Sales Corp in 2023 as compared to its one-month sales in 2022. Avid was acquired in November 2022. As a percentage of total revenues, this account represented 53% and 35% in 2023 and 2022, respectively.

Rental income – 5% increase to P278 million from P265.7 million

Mainly due to improved occupancy and higher rental rate of the property and related services segment. As a percentage of total revenues, this account represented 11% and 16% in 2023 and 2022, respectively.

Interest income – 59% increase to P90 million from P56.7 million

Driven by rising interest rates in 2023. As a percentage of total revenues, this account represented 4% and 3% in 2023 and 2022, respectively.

Sale of real estate – Nil in 2023 and 2022

Cost of services – 1% decrease to P529 million from P535.9 million

There was no material change for this account. This account stood at 21% and 33% in 2023 and 2022 based on total revenues.

Cost of sales - 131% increase to P1,037 million from P448 million

Associated to increase in sales of the distribution segment. As a percentage of total revenues, this account represented 27% and 32% in 2023 and 2022, respectively.

Cost of rentals – 2% decrease to P72 million from P73.7 million

There was no material change for this account. This account represented 3% and 5% in 2023 and 2022 based on total revenues.

Cost of real estate sales – Nil in 2023 and 2022

Gross profit – 44% increase to P827 million from P576 million

Contributed mostly by distribution segments. As a percentage of total revenues, this account stood at 34% and 35% in 2023 and 2022, respectively.

General and administrative expenses – 28% increase to P488 million from P383 million

Principally from higher personnel cost as an upshot of the acquisition of a distribution/retail subsidiary in November 2022 with a full year recognition in 2023 as compared to one month the previous year. Higher taxes and licenses and filing fee of the property and related services segment and allowance for impairment of an investment in an associate of the investment in others segment

also contributed to the increase. As a percentage of total revenues, this account stood at 20% and 23% in 2023 and 2022, respectively.

Selling and distribution costs – 794% increase to P124 million from P13.9 million

Mainly from increase in manpower cost, rental and bank charges from credit card transactions, commission and communication and light & water of the distribution/retail segment. This account represented 5% and 1% of total revenues for 2023 and 2022, respectively.

Other operating income –net - 24% increase to P362 million from P292.5 million

Attributable to higher fair value gains of the property and related services segment. As a percentage to total revenues, this account represented 15% in 2023 and 18% in 2022.

Operating profit - 22% increase to P576 million from P471.6 million

Associated with improved gross profit and other operating income-net. This account represented 23% and 29% as a percentage of total revenues for 2023 and 2022, respectively.

Finance income – 54% increase to P128 million from P83 million

Driven by higher interest income from time deposit placements. This account represented 5% as a percentage of total revenues for both 2023 and 2022.

Gain on bargain purchase – nil in 2023 from P14.6 million in 2022

In November 2023, the Company acquired 100% ownership of Avid Sales Corporation (Avid). The said gain represented the difference of the acquisition cost of investment over the fair value of net assets of Avid at acquisition date. This account represented 1% as a percentage of total revenues for 2022.

Finance costs - 227% increase to P6 million from P1.8 million

Chiefly due to lower foreign currency exchange losses. This account represented 0.24% and 0.11% as a percentage of total revenues in 2023 and 2022 respectively.

Other gains - net – 33% increase to P32 million from P24 million

Mainly from gain on higher net interest income on retirement benefit asset (obligation), gain on deconsolidation of LIIP and Interstar, and supplier support fee. This account stood at 1.3% and 1.5% in 2023 and 2022 as a percentage of total revenues.

Profit before tax –24% increase to P731 million from P592 million

Mainly due to higher operating profit. This account stood at 30% in 2023 and 36% in 2022 as a percentage of total revenues.

Tax expense – 22% increase to P199 million from P163 million

Attributable to greater pre-tax income in 2023. This account stood at 8% in 2023 and 10% in 2022 based on total revenues.

Net profit – 24% increase to P531.7 million from P428.9 million

Principally due to better performance of all segments and higher other operating income from fair value gains in 2023. This account stood at 22% in 2023 and 26% in 2022.

viii. Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations

There is no significant seasonality in the Company's business that materially affects financial condition or results of operations.

Item 7. FINANCIAL STATEMENTS

The consolidated financial statements and schedules to Financial Statements and Supplementary Schedules are filed as part of this Form 17 - A.

(B) Information on Independent Accountant and Other Related Matters

(1) External Audit Fees and Services

(a) Under the caption Audit and Audit-Related Fees, the aggregate fees billed for each of the last two fiscal years for professional services rendered by the external auditor for:

1. The audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years:

The audit fees of our present external auditor, Punongbayan and Araullo for the examination of our annual audited financial statements, including those of our subsidiaries for the years ended December 31, 2025 and 2024 amounted to P6.98 million and P6.78 million, respectively.

2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.

None for 2025 and 2024

(b) Under the caption "Tax Fees", the aggregate fees billed in each of the last two (2) fiscal years for professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services. Registrant shall describe the nature of the services comprising the fees disclosed under this category.

The tax fees paid to the Tax Division of Punongbayan and Araullo for tax consultation and advisory services of our Company and those of our subsidiaries for the year ended December 31, 2025 and 2024 amounted to P240 thousand for both years.

- (c) Under the caption “All Other Fees”, the aggregate fees billed in each of the last two (2) fiscal years for products and services provided by the external auditor, other than the services reported under items (a) & (b) above. Registrants shall describe the nature of the services comprising the fees disclosed under this category.

In 2025, Punongbayan & Araullo provided the following non-audit services to the Company:

1. Tax study on the sale and leaseback of two PEZA-registered companies – professional fees of P191,304; and,
2. Annual corporate governance training for Board members and key officers – professional fees of P120,000.

No other non-audit fees were paid in 2024.

- (d) The audit committee’s approval policies and procedures for the above services.

The overall scope of the audit was reviewed and approved by the Audit Committee. The terms of engagement of the audit were also reviewed and approved by the Audit Committee.

The scope and terms of engagement of the tax consultation and advisory services were also reviewed and approved by the Audit Committee.

Upon the favorable endorsement by the Audit Committee, the proposed terms of engagement of services are submitted for approval to the Board of Directors. All of the above services were approved by the Board of Directors.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has no disagreements with the current accountant on accounting and financial disclosure.

On June 26, 2025, the Company reappointed Punongbayan and Araullo (P&A) as its external auditors for the year 2025.

There was no change in our existing accountant for the years 2025 and 2024.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

A. Directors, Executive Officers, Promoters and Control Persons

(1) Directors, including Independent Directors and Executive Officers

There are nine (9) seats in the Board. The term of office of each member is one (1) year. The names, ages and citizenship of current directors and executive officers are as follows:

Position	Name	Age	Citizenship
Chairman Emeritus	Elena S. Lim	95	Filipino
Co-Chairman Emeritus	Joseph Lim	98	Filipino
Chairman of the Board	Jason S. Lim	68	Filipino
Director, President & Chief Executive Officer and Chief Sustainability Officer	Susan L. Tan	71	Filipino
Director, Executive Vice President & Chief Strategy Officer	David S. Lim	69	Filipino
Director, SVP and Chief Financial Officer and Chief Risk Officer	Vincent S. Lim	67	Filipino
Independent Director	Rafael F. Simpao Jr.	82	Filipino
Independent Director	Siegfred B. Mison	60	Filipino
Director and & SVP for Investor and Stakeholder Relations	Beda T. Manalac	64	Filipino
Director and VP for Property Business and Data Protection Officer	Jonathan Joseph C.C. Lim	40	Filipino
Director and VP New Investments	Kevin Michael L. Tan	43	Filipino
SVP for Business Integration and SEC Compliance Officer	Christopher James L. Tan	42	Filipino
SVP and Treasurer	Lita Joaquin	66	Filipino
Corporate Secretary	Roberto V. San Jose	83	Filipino
Assistant Corporate Secretary	Ana Maria Katigbak-Lim	57	Filipino
VP & Chief Information Officer	Josephine T. Santiago	58	Filipino
VP & Chief Audit Executive	Ericson B. Salvador	54	Filipino
VP and Chief Accounting Officer	Annabella S. Orbe	63	Filipino

Ms. Elena S. Lim is Chairman Emeritus since May 2001. Prior to that, she was President/Chief Executive Officer from 1996 to May 2001 and was Director from 1996 to 2019. Ms. Lim is married to Joseph Lim.

Mr. Joseph Lim is Co-Chairman Emeritus effective September 2020. He is the Founding Chairman of Solid Group of Companies and served as Chairman of the Board of the Company from 1996 until 2006. In the past five years to present, he has been Chairman of various manufacturing and trading companies in Hongkong and China among which are Solid Co. Ltd., Solid Trading Ltd. and Solid Industrial (Shenzhen) Co. Ltd. He is the Chairman of Phil-Nanning Consortium Inc. Mr. Lim is the incumbent Chairman Emeritus of the China-Philippines Chamber of Commerce. Mr. Lim is married to the Company's Chairman Emeritus, Ms. Elena S. Lim, and is the father of Directors Susan L. Tan, Mr. David S. Lim, Mr. Jason S. Lim and Mr. Vincent S. Lim. Mr. Lim assumed position as Director in June 2010 to September 2020.

Mr. Jason S. Lim is Chairman of the Board effective June 2016. He was Sr. Vice President and Chief Operating Officer from May 2002 to 2016. He is a Director since 1996. He is Chairman of MySolid Technologies and Devices Corporation, Solid Manila Corporation, SolidGroup Technologies Corporation, Zen Towers Corporation, Skyworld Corporation and Starworld Corporation. He is also currently President of Kita Corporation, MyApp Corporation, Solid Manila

Finance Inc., Precos, Inc., Casa Bocobo Hotel Inc and Solid Broadband Corporation. Mr. Lim is the son of Joseph and Elena Lim.

Ms. Susan L. Tan is President and Chief Executive Officer since June 2016. She was Chairman of the Board from May 2001 to 2016. She was Vice President of the Company from April 1999 to April 2001 and is Director since 1996. She was Chief Operating Officer of the Company since 1996 up to March 1999. She is Chairman of Green Sun Hotel Management, Inc., Kita Corporation, MyApp Corporation, Solid Manila Finance Inc and Precos, Inc., Omni Solid Services Inc., Solid Video Corporation, SolidService Electronics Corporation, Casa Bocobo Hotel, Inc. and Solid Broadband Corporation. She is currently President of Zen Towers Corporation. Ms. Tan is the daughter of Joseph and Elena Lim.

Mr. David S. Lim is Director and Executive Vice President and Chief Strategy Officer in September 2020. He was Senior Vice President from June 2016 to 2020. He was President and Chief Executive Officer in May 2001 to 2016 and was Director from 1996 to 2017. He was Vice-President since 1996 up to April 2001. He is concurrently President of Green Sun Hotel Management, Inc., MySolid Technologies and Digital Devices Corporation, Skyworld Corporation and Starworld Corporation. Mr. Lim is the son of Joseph and Elena Lim.

Mr. Vincent S. Lim is Senior Vice President and Chief Financial Officer in September 2010 and Chief Risk Officer in 2017. He was Sr. Vice President for Finance and Investments from June 2006 to 2010. He was formerly Sr. VP and Chief Financial Officer from May 2002 up to 2006. He is a Director since 1996. He is Treasurer for MyApp Corporation, Omni Solid Services, Inc., SolidService Electronics Corporation, Kita Corporation, Solid Video Corporation, Solid Manila Corporation, Green Sun Hotel Management, Inc., MySolid Technologies and Devices Corporation, SolidGroup Technologies Corporation, Zen Towers Corporation, Casa Bocobo Hotel, Inc., Precos, Inc., Solid Manila Finance Inc., Solid Broadband Corporation, Skyworld Corporation and Starworld Corporation. He is also an Independent Director of Security Land Corporation effective June 2013. Mr. Lim is the son of Joseph and Elena Lim.

Mr. Rafael F. Simpao, Jr is an Independent Director since July 2021. He is also the Chairman of Security Bank Foundation since 1997 and a Trustee of Tany Foundation since 2007. He is currently an Independent Director of WREIT, Inc. since 2022, an Independent Director of All Asia Countertrade, Inc. since 2023, and an Independent Director of Empire Insurance, Inc. since 2018. He served as the President and CEO of Security Bank Corporation from 1994 to 2004 and a Director of the Bank from 1995 to 2019. He was appointed as Senior Advisor the Board and the Bank's Senior Credit Committee from 2019 to 2024. He was the Chairman of the Board of Keyland Ayala Corporation from 2011 up to 2024. He was also a former Director of the Bankers Association of the Philippines from (2002 to 2004), Director and Treasurer of LGU Guaranty Corporation (2000 to 2005). Trustee of the Cultural Center of the Philippines (2000 to 2001), Trustee and Treasurer of Christ 'Commission Fellowship (2006 to 2009), Trustee and Treasurer of International Graduate School of Leadership (1994 to 2014), Trustee and Treasurer of Church Planters of the Philippines (2004 to 2019).

Atty. Siegfried B. Mison is Independent Director on January 26, 2022. He was elected by the Board to serve the remaining term of Ms. Goolsby who resigned as Independent Director on the same date. He is the Vice President for Legal and Corporate Communications at Franklin Baker Company of the Philippines, a role he has occupied since June 2022. He is the Chairman of the Board of Bethel General Insurance and Surety Corp. since 2017. He is the Corporate Secretary of

AFP Savings and Loan Association, Inc since May 2021. He held the position of Senior Vice President for Special Projects in SM Prime Holdings, Inc. from February 10, 2020 to September 16, 2021. Prior to that, he was the Senior Vice President and General Counsel of Philippine Airlines on March 16, 2016 to October 4, 2019. He served as Commissioner of Bureau of Immigration on December 18, 2013 to January 6, 2016. He is a member of the Integrated Bar of the Philippines since 1997 and admitted to the State Bar of California and to the Illinois Board of Admissions to the Bar (Limited) in 2006.

Mr. Beda T. Mañalac is Director in June 2010 and Senior Vice-President for Investor and Stakeholders Relation in June 2024, Senior Vice-President for Investor Relations and Business Integration effective June 22, 2023 and Senior Vice-President for Digital Integration & Investor Relations effective June 30, 2022. He was Sr. Vice President for Business Development and Distribution Business from September 2020 to June 2022. He was Vice President for Business Development from September 30, 2010 to 2020. He is President of SolidGroup Technologies Corporation (SGTC) effective March 31, 2022. He was President of Solid Manila Corporation from January 2012 to March 2022. He was Vice President for Business Development of MyPhone mobile phones under MySolid Technologies and Devices Corporation since 2007 to May 31, 2010.

Mr. Jonathan Joseph C.C. Lim is Director in June 2017 and Vice President for Property Business in September 2020. He is the Data Protection Officer of the Company in August 2017. He is President of Solid Manila Corporation effective March 31, 2022. He was President of Solid Group Technologies Corporation (SGTC) from January 2015 to March 2022. Prior to that he was Vice President of Solid Manila Corporation since August 2013. In addition, he was Sales Manager of Solid Broadband Corporation since October 2009 up to 2012. He is the son of David S. Lim.

Mr. Kevin Michael L. Tan is Director in June 2019 and Vice President for New Investments in June 2024, Vice President for Distribution in June 30, 2022 and Vice-President for Digital Mobile Business since September 2020. He is Vice President of MySolid Technologies and Devices Corporation (MSTDC) since August 2015. Prior to that he was Vice President since June 2010. In addition, he was Vice President of myphone division of Solid Broadband Corporation from August 2007 to May 2010. He is the son of Susan L. Tan.

Mr. Christopher James L. Tan is Senior Vice President for Business Integration in June 2024 and SEC Compliance Officer in June 2023 and was Vice President for Business Development in June 2022 and Vice-President for New Investments since September 2020. He is President of Solid Video Corporation since 2018 and its Vice President from 2014 to 2017. He is the Executive Vice President of Zen Towers Corporation and Vice President of Precos Inc. He was Business Development Manager of Solid Manila Corporation from 2011 to 2013. He is the son of Susan L. Tan.

Ms. Lita Joaquin is the Treasurer since May 2002 and Senior Vice President in September 2020. She was Vice President from September 30, 2010 to 2020. She was also director from June 2006 to August 2007. She was Comptroller in 1996 to April 2002 and Director in May 1997 where she held office up to May 1998. She also became General Manager of Solid Manila Finance Inc. in October 1999. Ms. Joaquin is the niece of Mr. Joseph Lim.

Atty. Roberto V. San Jose is the Corporate Secretary of the Company and has held the office since 1996. He is Chairman of Mabuhay Holdings Corporation; a director of Interport Resources Corporation, Anglo-Philippine Holdings Corporation, and Vulcan Industrial and Mining

Corporation; and Corporate Secretary of Alsons Consolidated Resources Inc., FMF Development Corporation, Premiere Horizon Alliance Corporation, and Marcventures Holdings, Inc. He is also either a director, corporate secretary, or an officer of various companies which are clients of the law firm of Castillo Laman Tan Pantaleon & San Jose, of which he is presently a Senior Consultant. He is a member of the Integrated Bar of the Philippines.

Atty. Ana Maria A. Katigbak is the Assistant Corporate Secretary of the Company and has held the office since 1997. She is a partner in Castillo, Laman, Tan, Pantaleon & San Jose Law Offices. She also acts as director of Vulcan Industrial and Mining Corporation and Mabuhay Holdings Corporation, Corporate Secretary of IPM Holdings Inc., and Assistant Corporate Secretary of Energy Development Corporation, IRC Properties, Inc., Mabuhay Holdings, Inc., Marcventures Holdings, Inc., Paxys Inc., and Premiere Horizon Alliance Corporation. She is a member of the Integrated Bar of the Philippines.

Josephine Santiago is the Vice President effective February 1, 2022 and Assistant Vice President in September 2020. She is Chief Information Officer since October 2012. She is also the Corporate Secretary of subsidiaries and affiliates of Solid Group Inc. for more than five years.

Ericson B. Salvador is Vice President effective February 1, 2022 and Assistant Vice President in September 2020 and Chief Audit Executive since June 2017. Prior to that, he was the Senior Audit Manager of the subsidiaries and affiliates of Solid Group Inc. for more than five years.

Annabella S. Orbe is Vice President effective June 22, 2023 and Assistant Vice President in February 2022. Prior to that, she was the Accounting Manager since July 1, 2010 and Corporate Information Officer since June 2012 until the present. She used to hold the position of Senior Accounting Manager in Omni Solid Services Inc. (formerly Omni Logistics Corporation/Solid Laguna Corporation) in August 1998 until June 30, 2010 and Accounting Manager of Solid Corporation from August 1996 to July 1998.

(2) Significant Employee

There is no significant employee that is not part of the Company directors and executive officers.

(3) Family Relationship

Ms. Elena S. Lim is married to Mr. Joseph Lim. Their children, namely, Ms. Susan L. Tan, Mr. David S. Lim, Mr. Jason S. Lim and Vincent S. Lim are directors and executive officers of the Company. Their grandchildren, Mr. Kevin L. Tan, Mr. Christopher James L. Tan and Mr. Jonathan Joseph C.C. Lim are directors and/or executive officers of the Company. Ms. Lita Joaquin, treasurer of the Company, is the niece of Mr. Joseph Lim.

(4) Involvement in Certain Legal Proceedings

Ms. Elena S. Lim is included as co-defendant in a case filed by a certain bank against AA Export and Import Corporation for the collection of unsecured business loans granted to that company. On March 22, 2022, AA Export and Import Corporation has fully paid the loan. Except for this, none of the directors and officers was involved in the past five years up to December 31, 2025 in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction,

permanently enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

Item 10. Executive Compensation

B. Executive Compensation

Executive and Directors Compensation

(1) General

The Company's executive officers are regular employees of the Company and its subsidiaries and are similarly remunerated with a compensation package comprising of regular salary, bonuses, thirteenth month pay and leave conversions that the Company extends to its regular employees. Directors who are not executive officers are paid specified amounts per meeting participation.

(2) Summary Compensation Table

The following table summarizes certain information regarding compensation paid or accrued during the last two fiscal years and paid in the ensuing fiscal year to the Company's Chairman and each of the Company's four most highly compensated executive officers.

SUMMARY COMPENSATION TABLE

(a)	(b)	Annual Compensation		
		(c)	(d)	(e)
<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (P)</u>	<u>Bonus (P)</u>	<u>Other Annual Compensation Income (P)</u>
Chairman and four most highly compensated executive officers				
Jason S. Lim	Chairman of the Board			
Susan L. Tan	Director, President and Chief Executive Officer			
David S. Lim	Director, Executive Vice President and Chief Strategy Officer			
Vincent S. Lim	Director, Senior VP and Chief Financial Officer			
Lita Joaquin	Senior VP and Treasurer			
	2026 (Est.)	24,730,200	4,336,600	1,929,200
	2025	22,482,000	3,942,365	1,753,834
	2024	21,384,000	3,758,840	1,686,350
All officers and directors as a group unnamed	2026 (Est.)	17,073,540	2,141,200	2,358,000
	2025	15,521,400	1,976,540	2,143,568
	2024	14,557,200	2,056,580	2,255,310

(3) Compensation of Directors

Please see executive and directors' compensation.

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

(a) In 2024, SolidGroup Technologies Corporation (SGTC), a wholly owned subsidiary of the Company, entered into an executive employment contract with its executive officer for a fixed term of three (3) years ending September 30, 2024, under an agreed compensation package. The contract was subsequently extended until December 31, 2024. Upon expiration of the contract, the executive officer was absorbed by the parent company effective January 1, 2025 in the same capacity. The officer also serves as a director and executive officer of the Company.

(b) There are no compensatory plans or arrangements, including payments to be received from the Company or its subsidiaries, that would result from the resignation, retirement, or any other termination of an executive officer or director's employment, or from a change-in-control of the Company, or a change in the executive officer's or director's responsibilities following a change-in-control, where the aggregate amount involved, including all periodic payments or installments, exceeds P2.5 million.

(5) Warrants and Options Outstanding: Repricing

Not applicable. The Company has no outstanding warrants and options.

Item 11. Security Ownership of Certain Beneficial Owners and Management

C. Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's voting securities as of December 31, 2025 were as follows.

(1) Title of Class	(2) Name and address of record owner and relationship with issuer	(3) Name of Beneficial Owner and Relationship with Record Owner	(4) Citizenship	(5) No. of Shares Held record (r) or beneficial (b)	(6) % to Total Outstanding
Common	AA Commercial, Inc. ¹ 2285 Pasong Tamo Ext. Makati City Affiliate	Vincent S. Lim Treasurer of AA Commercial Inc.	Filipino	583,377,817 (r) ¹	32.03
Common	AV Value Holdings Corporation 1000 J. Bocobo St., Ermita, Manila Affiliate	David S. Lim Director of AV Value Holding Corp.	Filipino	499,999,999 (r) ²	27.45

Common	PCD Nominee Corporation (F) ² G/F MSE Bldg., 6767 Ayala Ave., Makati City Stockholder	Various stockholders None	Filipino	337,704,973	18.54

Note 1: AA Commercial Inc. is owned by the Lim Family. Mr. Vincent S. Lim is authorized to vote the shares of stock registered in the name of AA Commercial Inc. Mr. Vincent S. Lim is the Treasurer of AA Commercial Inc.

2. AV Value Holdings Corporation is owned by the Lim Family. Mr. David S. Lim is authorized to vote the shares of stock registered in the name of AV Value Holdings Corporation. Mr. David S. Lim is a Director of AV Value Holdings Corporation.

3: There is no participant lodged under PCD Nominee Corporation that owns more than 5% of the voting securities of the Company.

(2) Security Ownership of Management

The following directors and officers own shares in the Company as of December 31, 2025.

(1) Title of Class	(2) Name of Beneficial Owner	(3) Amount and Nature of Beneficial Ownership	(4) Citizenship	(5) % to Total Outstanding
Common	Susan L. Tan	78,645 (direct)	Filipino	-
Common	Jonathan Joseph C. C. Lim	11,000,000 (direct)	Filipino	0.60
Common	Vincent S. Lim	71,887,187 (direct) 583,377,817 (indirect) ¹	Filipino	3.95 32.03
Common	Jason S. Lim	65,176,160 (direct)	Filipino	3.58
Common	Kevin Michael L. Tan	11,000,000 (direct)	Filipino	0.60
Common	Rafael F. Simpao Jr.	1,000 (direct)	Filipino	-
Common	Siegfred B. Mison	1,000 (direct)	Filipino	-
Common	Elena S. Lim	1,894 (direct)	Filipino	-
Common	Joseph Lim	2 (direct)	Filipino	-
Common	Beda T. Manalac	1,001 (direct)	Filipino	-
Common	David S. Lim	79,488,591 (direct) 5,000,000 (indirect) ³ 499,999,999 (indirect) ²	Filipino	4.36 0.27 27.45
Common	Roberto V. San Jose	242,000 (direct)	Filipino	0.01
Common	Ana Maria Katigbak-Lim	-	Filipino	-
Common	Lita L. Joaquin	7,030,000 (direct)	Filipino	0.39
Common	Christopher James L. Tan	18,462,000 (direct)	Filipino	1.01
Common	Josephine T. Santiago	7,000 (direct)	Filipino	-
Common	Ericson B. Salvador	-	Filipino	-
Common	Annabella S. Orbe	-	Filipino	-

The aggregate amount of ownership of all directors and officers as a group unnamed is 1,352,754,296 shares or 74.26% of the total outstanding shares.

Note 1. AA Commercial Inc. is owned by the Lim Family. Mr. Vincent S. Lim is authorized to vote the shares of stock registered in the name of AA Commercial Inc. Mr. Vincent S. Lim is the Treasurer of AA Commercial Inc.

2. AV Value Holdings Corporation is owned by the Lim Family. Mr. David S. Lim is authorized to vote the shares of stock registered in the name of AV Value Holdings Corporation. Mr. David S. Lim is a Director of AV Value Holdings Corporation.

3. These shares were registered in the name of a member of the immediate family sharing the same household.

(3) Voting Trust Holders of 5% or More

The Company is not aware of any stock held under a voting trust agreement. However, AA Commercial Inc. and AV Value Holdings Corporation are companies owned by the Lim Family. Mr. Vincent S. Lim is authorized to vote the shares of stock registered in the name of AA Commercial Inc. Mr. Vincent S. Lim is the Treasurer of AA Commercial Inc. Mr. David S. Lim is authorized to vote the shares of stock registered in the name of AV Value Holdings Corporation. Mr. David S. Lim is a Director of AV Value Holdings Corporation.

(4) Changes in Control

There are no arrangements, which may result in changes in control of the registrant.

Item 12. Certain Relationships and Related Transactions

D. Certain Relationships and Related Transactions

1. In 2020, Solid Video Corporation (SVC) earns commission from sales of Solid Trading Limited (STL), a related party under common ownership, to customers in the Philippines. None for 2024, 2023 and 2022.

In 2022, MySolid purchases mobile phones, tablets and accessories from STL. MySolid also made advance payments to STL for purchase of mobile phones. None in 2025, 2024 and 2023.

In 2023 and 2022, SVC and Solid Service Electronics Corporation purchased electronic devices from Avid Sales Corporation (Avid), wholly owned subsidiary of the Company acquired in November 2022. The purchases reported as related party transactions transpired before the acquisition of ownership of Avid.

In 2022, MySolid and SVC sells mobile phones, tablets and accessories, tapes and equipment to Avid. None in 2024 and 2023.

Solid Manila Finance Inc. granted unsecured business loan to Precos Inc. Avid Sales Corporation, a wholly owned subsidiary of the Company acquired in November 2022, with the original principal loan amounting to P80.0 million. This business loan bears an annual interest rate of 8.0% in 2022, 2021 and 2020. The loan matured on January 18, 2020 and was renewed on the same date, repayable until January 18, 2025, its maturity date. Interest earned from loans is shown as part of Revenues

in the consolidated statement of income. The loan was collected in full in November 2022, prior to the acquisition by the Company.

Solid Manila Corporation (SMC) leases out certain land and buildings

Zen Towers Inc. (ZTC) leases office spaces to TCL Sun Inc., a related party under common ownership. OSSI provides warehouse leasing and distribution services to TCL Sun Inc.

SMC and ZTC bill service charges to its related parties for common usage and service area and consumption of utilities.

Revenue from sale of goods and services is recognized under revenues, while rental income is presented under rentals. Interest earned from loans is included in revenues. Related receivables are recorded under Trade and Other Receivables, while purchases are included in Cost of Sales and related payables under Trade and Other Payables. Refundable deposits from related parties are presented under Trade and Other Payables. Outstanding balances from and to related parties are unsecured, non-interest bearing, and generally settled in cash within twelve (12) months from the reporting date.

Advances to and from Related Parties

In the normal course of business, certain subsidiaries of the Company grants and obtains unsecured, non-interest bearing and no fixed repayment and settlement term cash advances to and from related parties under common ownership for working capital requirements and other purposes.

Solid Service Electronics Corporation has an outstanding receivable from CPD Access Corporation, a related party under common ownership, for returns arising from purchases made in prior years and is presented as part of Advances to Related Parties in the consolidated statements of financial position.

Other than the foregoing, there were no transactions during the past two fiscal years to which the Company was a party, in which a director, executive officer, nominee for director, stockholder owning more than 10% of the outstanding shares of the Company had a direct interest.

2.The Company has no transactions involving related parties where the service fees or rates are fixed by law or government authority, nor acts as bank depository of funds, transfer agent, registrar or trustee under a trust indenture nor has any other interest except for those arising from the ownership of securities of the registrant recorded as treasury shares nor received extra or special benefit that was not shared equally by all holders of the registrant.

3.The Company has no parent company holding or controlling more than 50% of its outstanding capital stock. However, AA Commercial Inc. and AV Value Holdings Corporation separately own and control 32.03% and 27.45%, respectively, of the Company's outstanding shares.

4.There are no transactions with promoters or assets acquired by the Company from any promoters.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company adopted a Manual on Corporate Governance to institutionalize the rules and principles of good corporate governance in accordance with the Code of Corporate Governance promulgated by Securities and Exchange Commission (SEC). Its Manual on Corporate Governance was submitted to the SEC on September 2, 2002 in accordance with SEC Memorandum Circular No. 2 Series of 2002.

Pursuant to the Manual, three Board Committees – Audit, Nomination and Compensation and Remuneration Committees were created in 2003 to aid in complying with principles of good corporate governance. In 2003, the Company increased the number of independent directors from one (1) to two (2). In 2004, in compliance with SEC Memorandum Circular No. 6, the Company increased the number of independent directors in its Audit Committee, from one independent director to two (2) independent directors, and appointed an independent director to head the Audit Committee. In 2008, the company created another committee, the Risk Management Committee in addition to the 3 existing committees composed of four (4) members chaired by an independent director.

A Compliance Officer (CO) was appointed in 2002, directly reporting to the Chairman of the Board, to monitor compliance with the provisions and requirements of the Manual. The Compliance Officer established an evaluation system to measure or determine the level of the Company's compliance with its Manual. In June 2023, a new CO was appointed by the Board of Directors to replace the retired CO. The same CO continues to serve in this role as of December 31, 2025.

The Board of Directors approved the Company's Revised Manual on Corporate Governance on September 30, 2010, in compliance with SEC Memorandum Circular No. 6, Series of 2009. The Revised Manual was adopted and submitted to the SEC on the same date. Subsequently, the Company adopted an Amended Manual of Corporate Governance, which was submitted to the SEC on July 25, 2014.

In June 13, 2013, the Board of Directors approved the Audit Committee Charter.

On April 2, 2014, the Board of Directors approved the Revised Code of Business Conduct of the Company.

On August 12, 2014, the Company's Board of Directors approved the following charters: Corporate Governance and Nominations Committee Charter, Compensation or Remuneration Committee Charter and Risk Management Committee Charter. The Company updated its various charter and the Company's Board of Directors approved the same on November 5, 2019 - the Amended Corporate Governance & Nominations Committee Charter, Risk Management Committee Charter, Internal Audit Charter, Audit Committee Charter. On the same date, the Board approved the Related Party Transaction Committee Charter. On November 10, 2020, the Board approved the Board Charter.

On April 1, 2009, the Board of Directors approved the Whistle Blowing Policy. On November 11, 2014, the Board of Directors approved the policies on: Enterprise Risk Management Policy, Conflict of Interest Policy, Related Party Transaction Policy and Insider Trading Policy. On

November 5, 2019, the Company's Board of Directors approved the Amended Related Party Transaction Policy, Enterprise Risk Management Policy, Insider Trading Policy, Policy and Data Relating to Health, Safety and Welfare of Employees, Conflict of Interest Policy.

On August 8, 2019, the Company's Board of Directors approved the Material Related Party Transactions Policy of the Company in compliance with SEC Memorandum Circular No. 10, Series of 2019 and submitted the same to the SEC.

The Board of Directors approved the Amended Manual on Corporate Governance in compliance with SEC Memorandum Circular 19, Series of 2016 on May 29, 2017 and submitted it to the SEC on the same date, with an amendment submitted to the SEC on June 8, 2017.

Under the amended manual, the Company created the Related Party Transaction Committee and combined the other Board Committees. The Company has the following Board Committees: Audit Committee, Corporate Governance, Compensation and Nomination Committee, Risk Management Committee and Related Party Transaction Committee.

On April 23, 2025, the Company updated the Whistle Blowing Policy.

On May 20, 2025, the Company's Board of Directors approved updates to the Board Charter, Audit Committee Charter, Corporate Governance and Nominations Committee Charter, Compensation or Remuneration Committee Charter, Risk Management Committee Charter, Internal Audit Charter, and Related Party Transaction Committee Charter. On the same date, the Board also approved updates to the following policies: Enterprise Risk Management, Conflict of Interest, Insider Trading, Policy on Data Relating to the Health, Safety and Welfare of Employees, including Company-Sponsored Training and Material Related Party Transactions.

The company has reelected Mr. Rafael F. Simpao and Atty Siegfried B Mison as Independent Directors during the Annual Stockholders' meeting on June 26, 2025.

The Company reappointed Punongbayan and Araullo, CPAs as its independent accountant for the year 2025 during the Annual Stockholders' meeting on June 26, 2025.

In 2023, the Company designated a new engagement partner for the audit of the financial statements of the Company beginning the year ending December 31, 2023 in compliance with its Manual on Corporate Governance, which requires that the Company's external auditor be rotated or the handling partner changed every five (5) years or earlier.

The Company, its Directors, Officers and Employees complied with all the leading practices and principles on Good Governance as embodied in the Company's Manual. In March 2023, all members of the Board of Directors, along with Senior Management officers, successfully completed a one-day special seminar on Corporate Governance conducted by the Institute of Corporate Directors (ICD), an accredited training provider of SEC. Furthermore, on October 10, 2024, the Company's Directors and Officers participated in a half-day Advanced Corporate Governance Seminar, also facilitated by ICD, in compliance with SEC Memorandum Circular No. 20, Series of 2013.

In compliance with its Amended Manual on Corporate Governance, the Board of Directors conducted an annual self-assessment covering the Board as a whole, the Chairman, individual

directors, and its committees. In April 2022, the Company engaged an external facilitator to assist in the conduct of its 2021 board evaluation. Subsequently, in April 2026, the Institute of Corporate Directors conducted the board evaluation for the Company's 2025 performance, in accordance with the Company's governance manual and the SEC Code of Corporate Governance for publicly listed

The Annual Corporate Governance Report (ACGR) for 2012 was accomplished and submitted on June 28, 2013 in compliance with SEC Memorandum Circular No. 5, Series of 2013. There are no reported major deviations from its Revised Manual on Corporate Governance. The ACGR for 2015 was likewise submitted and included in the 2015 Annual Report (SEC Form 17-A). The 2016 ACGR was submitted on May 19, 2017 in compliance with SEC Memorandum Circular No. 20, Series of 2016. Subsequently, the Integrated Annual Corporate Governance Report (I-ACGR) for 2017 was submitted on May 30, 2018 in compliance with SEC Memorandum Circular No. 15, Series of 2017. The Company has since consistently complied with submission deadlines for succeeding I-ACGR filings. The 2025 I-ACGR will be submitted on or before May 30, 2026.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

- (a) Exhibits - See accompanying Index to Exhibit.

The following exhibit is filed as a separate section of this report:

- (b) Reports on SEC Form 17-C

The following were reported during the period covered by these filings:

1. In connection with the letter from the Securities and Exchange Commission – Office of the General Accountant dated April 8, 2026, the Company was assessed a penalty of ₱125,000 for violation of Revised SRC Rule 68.
2. On June 26, 2025, the Board of Directors approved the Amended Material Related Party Transactions Policy in accordance with SEC Memorandum Circular No. 10, Series of 2019.
- 3) On April 7, 2026, the Company advised that the Board of Directors approved the setting of the Annual Stockholder's Meeting for 2026 on June 25, 2026 at 2:00 p.m. to be held virtually or in absentia with record date to determine the stockholders entitled to notice of and vote during the meeting on May 29, 2026.

INDEX TO EXHIBITS

Form 17-A

<u>No.</u>	<u>Page No.</u>
(3) Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	*
(5) Instruments Defining the Rights of Security Holders, including Indentures	*
(8) Voting Trust Agreement	*
(9) Material Contracts	74
(10) Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
(13) Letter re Change in Certifying Accountant	*
(16) Report Furnished to Security Holders	*
(18) Subsidiaries of the Registrant	75
(19) Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20) Consent of Experts and Independent Counsel	*
(21) Power of Attorney	*
(29) Additional Exhibits	*

* These Exhibits are either not applicable to the Company or require no answer.

EXHIBIT 9 MATERIAL CONTRACTS

There are no material contracts that are not made in the ordinary course of business entered into by the Company and its subsidiaries during the year.

EXHIBIT 18 SUBSIDIARIES OF THE REGISTRANT

Solid Group Inc. has fifteen consolidated subsidiaries, each of which is wholly owned, as follows:

Name	Jurisdiction
Solid Video Corporation	Makati City, Philippines
Kita Corporation	Clark, Pampanga, Philippines
Omni Solid Services Inc. (formerly Solid Laguna Corporation)	Binan, Laguna, Philippines
SolidService Electronics Corporation (formerly Solid Electronics Corporation)	Quezon City, Philippines
Solid Manila Corporation	Manila, Philippines
Solid Manila Finance Inc.	Makati, Philippines
Solid Broadband Corporation	Makati, Philippines
Brilliant Reach Limited	British Virgin Islands
Zen Tower Corporation	Manila, Philippines
Precos, Inc.	Makati, Philippines
SolidGroup Technologies Corporation	Makati, Philippines
My Solid Technologies & Devices Corporation	Makati, Philippines
MyApp Corporation	Makati, Philippines
Green Sun Hotel Management Inc.	Makati, Philippines
Avid Sales Corporation	Manila, Philippines

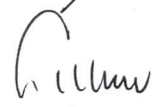
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati, Metro Manila, Philippines on April 21, 2026.

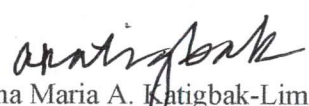
By:

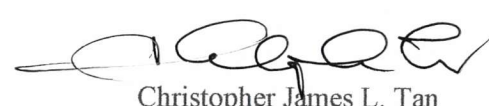

Susan L. Tan
Director, President & Chief Executive Officer


Vincent S. Lim
Director, SVP & Chief Financial Officer


Annabella S. Orbe
VP & Chief Accounting Officer


Roberto V. San Jose
Corporate Secretary


Ana Maria A. Katigbak-Lim
Assistant Corporate Secretary


Christopher James L. Tan
SVP for Business Integration &
SEC Compliance Officer

SUBSCRIBED AND SWORN to before me this APR 21 2026, affiants exhibiting to me their passports/identification cards, as follows:

<u>Name</u>	<u>Passport No</u>	<u>Date/Place Issued</u>
Susan L. Tan	P5617366A	January 15, 2018, Manila
Vincent S. Lim	P4677771B	February 4, 2020, Manila
Ana Maria A. Katigbak -Lim	P7145377B	July 7, 2021, Manila
Christopher James L. Tan	P7093545A	May 10, 2018, NCR East
Annabella S. Orbe	P2052637B	April 27, 2019, Manila

<u>Name</u>	<u>SSS</u>
Roberto V. San Jose	03-0833142-6

Doc. No. 432 ;
Page No. 88 ;
Book No. 701 ;
Series of 2026


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

SOLID GROUP, INC.

INDEX TO FINANCIAL STATEMENTS

FORM 17-A, Item 7

Consolidated Financial Statements

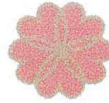
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SOLID GROUP, INC.

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December 31, 2025**

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SOLID GROUP INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Solid Group Inc. 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 Group or to cease operations, or has no realistic alternative to do so.

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

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

Punongbayan & Araullo, 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.

JASON S. LIM
Chairman of the Board
Passport No. P1105245B
Date/Place Issued:
March 19, 2019, Manila

SUSAN L. TAN
President & Chief Executive Officer
Passport No. P5617366A
Date/Place Issued:
January 15, 2018, Manila

VINCENT S. LIM
SVP & Chief Financial Officer
Passport No. P4677771B
Date/Place Issued:
February 4, 2020, Manila

APR 21 2026
Signed this _____ day of _____ 2026.

APR 21 2026
SUBSCRIBED AND SWORN to before me this _____ day of _____, affiants
exhibiting to me their passport with details shown above.

Doc No. 430
Page No. 87
Book No. 41
Series of 2026

ATTY. RENE MA. M. VILLA

Notary Public of Makati City
Appointment No. M-110
(Ren) (2025 - 2026)
Until December 31, 2026
PTR No. 10766722; 01-05-2026; Makati City
IBP Lifetime No. 013395; 12-27-2013; I.C.
Roll No. 37226
MCLC Compliance No. VIII-0012754; 08-27-2024
Ground Floor, Makati Terraces Condominium
3450 Devila St., Tejeros, Makati City

Financial Statements and
Independent Auditors' Report

Solid Group Inc. and Subsidiaries

December 31, 2025, 2024 and 2023

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders

Solid Group Inc. and Subsidiaries

2285 Don Chino Roces Avenue
Makati City, Philippines

Opinion

We have audited the consolidated financial statements of Solid Group Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, 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 the 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in the Philippines. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

(a) Valuation of Investment Properties at Fair Value***Description of the Matter***

The Group's investment properties consist primarily of land and improvements, and buildings and improvements held for lease under operating leases. The Group accounts for investment properties using the fair value model. As of December 31, 2025, the carrying value of the Group's investment properties amounted to P8,384.1 million, representing 53.44% of the total consolidated assets. In determining the fair value of investment properties at year end, management engaged the services of a professional and independent appraiser with relevant experience in both the location and the nature of the investment properties, employing appropriate valuation methodologies.

The valuation of investment properties was considered a key audit matter due to the significance of the balance to the consolidated financial statements and the degree of judgment involved in assessing whether the fair values remained appropriate as at year end.

The Group's disclosures relating to investment properties and fair value measurement are included in Notes 2, 3, 12, and 30 to the consolidated financial statements.

How the Matter was Addressed in our Audit

Our audit procedures to address the risk of material misstatement relating to the valuation of investment properties included the following:

- assessing the competence, capability, and objectivity of the independent appraiser whose valuation work formed part of the valuation information considered by management including the appraiser's relevant experience with similar properties and locations;
- evaluating the results of the independent appraiser by reviewing the appropriateness of valuation methodologies and significant assumptions applied in the valuation information and assessing their consistency with the nature and use of the Group's investment properties;
- performing audit procedures to assess the reasonableness of the work of the independent appraiser that the fair values are appropriate, including consideration of relevant market conditions, observable market data, and property-specific factors during the year; and,
- evaluating the adequacy and completeness of the related disclosures in the consolidated financial statements.

The audit procedures performed provided a basis for assessing whether the carrying amounts of the Group's investment properties as at December 31, 2025 are free from material misstatements.

(b) Revenue Recognition for Sale of Goods and Rendering of Services

Description of the Matter

The Group recognizes revenue from sale of goods and rendering of services when control of goods or services is transferred to customers, either over time or at a specific point in time, in accordance with PFRS 15, *Revenue from Contracts with Customers*. For the year ended December 31, 2025, the Group's revenue from sale of goods and rendering of services amounted to P1,551.8 million and P985.8 million, respectively.

Revenue recognition was considered a key audit matter due to the significance of revenue to the consolidated financial statements and the judgment involved in determining the timing of revenue recognition for different revenue streams, particularly in assessing when control of goods transfers to customers and in measuring the progress of services recognized over time.

The Group's disclosures about its revenue from sale of goods and rendering of services and revenue recognition policies are included in Notes 2 and 4.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition included:

- obtaining an understanding of the Group's revenue transactions by reviewing revenue contracts and revenue transaction processes, and testing of design and operating effectiveness of the internal controls related to the process of recording sale and receipts, including inquiry and observation, and performing walkthroughs of controls to verify amounts in source documents align with records;
- evaluating appropriateness of the Group's revenue recognition policy in accordance with PFRS 15;
- performing tests of details by examining sales invoices, delivery receipts, cash receipts and other related documents to verify validity and existence of the sales transactions;
- performing sales cut-off tests by examining sales transactions near period end and reviewing delivery orders, commercial invoices, sales returns, credit memos and other receivable adjustments after the reporting period to confirm proper timing of revenue recognition;
- confirming receivables, on sample basis, and performing alternative procedures for non-responding customers such as examining cash receipts or sales and billing invoices; and,
- analyzing monthly and product-level revenue components and performing financial ratio analysis related to revenues such as comparing the current year's revenue as a percentage of total revenues, receivable turnover and average collection period.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's 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, as discussed in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

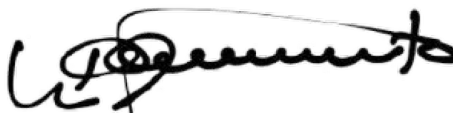
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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.

The engagement partner on the audits resulting in this independent auditors' report is Renan A. Piamonte.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10770769, January 6, 2026, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2025)

Firm - No. 0002 (until financial period 2030)

BIR AN 08-002551-037-2025 (until August 6, 2028)

BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

May 11, 2026

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 2,576,872,713	P 3,077,901,933
Short-term placements	5	622,972,639	200,271,182
Trade and other receivables - net	6	573,510,605	435,752,121
Advances to related parties	25	2,423,879	6,697,750
Merchandise inventories and supplies - net	8	227,720,354	353,571,041
Real estate inventories	9	424,967,513	424,967,513
Other current assets - net	13	542,350,538	567,193,877
Total Current Assets		4,970,818,241	5,066,355,417
NON-CURRENT ASSETS			
Trade and other receivables	6	476,137,491	453,107,767
Financial assets at fair value through other comprehensive income	7	94,000,000	74,200,000
Investments in associates - net	7	29,612,714	38,022,714
Investment in bonds	7	20,000,000	20,000,000
Right-of-use assets - net	10	3,757,465	3,004,500
Property and equipment - net	11	1,607,135,801	1,612,580,486
Investment properties - net	12	8,384,066,730	8,041,681,277
Post-employment benefit asset - net	21	58,563,150	131,204,872
Deferred tax assets - net	22	12,991,767	12,554,960
Other non-current assets - net	13	31,075,752	48,214,008
Total Non-current Assets		10,717,340,870	10,434,570,584
TOTAL ASSETS		P 15,688,159,111	P 15,500,926,001

	Notes	2025	2024
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loan	14	P 39,375,000	P -
Trade and other payables	15	494,656,791	658,126,297
Customers' deposits		24,760,297	1,272,982
Lease liabilities	10	3,838,746	3,405,363
Income tax payable		6,508,310	17,547,524
Total Current Liabilities		569,139,144	680,352,166
NON-CURRENT LIABILITIES			
Interest-bearing loan	14	835,625,000	875,000,000
Refundable deposits	16	23,014,249	21,645,519
Post-employment benefit obligation	21	32,690,533	29,785,339
Deferred tax liabilities - net	22	1,212,807,982	1,126,961,282
Lease liabilities	10	60,232	502,510
Total Non-current Liabilities		2,104,197,996	2,053,894,650
Total Liabilities		2,673,337,140	2,734,246,816
EQUITY			
Attributable to the Parent Company's stockholders			
Capital stock	23	2,030,975,000	2,030,975,000
Additional paid-in capital		4,641,701,922	4,641,701,922
Treasury shares - at cost	23	(115,614,380)	(115,614,380)
Revaluation reserves - net	23	161,289,723	182,941,686
Retained earnings	23	6,247,354,128	5,731,763,093
Total equity attributable to the Parent Company's stockholders		12,965,706,393	12,471,767,321
Non-controlling interests	23	49,115,578	294,911,864
Total Equity		13,014,821,971	12,766,679,185
TOTAL LIABILITIES AND EQUITY		P 15,688,159,111	P 15,500,926,001

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
REVENUES				
Sale of goods	4, 25	P 1,551,770,724	P 1,516,061,816	P 1,315,397,087
Rendering of services	25, 26	985,828,962	836,009,007	782,652,204
Rentals	12, 25, 27	613,267,545	419,036,570	278,482,627
Interest	5, 6, 7, 25	86,244,543	81,793,246	90,293,659
Real estate sales		-	8,125,000	-
		<u>3,237,111,774</u>	<u>2,861,025,639</u>	<u>2,466,825,577</u>
COSTS OF SALES, SERVICES, RENTALS AND REAL ESTATE SALES				
	17, 18			
Cost of sales		1,227,575,954	1,237,344,393	1,037,750,665
Cost of services		703,393,892	596,433,457	529,239,509
Cost of rentals		105,881,571	94,421,512	72,186,605
Cost of real estate sales		-	3,962,442	-
		<u>2,036,851,417</u>	<u>1,932,161,804</u>	<u>1,639,176,779</u>
GROSS PROFIT		<u>1,200,260,357</u>	<u>928,863,835</u>	<u>827,648,798</u>
OTHER OPERATING EXPENSES				
General and administrative expenses	18	511,357,668	464,668,316	488,827,742
Selling and distribution costs	18	187,914,055	160,136,369	124,760,455
Other operating income	19	(245,155,537)	(333,856,378)	(362,285,587)
		<u>454,116,186</u>	<u>290,948,307</u>	<u>251,302,610</u>
OPERATING PROFIT		<u>746,144,171</u>	<u>637,915,528</u>	<u>576,346,188</u>
OTHER INCOME (CHARGES)				
Finance income	5, 6, 20	105,254,980	137,097,901	128,342,280
Finance costs	20	(60,258,476)	(11,410,999)	(6,009,463)
Other gains	20	140,034,239	85,887,508	32,666,476
		<u>185,030,743</u>	<u>211,574,410</u>	<u>154,999,293</u>
PROFIT BEFORE TAX		<u>931,174,914</u>	<u>849,489,938</u>	<u>731,345,481</u>
TAX EXPENSE	22	<u>226,498,054</u>	<u>246,688,529</u>	<u>199,580,349</u>
NET PROFIT		<u>P 704,676,860</u>	<u>P 602,801,409</u>	<u>P 531,765,132</u>
Net profit attributable to the:				
Parent Company's stockholders	24	P 696,983,043	P 551,359,348	P 509,619,362
Non-controlling interests		<u>7,693,817</u>	<u>51,442,061</u>	<u>22,145,770</u>
		<u>P 704,676,860</u>	<u>P 602,801,409</u>	<u>P 531,765,132</u>
Basic and diluted earnings per share attributable to the				
Parent Company's stockholders	24	<u>P 0.38</u>	<u>P 0.30</u>	<u>P 0.28</u>

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
NET PROFIT		P 704,676,860	P 602,801,409	P 531,765,132
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss –				
Currency exchange differences on translating financial statements of foreign operations	23	<u>11,207,051</u>	<u>29,994,091</u>	(<u>9,249,466</u>)
Items that will not be reclassified subsequently to profit or loss:				
Fair value gains on financial assets at fair value through other comprehensive income	7, 23	<u>19,800,000</u>	18,800,000	18,400,000
Remeasurement of post-employment defined benefit plan	21, 23	(<u>69,659,203</u>)	6,849,321	(39,063,646)
Tax income (expense)	22, 23	<u>17,762,381</u>	(<u>1,483,537</u>)	<u>9,494,432</u>
		(<u>32,096,822</u>)	<u>24,165,784</u>	(<u>11,169,214</u>)
		(<u>20,889,771</u>)	<u>54,159,875</u>	(<u>20,418,680</u>)
TOTAL COMPREHENSIVE INCOME		P 683,787,089	P 656,961,284	P 511,346,452
Total comprehensive income attributable to:				
Parent Company's stockholders		P 676,093,272	P 605,519,223	P 489,200,682
Non-controlling interests		<u>7,693,817</u>	<u>51,442,061</u>	<u>22,145,770</u>
		<u>P 683,787,089</u>	<u>P 656,961,284</u>	<u>P 511,346,452</u>

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

Note	Attributable to the Parent Company's Stockholders						Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Treasury Shares - at Cost	Revaluation Reserves	Retained Earnings	Total		
Balance at January 1, 2025	P 2,030,975,000	P 4,641,701,922	(P 115,614,380)	P 182,941,686	P 5,731,763,093	P 12,471,767,321	P 294,911,864	P 12,766,679,185
Reduction of capital stock	23 -	-	-	-	-	-	(209,880,000)	(209,880,000)
Effect of deconsolidation of a subsidiary	23 -	-	-	-	-	-	(43,610,103)	(43,610,103)
Dividends declared	23 -	-	-	-	(182,154,200)	(182,154,200)	-	(182,154,200)
Derecognition of revaluation reserves related to plan assets	-	-	-	(762,192)	762,192	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(20,889,771)	696,983,043	676,093,272	7,693,817	683,787,089
Balance at December 31, 2025	<u>P 2,030,975,000</u>	<u>P 4,641,701,922</u>	<u>(P 115,614,380)</u>	<u>P 161,289,723</u>	<u>P 6,247,354,128</u>	<u>P 12,965,706,393</u>	<u>P 49,115,578</u>	<u>P 13,014,821,971</u>
Balance at January 1, 2024	P 2,030,975,000	P 4,641,701,922	(P 115,614,380)	P 128,781,811	P 5,362,557,945	P 12,048,402,298	P 305,032,067	P 12,353,434,365
Dividends declared	23 -	-	-	-	(182,154,200)	(182,154,200)	(61,562,264)	(243,716,464)
Total comprehensive income for the year	-	-	-	54,159,875	551,359,348	605,519,223	51,442,061	656,961,284
Balance at December 31, 2024	<u>P 2,030,975,000</u>	<u>P 4,641,701,922</u>	<u>(P 115,614,380)</u>	<u>P 182,941,686</u>	<u>P 5,731,763,093</u>	<u>P 12,471,767,321</u>	<u>P 294,911,864</u>	<u>P 12,766,679,185</u>
Balance at January 1, 2023	P 2,030,975,000	P 4,641,701,922	(P 115,614,380)	P 149,200,491	P 4,962,231,103	P 11,668,494,136	P 328,498,353	P 11,996,992,489
Effect of deconsolidation of subsidiaries	23 -	-	-	-	-	-	5,689,831	5,689,831
Dividends declared	23 -	-	-	-	(109,292,520)	(109,292,520)	(51,301,887)	(160,594,407)
Total comprehensive income (loss) for the year	-	-	-	(20,418,680)	509,619,362	489,200,682	22,145,770	511,346,452
Balance at December 31, 2023	<u>P 2,030,975,000</u>	<u>P 4,641,701,922</u>	<u>(P 115,614,380)</u>	<u>P 128,781,811</u>	<u>P 5,362,557,945</u>	<u>P 12,048,402,298</u>	<u>P 305,032,067</u>	<u>P 12,353,434,365</u>

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024 (As Restated – see Note 2)	2023 (As Restated – see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 931,174,914	P 849,489,938	P 731,345,481
Adjustments for:				
Interest income	5, 6, 7, 21, 25	(178,606,469)	(191,508,002)	(192,070,738)
Fair value gains on investment properties – net	12	(170,798,258)	(263,273,178)	(296,696,566)
Depreciation and amortization	10, 11, 13, 18	98,193,630	109,733,535	85,796,379
Interest expense	10, 20, 21	65,248,105	19,185,258	9,758,968
Gain on deconsolidation	20	(20,502,205)	-	(3,344,759)
Unrealized foreign currency exchange loss (gain)		15,570,227	23,099,208	(20,197)
Loss on write-off of intangible assets	13	12,926,459	-	-
Provision (reversal of allowance) for inventory obsolescence – net	8, 18	(12,315,036)	34,601,600	2,174,781
Impairment loss on investment in an associate	7, 18	10,000,000	10,000,000	40,000,000
Gain on derecognition of liabilities	20	(7,800,066)	-	-
Impairment losses (reversal for impairment losses) on trade and other receivables – net	6, 18	2,931,711	(220,568)	367,841
Gain on sale of property and equipment	11, 20	(2,566,163)	(1,730,426)	(4,464,233)
Impairment loss on input value-added tax	13, 18	1,101,685	5,209,241	-
Loss (gain) on sale of investment properties	12, 20	-	6,338,666	(339,000)
Operating profit before working capital changes		744,558,534	600,925,272	372,507,957
Increase in trade and other receivables		(181,216,259)	(237,295,106)	(25,631,463)
Decrease (increase) in merchandise inventories and supplies		138,165,723	(50,825,339)	(14,892,228)
Decrease in real estate inventories		-	3,962,442	-
Decrease (increase) in other current assets		293,080,142	175,205,581	(131,856,817)
Decrease (increase) in post-employment benefit asset		80,357,012	(2,651,854)	37,091,591
Decrease (increase) in other non-current assets		5,620,263	(9,191,023)	(970,642)
Increase (decrease) in trade and other payables		(155,261,614)	71,814,215	108,188,918
Increase (decrease) in customers' deposits		23,487,315	(3,000,000)	(10,318,020)
Increase in advances from related parties		-	-	7,237,448
Increase (decrease) in refundable deposits		179,852	(172,388,252)	6,887,054
Increase (decrease) in post-employment benefit obligation		(78,067,138)	8,950,767	(41,992,095)
Cash generated from operations		870,903,830	385,506,703	306,251,703
Interest received		87,868,199	83,416,902	84,009,745
Cash paid for income taxes		(401,282,869)	(418,532,199)	(112,503,500)
Net Cash From Operating Activities		557,489,160	50,391,406	277,757,948
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional short-term placements	5	(1,228,064,626)	(199,634,177)	(746,325,903)
Maturity of short-term placements	5	805,363,169	153,143,400	592,545,498
Acquisitions of investment properties	12	(171,587,195)	(825,633,342)	(1,070,227,041)
Acquisitions of property and equipment	11	(89,446,170)	(146,706,625)	(89,213,822)
Interest received		86,357,480	103,353,073	91,914,465
Proceeds from disposal of property and equipment	11	2,578,663	18,951,771	5,873,942
Acquisition of intangible assets	13	(2,456,653)	(162,233)	(82,087)
Proceeds from loss of control of a subsidiary	20, 23	1,060,000	-	200
Proceeds from disposal of investment properties	12	-	156,148,348	8,688,000
Proceeds from termination of investments in life insurance	6	-	547,050,180	-
Advances granted to related parties		-	(4,277,321)	(33,578)
Additional advances to suppliers of investment properties	6	-	-	(120,000,000)
Net Cash Used in Investing Activities		(596,195,332)	(197,766,926)	(1,326,860,326)
Balance brought forward		(P 38,706,172)	(P 147,375,520)	(P 1,049,102,378)

			2024 (As Restated – see Note 2)	2023
	Notes	2025		
<i>Balance carried forward</i>		(P 38,706,172)	(P 147,375,520)	(P 1,049,102,378)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	23	(182,154,200)	(243,716,464)	(160,594,407)
Interest paid for interest-bearing loans	14	(54,083,836)	(26,300,896)	-
Repayment of lease liabilities	10	(6,817,864)	(7,975,734)	(7,201,585)
Proceeds from availment of interest-bearing loans	14	-	770,000,000	105,000,000
Net Cash From (Used in) Financing Activities		(243,055,900)	492,006,906	(62,795,992)
Effects of Foreign Exchange Rate Changes on Cash and Cash Equivalents		10,443,434	22,463,685	(9,229,262)
CASH OF DECONSOLIDATED SUBSIDIARIES	23	(229,710,582)	-	(123,615)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(501,029,220)	367,095,071	(1,121,251,247)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,077,901,933	2,710,806,862	3,832,058,109
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>P 2,576,872,713</u>	<u>P 3,077,901,933</u>	<u>P 2,710,806,862</u>

Supplemental Information on Non-cash Investing and Financing Activities:

1. The Group capitalized interest on loans amounting to P18.1 million in 2024 as part of Construction in progress under Investment Properties in the 2024 consolidated statement of financial position (see Note 12). There was no similar transaction in 2025 and 2023.
2. In 2024, the Group transferred land with a carrying amount of P10.0 million from property and equipment to investment properties upon the commencement of lease (see Notes 11 and 12). There was no similar transaction in 2025 and 2023.
3. In 2024, the Group applied as payment the advances to suppliers amounting to P120.0 million upon completion of the construction of the related investment property (see Notes 6 and 12). There was no similar transaction in 2025 and 2023.
4. The Group recognized additional right-of-use assets and lease liabilities both amounting to P6.4 million in 2025 and 2024, and P8.3 million in 2023 (see Note 10).
5. As a result of deconsolidation of certain subsidiaries in 2025 and 2023, the Group derecognized the related assets and liabilities of the subsidiaries from the consolidated financial statements as of December 31, 2025 and 2023 (see Note 23). The fair value of the retained interest amounting to P1.6 million is presented as part of Investment in Associates in the 2025 consolidated statement of financial position. There was no similar transaction in 2024.
6. Management obtains appraisal reports on its investment properties from independent appraisers. As a result of the appraisal, the Group recognizes fair value gains on investment properties amounting to P170.8 million, P263.3 million and P296.7 million in 2025, 2024 and 2023, respectively (see Note 12).

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Group Background

Solid Group Inc. (SGI or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (“the Commission”) on October 16, 1933. SGI currently conducts business as an investment holding company. On September 4, 1996, SGI listed its shares of stock in the Philippine Stock Exchange (PSE).

The Parent Company holds effective ownership interests in the following subsidiaries (the Parent Company and the subsidiaries are collectively referred to herein as “the Group”) and associates:

Subsidiaries / Associates	Percentage of Ownership		Notes	Nature of Business
	2025	2024		
Subsidiaries:				
Avid Sales Corporation (Avid)	100	100		Distribution, wholesale and retail of home appliances and electronic products
Brilliant Reach Limited (BRL)	100	100	a	Investment holding company
Casa Bocobo Hotel, Inc. (CBHI)	100	100	b	Hotel operation
Green Sun Hotel Management Inc. (GSHMI)	100	100		Hotel and related businesses
Kita Corporation (Kita)	100	100		Leasing of real estate properties
My Solid Technologies & Devices Corporation (My Solid)	100	100		Sale of mobile phones, devices and accessories
MyApp Corporation (MyApp)	100	100	c	Investment holding company
Omni Solid Services, Inc. (OSS)	100	100		Logistics and assembly of consumer electronics products
Precos, Inc. (Precos)	100	100		Real estate
Solid Broadband Corporation (SBC)	100	100		Broadband, cable and satellite services
SolidService Electronics Corporation (SEC)	100	100		Repair services for audio and video products
Solid Group Technologies Corporation (SGTC)	100	100		Trading of prefabricated modular house and office units
Solid Manila Corporation (SMC)	100	100		Real estate
Solid Manila Finance, Inc. (SMFI)	100	100		Financing
Solid Video Corporation (SVC)	100	100		Trading of professional audio/video equipment
Zen Towers Corporation (ZTC)	100	100		Real estate
SVC Hong Kong Limited (SVC HK)	100	100	f	Trading of professional audio/video equipment
Skyworld Corporation (Skyworld)	75	75	b, d	Investment holding company
Starworld Corporation (Starworld)		50	b, d, e	Real estate
Associates:				
Fekon Solid Motorcycle Mfg. Corp. (Fekon)	31	44	7.3	Sale of motorcycle, motor parts and products
Starworld	30		b, d, e	Real estate

Notes:

- (a) Incorporated and domiciled in the British Virgin Islands
- (b) Indirectly owned through SMC
- (c) Incorporated on October 23, 2014; has not yet started commercial operations as of December 31, 2025
- (d) Pre-operating or non-operating
- (e) Starworld ceased to be a subsidiary in 2025 and is classified as an associate thereafter. It is 40% owned by Skyworld and was 20% owned by SMC until 2024 (disposed in 2025).
- (f) Indirectly owned through SVC

Additional information:

- (i) In 2025, SMC disposed of its equity interest in Starworld. Details of the deconsolidation are presented in Note 23.5.
- (ii) In 2025, the Group's ownership interest in Fekon decreased from 44% to 31% following a dilution of the Group's shareholding arising from changes in Fekon's shareholdings during the year.
- (iii) In 2023, SMC sold its shares of stock in Interstar Holdings Company, Inc. (Interstar) and Laguna International Industrial Park, Inc. (LIIP). Details of deconsolidation are presented in Note 23.5.
- (iv) SBC holds a provisional authority, granted by the National Telecommunications Commission, to use its legislative franchise under Republic Act (R.A.) No. 9116, *An Act Granting Solid Broadband Corporation a Franchise to Construct, Install, Establish, Operate and Maintain Telecommunications Systems throughout the Philippines* (see Note 26.2).
- (v) SMFI is subject to the rules and regulations provided under R.A. No. 8556, *The Financing Group Act of 1998* (see Note 31).

1.2 Other Corporate Information

The registered office addresses and principal places of business of the Parent Company and its subsidiaries, except those listed below, are located at 2285 Don Chino Roces Avenue, Makati City. The registered office addresses and principal places of business of the other subsidiaries are as follows:

Avid, SMC and CBHI	- 1000 J. Bocobo cor. T.M. Kalaw Street, Ermita, Manila
BRL	- 2 nd Floor, Abbott Building, P.O. Box 933, Road Town, Tortola, British Virgin Islands
Kita	- N7175 Gil Puyat Ave. cor. Feati St., Clark Freeport Zone, Clarkfield, Pampanga
OSSI	- Solid St., LIIP, Mamplasan, Biñan, Laguna
SEC	- 145 G. Araneta Avenue, Brgy. Tatalon, Quezon City
SVC HK	- RM A301, 3/F Blk. A Sea View Est 2-8 Watson Rd, Causeway Bay, Hong Kong
ZTC	- 1111 Natividad A. Lopez St., Brgy. 659-A, District 5, Ermita, Manila

1.3 Approval for Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2025 (including the comparative consolidated financial statements as of December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Parent Company's Board of Directors (BOD) on May 11, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 *Basis of Preparation of Consolidated Financial Statements*

(a) *Statement of Compliance with Philippine Financial Reporting Standards*

The consolidated financial statements of the Group were prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by the relevant accounting frameworks for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents a consolidated statement of comprehensive income separately from the consolidated statement of income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

In 2025, the Group revised the presentation of certain items in the consolidated statements of cash flows to more faithfully reflect the substance of cash and non-cash transactions in accordance with PAS 7, *Statement of Cash Flow*.

The Group reclassified the presentation of a P120.0 million advance to suppliers. The advance was paid in 2023 and was subsequently applied against construction billings in 2024. The application of the advances represents a non-cash application of a previously recognized asset. Accordingly, the related amounts under Operating Activities and Investing Activities were revised to reflect the non-cash nature of the transaction.

In addition, the Group removed the presentation of the P67.7 million gain on sale of lot, which was previously included as an adjustment to profit before tax, and updated the movement in inventories under Operating Activities in the 2024 consolidated statement of cash flows. The revision had no effect on the total net cash flows from operating activities.

Further, the Group revised the presentation of interest payments amounting to P26.3 million, which were previously presented as part of Operating Activities and Investing Activities, to Financing Activities in the 2024 consolidated statement of cash flows, consistent with the nature of the underlying financing transaction.

The above reclassification affected presentation only and did not result in any change in total assets, total liabilities, equity, profit or loss, or the Group's cash position for any period presented. The changes were confined solely to the classification of cash and non-cash movements within the consolidated statement of cash flows and did not involve any changes in recognition or measurement under PFRS Accounting Standards. As the reclassification did not have material effect on the opening consolidated financial position, a third statement of financial position is not required to be presented in accordance with PAS 1.

The effect of the reclassifications on the consolidated statement of cash flows for the year ended December 31, 2024 and 2023 are shown below.

<i>(Amounts in PHP)</i>	As Previously Reported	Reclassifications	As Restated
<u>December 31, 2024</u>			
<i>Change in cash flows from operating activities</i>			
Adjustments for:			
Gain on sale of lot	(67,690,000)	67,690,000	-
Increase in trade and other receivables	(117,295,106)	(120,000,000)	(237,295,106)
Decrease in real estate inventories	71,652,442	(67,690,000)	3,962,442
Increase (decrease) in trade and other payables	63,608,159	8,206,056	71,814,215
Net impact on cash from operating activities		<u>(111,793,944)</u>	
<i>Change in cash flows from investing activities</i>			
Adjustments for –			
Acquisitions of investment properties	<u>(963,728,182)</u>	<u>138,094,840</u>	<u>(825,633,342)</u>
Net impact on cash used in investing activities		<u><u>138,094,840</u></u>	
<i>Change in cash flows from financing activities</i>			
Adjustments for –			
Interest paid for interest-bearing loans	<u>-</u>	<u>(26,300,896)</u>	<u>(26,300,896)</u>
Net impact on cash from (used in) financing activities		<u><u>(26,300,896)</u></u>	
<u>December 31, 2023</u>			
<i>Change in cash flows from operating activities</i>			
Adjustments for –			
Increase in trade and other receivables	<u>(145,631,463)</u>	<u>120,000,000</u>	<u>(25,631,463)</u>
Net impact on cash from operating activities		<u><u>120,000,000</u></u>	
<i>Change in cash flows from investing activities</i>			
Adjustments for –			
Additional advances to suppliers	<u>-</u>	<u>(120,000,000)</u>	<u>(120,000,000)</u>
Net impact on cash from (used in) investing activities		<u><u>(120,000,000)</u></u>	

(c) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

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

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) *Effective in 2025 that is Relevant to the Group*

The Group adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the consolidated financial statements of the Group.

Effective Subsequent to 2025 but not Adopted Early

There are new standards and amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have a significant impact on the Group's consolidated financial statements:

- (i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- (ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how the Group recognizes and measures its financial condition, financial performance and cash flows.

- (iii) PFRS 19, *Subsidiaries Without Public Accountability: Disclosures* (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.
- (iv) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1.1, after the elimination of intercompany transactions.

Financial statements of entities in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

Subsidiaries are consolidated from the date the Group obtains control. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of controls. Accordingly, entities are deconsolidated from the date that control ceases (see Note 1.1).

The acquisition method is applied to account for acquired subsidiaries. On an acquisition-by-acquisition basis, the excess of the consideration transferred, the amount of any non-controlling interest (NCI) in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill.

Acquired investments in associates are initially measured using the acquisition method.

The Group's transactions with NCI that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners.

2.4 Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(a) *Financial Assets*

(i) *Classification, Measurement and Reclassification of Financial Assets*

The Group's financial assets include financial assets at amortized cost and at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Short-term Placements, Trade and Other Receivables (except Advances to suppliers and employees), Advances to Related Parties, Investment in Bonds, Refundable deposits (presented as part of Other Current Assets), Deposit to suppliers (presented as part of Other Current Assets) and Cash bond (presented as part of Other Non-current Assets).

Financial Assets at FVOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The Group has irrevocably designated equity instruments as at FVOCI on initial recognition.

The Group reclassifies financial assets only when it changes its business model for managing those financial assets. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) *Impairment of Financial Assets*

At the end of the reporting period, the Group assesses and recognizes its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcomes.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables, except for loans receivables with significant financing component, and advances to related parties. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets.

To calculate the ECL using a provision matrix, the Group uses its historical experience, external indicators and forward-looking information. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

For loans receivables, which is presented under Trade and Other Receivables account in the consolidated statement of financial position, the Group recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial asset, irrespective of the timing of the default. However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12-months after the end of the reporting period.

For debt instruments (i.e., investment in bonds) measured at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL is recognized. For a purchased or originated credit impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Group recognized a loss allowance for such losses at each reporting date.

The Group determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

(b) Financial Liabilities

Financial liabilities include Trade and Other Payables (excluding tax-related liabilities, unearned rentals, advances from customers, contract liability and reserve for warranty costs), Lease Liabilities, Advances from Related Parties, Interest-bearing Loans and Refundable Deposits.

2.5 Merchandise Inventories and Supplies

Inventories are valued at the lower of cost and net realizable value (NRV). The cost is determined using the moving average method.

2.6 Real Estate Inventories

Real estate inventories consist of land and land development costs and property development costs.

Subsequent to initial recognition, land and land development costs and property development costs are stated at the lower of cost and net realizable value. An item of land and land development cost is derecognized upon disposal or when no future economic benefits are expected to arise from the sale of the asset.

2.7 Property and Equipment

Property and equipment, except land, are carried at acquisition cost or construction cost less subsequent depreciation, amortization and any impairment losses. Land held for use in production or administration is stated at cost less any impairment losses. Construction in progress pertains to the accumulated costs of putting up the assets, additions or improvements including the applicable borrowing cost.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	10 to 25 years
Test, communication and other equipment	5 to 20 years
Machinery and equipment	5 to 10 years
Transportation equipment	5 years
Computer system	2 to 5 years
Furniture, fixtures and office equipment	2 to 5 years
Tools and equipment	2 to 3 years

Leasehold improvements are amortized over the estimated useful lives of the assets from two to 15 years or the terms of the relevant leases, whichever is shorter.

2.8 Intangible Assets

Intangible assets include non-proprietary club shares and computer software licenses, which are accounted for under the cost model.

The Group's non-proprietary club shares are assessed as having indefinite useful life.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Capitalized costs are amortized on a straight-line basis over the estimated useful lives (ranging from three to ten years) as the lives of these intangible assets are considered finite. Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred. Development costs not meeting these criteria for capitalization are expensed as incurred.

Intangible assets are subject to impairment testing when indications exist, as described in Note 2.12.

2.9 Investment Properties

Investment properties are accounted for under the fair value model. They are revalued periodically and are included in the consolidated statement of financial position at fair value. Fair value is supported by market evidence and is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment property.

Investment properties, which consist mainly of land and improvements, and buildings and improvements under operating lease agreements, are initially measured at acquisition cost, including transaction costs.

Construction in progress pertains to the accumulated costs of putting up the assets, additions or improvements including the applicable borrowing cost.

Transfers from other accounts (such as Land and Land Development Costs and Property and Equipment) are made to investment properties when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers from investment properties are made when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For tax purposes, investment properties are carried at cost less accumulated depreciation computed on a straight-line basis over the estimated net useful lives of the assets ranging from 11 to 25 years.

2.10 Revenue and Expense Recognition

Revenue comprises revenue from sale of goods and real estate and the rendering of services measured by reference to the fair value of consideration received or receivable by the Group for the goods sold and services rendered, excluding value-added tax (VAT) and trade discounts.

The Group often enters into transactions involving the sale of goods and real estate and rendering of services. The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Group's contracts with customers have original expected duration of one year or less, except for real estate sales.

In addition, the following specific recognition criteria must also be met before revenue is recognized. Significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b):

- (a) *Rendering of services (other than commission income)* – Revenue, which primarily arises from service fees, room and events services, assembly and test lab services, warehousing and repair services, is recognized by the amount in which the Group has a right to invoice that corresponds directly with the value of services rendered that is completed over a period of time.

- (b) *Sale of goods* – Revenue, which primarily includes the sale of handsets, devices, accessories, equipment, appliances and modular houses, is recognized at a point in time. This is generally when the customer has taken an undisputed delivery of goods.
- (c) *Warranty and network support fee (shown as part of Rendering of Services)* – Revenue from warranty and network support fee is recognized over time upon actual rendering of in-warranty and out-of-warranty services to the customers. Revenue from network support, which is a fixed amount per month as indicated in the contract, is accrued at the end of each month.
- (d) *Sale of real estate*
 - (i) *Sale of real estate on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development.
 - (ii) *Sale of real estate on completed real estate properties* – Revenue from real estate sales is recognized at a point in time when the control over the real estate property is transferred to the buyer.

Payments received from buyers which do not meet the revenue recognition criteria are presented as Customers' Deposits in the consolidated statement of financial position.

- (e) *Commission income (shown as part of Rendering of Services)* – Commission income is recognized over time when the performance of contractually agreed tasks has been substantially rendered.
- (f) *Service charges and penalties* – Revenue from service charges and penalties is generally recognized over time when the service has been provided and when there is reasonable degree of certainty as to their collectability.
- (g) *Other revenues from utilities charged and common use service area (CUSA)* – Other revenues arising from utilities and CUSA charges related to leasing activities are recognized over time as the Group performs the contractually agreed task. Customers are invoiced monthly as work progresses, which are also due upon receipt by the customers.

The Group assesses its revenue agreement against the specific criteria in order to determine if it is acting as a principal or an agent [see Note 3.1(g)]. Billings from the common area, air conditioning, utilities and other dues are presented at gross amounts since the Group acts as a principal. Other revenues from electricity and water dues, in which the Group acts as an agent, are presented in excess of actual charges and consumption.

Further, the Group provides a product warranty for a period of 15 months from the time of sale on its sales of goods related to hidden and manufacturer's defect. Under the terms of this warranty, customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under PAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*.

However, if the Group is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period.

In obtaining customer contracts, the Group incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Group uses the practical expedient in PFRS 15 and expenses such costs as incurred. The Group also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Group accounts for those costs in accordance with accounting policies related to those financial reporting standards.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized. All finance costs are reported in the consolidated statement of income on an accrual basis, except capitalized borrowing costs, if applicable, which are included as part of the cost of the related qualifying asset.

2.11 Leases

The Group accounts for its leases as follows:

(a) Group as a Lessee

Subsequent to initial recognition, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Further, the lease liability will be reduced for payments made and increased for interest. The lease liability is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) Group as a Lessor

Leases which do not transfer to the lessee substantially all the risks and rewards of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in the consolidated statement of income on a straight-line basis over the lease term.

2.12 Impairment of Non-financial Assets

The Group's property and equipment, investment in associates, intangible assets (presented under non-current assets), right-of-use assets and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. Except for impairment losses on goodwill, an impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

2.13 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory, and administered by an investment manager. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligation to pay further contributions after payment of the fixed contribution.

Termination benefits are payable when employment is terminated by the Group for authorized cause before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Short-term employee benefits are monetary and non-monetary benefits provided to current employees, which are expected to be settled 12 months after the end of the reporting period during which the employee services are rendered.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that significantly affect the amounts reported in the consolidated financial statements and related notes. 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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:

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option.

Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Determination of Timing of Satisfaction of Performance Obligations

(i) Rendering of Services

The Group determines that its revenue from rendering of services shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of the services as it performs.

In determining the best method of measuring the progress of the Group's rendering of services, management considers the output method under PFRS 15 because it directly measures the value of the services transferred to the customer.

(ii) Sale of Goods

The Group determines that its revenue from sale of goods shall be recognized at a point in time when the control of the goods has passed to the customer (i.e., generally when the customer has acknowledged delivery of the goods).

(iii) Sale of Real Estate

The Group exercises critical judgment in determining whether the performance obligation to deliver and transfer the control over the real estate properties (i.e., land and condominium building) to customers is satisfied over time or at a point in time.

In making this judgment, the Group considers the delivery to and acceptance by the buyer of the property as a transfer of control at specific point in time when control of the property transfers to the buyer. Further, the Group's enforceable right for payment becomes due upon transfer of control over the real estate property. The Group's management determines that its revenue from the sale of real estate inventories, which are completed and ready for use, shall be recognized at a point in time when the control has transferred to the customer (see Note 2.10).

(c) *Determination of ECL on Trade and Other Receivables, Investment in Bonds and Advances to Related Parties*

The Group uses a provision matrix to calculate ECL for trade and other receivables. The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

For loans receivables (presented under Trade and Other Receivables account), the allowance for impairment is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Group also uses an external benchmarking approach to calculate ECL for investment in bonds. The provision rates are derived from published credit ratings by external rating agencies. As referenced to these external credit benchmarks, the Group defines the credit ratings based on certain financial ratios and appropriately determines the equivalent internal credit ratings. Referenced probability of default is then derived from the latest annual global corporate default study published by the external rating agency. The Group makes an annual reassessment of the applicability and reliability of the reference rates used.

The Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Other portion of the Group's financial asset at amortized cost pertains to advances to related parties. In relation to this, the maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these advances to related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

The details about the ECL on the Group's trade and other receivables, investment in bonds and advances to related parties are disclosed in Notes 6, 7.2, 25.2, 28.2(b), 28.2(c) and 28.2(e).

(d) *Costing of Merchandise Inventories and Supplies*

The Group's inventory costing policies and procedures were based on a careful evaluation of present circumstances and facts affecting production operations. A review of the benchmarks set by management necessary for the determination of inventory costs and allocation is performed regularly. Actual data are compared to the related benchmarks and critical judgment is exercised to assess the reasonableness of the costing policies and procedures which are currently in place and to make the necessary revisions in light of current conditions.

(e) *Distinction Between Investment Properties, Owner-occupied Properties and Real Estate Inventories*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the properties but also to other assets used in the production or supply process. On the other hand, real estate inventories are properties intended to be sold in the normal course of business.

(f) *Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor*

The Group has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on the management's judgment, all of the Group's lease agreements were determined to be operating leases.

(g) *Evaluating Principal Versus Agent Consideration*

The Group exercises judgment to determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Group is a principal) or to arrange for the other party to provide those goods or services (i.e., the Group is an agent). Failure to make the right judgment will result in misstatement of revenues and expenses accounts. The Group assessed that it is only acting as an agent for utility transactions of its tenants under operating leases. The amount of utility revenues and utility expenses, which were set-off against each other amounted to P25.8 million, P26.9 million and P24.3 million in 2025, 2024 and 2023, respectively, in the consolidated statements of income.

(b) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. Similarly, possible outflows of economic benefits to the Group that do not meet the recognition criteria of a liability are considered contingent liabilities, hence, are not recognized in the consolidated financial statements.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

Presented below and on the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at the present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate.

In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

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).

Specifically for loans receivables, the Group's ECL calculations are outputs of complex models with a number of underlying assumptions which include: (1) the Group's criteria for assessing if there has been a significant increase in credit risk; and, (2) development of expected credit loss models, including the choice of inputs relating to macroeconomic variables.

Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Notes 6, 7.2, 25.2, 28.2(b), 28.2(c) and 28.2(e).

(c) *Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument.

Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's financial assets at FVOCI and the amounts of fair value changes recognized on those assets are disclosed in Note 7.

(d) *Determination of Net Realizable Value of Merchandise Inventories and Supplies*

In determining the net realizable value of merchandise inventories and supplies, management takes into account the most reliable evidence available at the time the estimates are made.

The Group's core business is continuously subject to rapid technology changes which may cause inventory obsolescence. Moreover, future realization of the carrying amounts of inventories is affected by price changes in different market segments of electronic devices, modular houses, broadcast equipment and accessories (see Note 8). Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's merchandise inventories and supplies within the next reporting period.

(e) *Determination of Net Realizable Value of Real Estate Inventories*

The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of real estate inventories. The net realizable value for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions.

Net realizable value in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar property at the same stage of completion, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Management's assessment of net realizable value of properties under development requires the estimates of future cash flows to be derived from these properties. These estimates require judgment as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

The carrying amounts of the real estate inventories are disclosed in Note 9.

(f) *Estimation of Useful Lives of Right-of-Use Assets, Property and Equipment and Intangible Assets*

The Group estimates the useful lives of right-of-use assets, property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical/commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of right-of-use assets, property and equipment and intangible assets are analyzed in Notes 10.1, 11 and 13.1, respectively. Based on management's assessment as of December 31, 2025 and 2024, there is no change in the estimated useful lives of property and equipment and intangible assets. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned above.

(g) *Fair Value Measurement of Investment Properties*

The Group's investment properties, which consist of parcels of land and buildings and improvements, are measured at fair value at the end of each reporting period. The determination of fair value is considered a key source of estimation uncertainty, as it involves the use of significant judgments and assumptions that are inherently subjective and sensitive to changes in market conditions.

The fair values of investment properties are determined by independent professional appraisers with appropriate qualifications and relevant experience, using valuation techniques and inputs as described in Note 30.4. Although independent appraisals are obtained, the valuation process requires management judgment in assessing the appropriateness of the assumptions used, including those relating to market prices of comparable properties, location, physical condition, replacement costs, depreciation, obsolescence, and the assessment of the properties' highest and best use.

For investment properties with valuations performed prior or subsequent to the end of the reporting period, management evaluates whether significant events or changes in economic or market conditions have occurred during the intervening period that would indicate the need to adjust the reported fair values at year-end.

As fair value measurements are based on market-dependent assumptions, changes in these key assumptions, particularly those relating to market prices of comparable properties, construction and replacement costs, and depreciation and obsolescence factors, could result in a material adjustment to the carrying amounts of investment properties within the next financial year. Fair value gains or losses arising from changes in the fair value of investment properties are recognized in profit or loss and are disclosed in Note 12.

(h) *Determination of Realizable Amount of 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 assets to be utilized.

The carrying values of recognized deferred tax assets, which management assessed may be fully utilized in the coming years, as of December 31, 2025 and 2024 is disclosed in Note 22.2. Certain deferred tax assets, however, were not recognized since management believes that there is no assurance that the related tax benefits will be realized in the coming years.

(i) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. While management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, certain non-financial assets were impaired in 2025 and 2024 (see Notes 7.3 and 13). Consequently, the Group recognizes loss on impairment for these assets (see Note 18).

(j) *Estimation of Reserve for Warranty Costs*

The Group offers a warranty, for a period ranging from one to two years, for each consumer electronic product sold. Management estimates the related provision for future warranty costs based on a certain percentage of sales, as determined based on historical warranty claim information as well as recent trends that might suggest that past cost information may differ from expectations. Warranty costs also include the actual cost of materials used in repairing the electronic products.

The amounts of provision for warranty claims recognized and the outstanding balance of Reserve for warranty costs, which is presented as part of Trade and Other Payables in the consolidated statements of financial position, are disclosed in Note 15.

(k) *Valuation of Post-employment Defined Benefit*

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21.2 and include, among others, discount rates and expected rate of salary increases. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit asset and obligation in the next reporting period.

The amounts of the fair value of the retirement benefit asset and present value of retirement benefit obligation and the analysis of the movements in the fair value of the retirement benefit asset and present value of retirement benefit obligation, as well as the significant assumptions used in estimating such asset and obligation are presented in Note 21.2.

4. SEGMENT INFORMATION

4.1 *Business Segments*

Operating segments are reported in a manner consistent with the internal reporting provided to the Parent Company's BOD, its chief operating decision-maker. The BOD is responsible for allocating resources and assessing the performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and services. The Group's main operating businesses are organized and managed separately according to the nature of services and products provided and the different markets served, with each segment representing a strategic business unit as each of these services requires different technologies and resources as well as marketing approaches.

The Group's different business segments are presented as follows:

- (a) Distribution/Retail is involved in the sale of mobile phones and devices, home appliances and other electronic products, professional audio and video equipment, and prefabricated modular houses;
- (b) Property and related services are involved in the leasing, development and sale of industrial and other real estate properties and hotel and related businesses;
- (c) Logistics and technical solutions are presently engaged in the business of warehousing, distribution, and electronic servicing; and,
- (d) Investment and others include investment holding companies, and those included in the business of financing and credit extension.

The measurement policies of the Group used for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements. In addition, corporate resources, which are not directly attributable to the business activities of any operating segment, are not allocated to a segment.

Segment assets are allocated based on their use or direct association with a specific segment and they include all operating assets used by each business segment and consist principally of operating cash, receivables, inventories, investment properties and property and equipment, net of allowances and provisions.

Similar to segment assets, segment liabilities include all operating liabilities used by each segment and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

Segment revenues, expenses and performance include sales and purchases between business segments; such sales and purchases are eliminated in the consolidation.

4.2 Analysis of Segment Information

The tables below and on the succeeding pages present certain asset and liability information regarding business segments as of December 31, 2025, 2024 and 2023 and the related revenue and profit information for each of the three years in the period ended December 31, 2025.

<i>(Amounts in thousand PHP)</i>	Distribution/ Retail	Property and Related Services	Logistics and Technical Solutions	Investment and Others	Total
2025					
SEGMENT RESULTS					
Sales to external customers	1,643,675	614,787	830,537	148,113	3,237,112
Intersegment sales	7,143	112,284	3,194	206,647	329,268
Total revenues	1,650,818	727,071	833,731	354,760	3,566,380
Cost of sales, services, and rentals	(1,327,722)	(223,344)	(513,936)	(57,909)	(2,122,911)
Other operating income (expenses)	(314,451)	83,126	(185,907)	(98,544)	(515,776)
Operating profit	8,645	586,853	133,888	198,307	927,693
Finance income	5,359	63,769	15,802	20,325	105,255
Finance costs	(4,979)	(55,842)	-	(8)	(60,829)
Other gains	607	87,466	21,421	10,038	119,532
Profit before tax	9,632	682,246	171,111	228,662	1,091,651
Tax expense	(11,997)	(156,460)	(41,991)	(16,050)	(226,498)
Net profit (loss)	(2,365)	525,786	129,120	212,612	865,153
SEGMENT ASSETS AND LIABILITIES					
Total assets	937,189	12,225,420	763,600	9,322,555	23,248,764
Total liabilities	265,662	2,677,964	123,068	85,105	3,151,799
OTHER SEGMENT INFORMATION					
Capital expenditures	14,085	226,702	19,779	467	261,033
Depreciation and amortization	18,389	22,538	30,154	749	71,830
Impairment loss	-	-	-	18,097	18,097
2024					
SEGMENT RESULTS					
Sales to external customers	1,528,670	395,913	763,438	173,005	2,861,026
Intersegment sales	8,929	97,702	7,553	660,168	774,352
Total revenues	1,537,599	493,615	770,991	833,173	3,635,378
Cost of sales, services, and rentals	(1,274,387)	(197,788)	(447,690)	(87,624)	(2,007,489)
Other operating income (expenses)	(273,187)	163,681	(163,326)	(74,488)	(347,320)
Operating profit (loss)	(9,975)	459,508	159,975	671,061	1,280,569
Finance income	7,151	79,390	17,670	34,563	138,774
Finance costs	(1,802)	(9,559)	(19)	(31)	(11,411)
Other gains	1,892	64,134	16,521	1,664	84,211
Profit before tax	(2,734)	593,473	194,147	707,257	1,492,143
Tax expense	(14,968)	(170,446)	(47,894)	(14,489)	(247,797)
Net profit (loss)	(17,702)	423,027	146,253	692,768	1,244,346

<i>(Amounts in thousand PHP)</i>	Distribution/ Retail	Property and Related Services	Logistics and Technical Solutions	Investment and Others	Total
SEGMENT ASSETS AND LIABILITIES					
Total assets	978,414	12,030,537	838,038	9,305,823	23,152,812
Total liabilities	299,321	2,463,629	143,191	93,591	2,999,732
OTHER SEGMENT INFORMATION					
Capital expenditures	15,115	1,056,639	38,586	95	1,110,435
Depreciation and amortization	14,710	25,282	30,256	771	71,019
Impairment loss	-	-	-	10,606	10,606
2023					
SEGMENT RESULTS					
Sales to external customers	1,298,825	263,539	727,092	177,370	2,466,826
Intersegment sales	-	85,144	5,828	219,100	310,072
Total revenues	1,298,825	348,683	732,920	396,470	2,776,898
Cost of sales, services, and rentals	(1,024,644)	(148,634)	(442,426)	(83,417)	(1,699,121)
Other operating income (expenses)	(245,479)	167,842	(121,634)	(100,752)	(300,023)
Operating profit (loss)	28,702	367,891	168,860	212,301	777,754
Finance income	5,550	70,221	12,974	39,597	128,342
Finance costs	(4,888)	(1,026)	(172)	(6)	(6,092)
Other gains	6,957	12,864	7,387	2,115	29,323
Profit before tax	36,321	449,950	189,049	254,007	929,327
Tax expense	(16,351)	(117,994)	(46,783)	(18,004)	(199,132)
Net profit	19,970	331,956	142,266	236,003	730,195
SEGMENT ASSETS AND LIABILITIES					
Total assets	975,004	10,677,784	822,312	9,189,463	21,664,563
Total liabilities	289,688	1,926,375	177,904	82,614	2,476,581
OTHER SEGMENT INFORMATION					
Capital expenditures	10,842	1,116,403	32,015	181	1,159,441
Depreciation and amortization	10,470	25,399	32,471	905	69,245
Impairment loss	-	-	-	61,385	61,385

There have been no significant changes from prior periods in the measurement methods used to determine reported segment information.

4.3 Reconciliations

The total segment balances presented for the Group's operating segments reconciled to the Group's consolidated balances as presented in the consolidated financial statements are as follows (amounts in thousands):

<i>(Amounts in thousand PHP)</i>	Segment Totals	Intersegment Accounts	Consolidated Balances
2025			
Revenues	3,566,380	(329,268)	3,237,112
Net profit for the year	865,153	(160,476)	704,677
Total assets	23,248,764	(7,560,605)	15,688,159
Total liabilities	3,151,799	(478,462)	2,673,337
Other segment information:			
Capital expenditures	261,033	-	261,033
Depreciation and amortization	71,830	26,364	98,194
Impairment losses*	18,097	-	18,097

<i>(Amounts in thousand PHP)</i>	Segment Totals	Intersegment Accounts	Consolidated Balances
2024			
Revenues	3,635,378	(774,352)	2,861,026
Net profit for the year	1,244,346	(641,545)	602,801
Total assets	23,152,812	(7,651,886)	15,500,926
Total liabilities	2,999,732	(265,485)	2,734,247
Other segment information:			
Capital expenditures	1,110,435	-	1,110,435
Depreciation and amortization	71,019	38,714	109,733
Impairment losses*	10,606	-	10,606
2023			
Revenues	2,776,898	(310,072)	2,466,826
Net profit for the year	730,195	(198,430)	531,765
Total assets	21,664,563	(7,351,200)	14,313,363
Total liabilities	2,476,581	(516,653)	1,959,928
Other segment information:			
Capital expenditures	1,159,441	-	1,159,441
Depreciation and amortization	69,245	16,551	85,796
Impairment losses*	61,385	(17,004)	44,381

* The amount of impairment loss for 2025, 2024 and 2023 is gross of reversal of allowance for impairment losses totaling to P5,166, P827 and P4,013, respectively (see Note 6).

4.4 Disaggregation of Revenues from Contracts with Customers and Other Counterparties

When the Group prepares its investor presentations and when the Group management evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Note 4.2. The Group determines that the categories used in the investor presentations and financial reports used by the Group's management can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers and other counterparties (except for rentals accounted for under PFRS 16, *Leases*, included herein as additional information) into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. A summary of additional disaggregation from the segment revenues and other unallocated income are shown below and on the succeeding page.

<i>(Amounts in thousand PHP)</i>	Segment Revenues (Sales to External Customers)				
	Point in time	Over time	Leases	Interest	Total
December 31, 2025					
Distribution/retail	1,496,134	147,541	-	-	1,643,675
Logistics and technical solutions	51,598	631,445	147,494	-	830,537
Property and related services	4,039	144,975	465,773	-	614,787
Investments and others	-	61,868	-	86,245	148,113
	1,551,771	985,829	613,267	86,245	3,237,112

(Amounts in thousand PHP)	Segment Revenues (Sales to External Customers)				
	Point in time	Over time	Leases	Interest	Total
December 31, 2024					
Distribution/retail	1,461,356	67,314	-	-	1,528,670
Logistics and technical solutions	54,706	583,127	125,605	-	763,438
Property and related services	8,125	94,357	293,431	-	395,913
Investments and others	-	91,212	-	81,793	173,005
	<u>1,524,187</u>	<u>836,010</u>	<u>419,036</u>	<u>81,793</u>	<u>2,861,026</u>
December 31, 2023					
Distribution/retail	1,260,540	38,285	-	-	1,298,825
Logistics and technical solutions	54,858	564,757	107,477	-	727,092
Property and related services	-	92,534	171,005	-	263,539
Investments and others	-	87,076	-	90,294	177,370
	<u>1,315,398</u>	<u>782,652</u>	<u>278,482</u>	<u>90,294</u>	<u>2,466,826</u>

The Group's segment revenues (sales to external customers) include rendering of services, sale of goods, rentals and sale of real estate which are presented in the consolidated statements of income.

5. CASH AND CASH EQUIVALENTS AND SHORT-TERM PLACEMENTS

5.1 Cash and Cash Equivalents

Cash and cash equivalents include the following components as of December 31:

(Amounts in PHP)	2025	2024
Cash on hand and in banks	721,381,019	399,838,255
Cash equivalents	<u>1,855,491,694</u>	<u>2,678,063,678</u>
	<u>2,576,872,713</u>	<u>3,077,901,933</u>

Cash in banks generally earn interest based on daily bank deposit rates. Cash equivalents pertain to highly liquid short-term investment with maturity periods varying from one to 90 days and earn annual interests ranging from 3.50% to 5.80%, 4.00% to 6.25%, and 0.13% to 6.30% in 2025, 2024 and 2023, respectively.

Interest earned from cash in banks and cash equivalents are presented as part of Interest under Revenues and as part of Finance income under Other Income (Charges) in the consolidated statements of income (see Note 20.2).

5.2 Short-term Placements

Short-term placements, which is presented separately in the consolidated statements of financial position, pertain to time deposits with maturity periods varying between 91 to 365 days and earns effective interests of 5.00% in 2025, 4.05% in 2024 and 6.25% in 2023. As of December 31, 2025 and 2024, short-term placements amounted to P623.0 million and P200.3 million, respectively.

Interest earned from short-term placements is presented as part of Interest under Revenues and as part of Finance income under Other Income (Charges) in the consolidated statements of income (see Note 20.2). The outstanding balance of related interest is presented as Interest receivable under Trade and Other Receivables in the consolidated statements of financial position (see Note 6).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

<i>(Amounts in PHP)</i>	Notes	2025	2024
Current:			
Trade receivables	6.1		
	26.1, 26.2	320,048,938	331,358,344
Rental receivables	6.5	202,884,079	98,796,871
Loans receivable	6.3	100,717,909	55,231,555
Advances to:			
Suppliers	6.2(a)	21,656,389	13,562,252
Employees	6.2(b)	2,635,692	2,970,066
Interest receivable	5.2, 7.2	8,813,159	10,496,718
Non-trade receivables		2,129,441	6,626,139
Other receivables	6.6	24,158,365	23,550,817
		683,043,972	542,592,762
Allowance for impairment	6.7	(109,533,367)	(106,840,641)
		573,510,605	435,752,121
Non-current:			
Cash surrender value of investment in life insurance	6.4	476,137,491	451,773,013
Loans receivables	6.3	-	1,334,754
		476,137,491	453,107,767
		1,049,648,096	888,859,888

All trade and other receivables are subject to credit risk exposure [see Note 28.2(b)]. The Group does not identify the specific concentration of credit risk with regard to trade and other receivables as the amounts recognized resemble a large number of receivables from various customers.

6.1 Trade Receivables

Trade receivables arise from the sale of goods and rendering of services to customers. Certain receivables from trade customers are covered by post-dated checks. Trade receivables are measured at amortized cost and have annual effective interest rates ranging from 3.00% to 6.00% in 2025, 3.30% to 5.00% in 2024 and 4.60% to 12.00% in 2023, depending on the payment terms. Trade receivables which are expected to be settled beyond one year after the end of the reporting period are classified as non-current trade and other receivables.

Interest earned from real estate sales amounted to P0.004 million and P0.7 million in 2024 and 2023, respectively, and is presented as part of Finance income under Other Income (Charges) in the consolidated statements of income (see Note 20.2). There were no real estate sales in 2025 and 2023.

Trade receivables from the sale of goods and services are usually due within 30 to 90 days, generally unsecured and do not bear interest.

6.2 Advances

(a) Suppliers

Generally, advances to suppliers include advance payments made to suppliers for future purchases of mobile phone units and accessories and for the purchases of pro-tapes, video and medical equipment, and spare parts. In 2023, the Group made an advance payment to its third-party supplier for the construction of an investment property in Calamba, Laguna (see Note 12). The construction was completed in 2024 and the advances were all applied as payment to the contractors involved in the construction of the investment property.

Advances to suppliers that will be applied as payment for future purchase of merchandise inventories and supplies are classified and presented under Current Assets. On the other hand, advances to contractors and/or suppliers that will be applied as payment for future acquisition or construction of items of property and equipment, or acquisition and construction of investment property are classified and presented under the Non-Current Assets. The classification and presentation are based on the eventual usage or realization of the asset to which it was advanced for.

(b) Employees

Advances to employees represent unsecured, noninterest-bearing cash advances for business-related expenditures and are subject to liquidation.

6.3 Loans Receivables

Loans receivables pertain to appliances loans, business loans and car loans offered by the Group to its customers. Loans receivables that are expected to be settled beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as part of non-current trade and other receivables.

Interest income recognized on the Group's loans receivables amounted to P13.9 million, P9.7 million and P6.3 million in 2025, 2024 and 2023, respectively, and are presented as part of Interest under Revenues in the consolidated statements of income. The effective interest rates on loans receivables ranging from 3.00% to 36.00% in 2025 and ranging from 5.00% to 36.00% both in 2024 and 2023. There was no outstanding interest on loans receivable as of December 31, 2025 and 2024.

6.4 Cash Surrender Value of Investment in Life Insurance

Cash surrender value of investment in life insurance pertains to insurance policies purchased by BRL for certain directors of the Parent Company. The beneficiary of this investment in life insurance is the Parent Company and accounted for under the cash surrender value method. Under this method, the initial cash surrender value of the insurance policies is recognized immediately in the consolidated statements of financial position. Subsequently, any increase in cash surrender value is recognized as part of Finance income under Other Income (Charges) in the consolidated statements of income (see Note 20.2). In 2025, 2024 and 2023, the increase in cash surrender value amounted to P16.7 million, P23.0 million and P35.9 million, respectively.

In 2024, the Group terminated two life insurance policies and received proceeds amounting to P547.0 million. There was no similar transaction in 2025 and 2023.

6.5 Rental Receivables

Rental receivables represent uncollected monthly receivables from a related party and third-party tenants of the Group. This includes rent receivables arising from the application of PFRS 16, which represent the difference between the cash basis rent income and the straight-line rent income of all outstanding lease contracts as of the end of the reporting periods.

6.6 Other Receivables

Other receivables include the following:

- amounts due from credit card companies for the sale of Closed Circuit Television (CCTV), which are collected the following day the receivables are recognized;
- testing fees and utility charges billed by the Group to its lessees;
- unsecured, noninterest-bearing cash advances made to Homeowners' Association for expenses incurred by the unit owners and related outstanding receivables; and,
- retention fees and other claims to government (i.e., Social Security System).

6.7 Allowance for Impairment

All of the Group's trade and other receivables have been assessed for impairment based on the ECL model. The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. Based on management's assessment of the ECL using the simplified approach, certain trade receivables were found to be impaired; hence, adequate amount of allowance for impairment have been recognized.

A reconciliation of the allowance for impairment on trade and other receivables at the beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	106,840,641	107,315,016
Impairment losses	8,097,265	606,366
Reversal of impairment losses	(5,165,554)	(826,934)
Write-off of receivables	(238,985)	(253,807)
Balance at end of year	<u>109,533,367</u>	<u>106,840,641</u>

7. INVESTMENTS

7.1 Financial Assets at Fair Value Through Other Comprehensive Income

The Group has equity securities pertaining to its 33% equity ownership interest in the common stock of Sony Philippines, Inc. (SPI). This investment is related to the Joint Venture Agreement (JVA) executed in 1997 with Sony Corporation of Japan which has expired on May 8, 2005. On April 11, 2005, the Group received a formal notice of the expiry of the JVA. The Group and Sony Corporation have both agreed to pursue negotiations for an equitable settlement of all matters relating to the JVA and its expiration. The Group determined that the fair value of this investment is nil as of December 31, 2025 and 2024, based on the absence of observable market transactions and recoverable economic benefits.

On the other hand, the fair values of the Group's investments in club shares amounting to P94.0 million and P74.2 million, which represent proprietary membership club shares, as of December 31, 2025 and 2024, respectively, have been determined based on quoted prices in less active markets due to lack of trading activities among its participants (see Note 30.2).

A reconciliation of the net carrying amounts of financial assets at FVOCI is shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		74,200,000	55,400,000
Fair value gains – net	23.3	<u>19,800,000</u>	<u>18,800,000</u>
Balance at end of year		<u>94,000,000</u>	<u>74,200,000</u>

The recognized fair value gains are presented as items that will not be reclassified subsequently to profit or loss under Other Comprehensive Income in the consolidated statements of comprehensive income.

7.2 Investment in Bonds

In 2021, the Group invested in held-to-collect corporate bonds, classified, and measured at amortized cost, amounting to P20.0 million, which bear fixed interest rate of 4.34% per annum and will mature on October 12, 2027. The amount of investment is presented as Investment in Bonds in the consolidated statements of financial position. There were no additional investments made in 2025 and 2024.

Interest income generated from investment in bonds amounting to P0.9 million in each of 2025, 2024 and 2023 are presented as part of Interest under Revenues section of the consolidated statements of income. The outstanding balance of such interest amounting to P0.1 million as of December 31, 2025 and 2024 is presented as part of Interest receivable under Trade and Other Receivables in the consolidated statements of financial position (see Note 6).

The Group's investment in bonds, which are subject to credit risk exposure [see Note 28.2(e)], has been reviewed for impairment. Based on such review, the management determines that no impairment loss is needed to be recognized in 2025 and 2024 as the bonds were in good credit standing as of December 31, 2025 and 2024.

7.3 Investments in Associates

Investments in associates amounted to P29.6 million and P38.0 million as of December 31, 2025 and 2024, respectively. The details of these investments are presented below and on the succeeding pages.

(a) Investment in Fekon

Fekon is a private company incorporated and domiciled in the Philippines. Fekon's primary purpose is to engage in the business of manufacturing, selling, distributing, marketing, trading and assembling of all kinds of goods such as but not limited to motorcycles, e-bicycles, motor parts and products, electronic devices and other electronic merchandise.

Fekon's registered office address and principal place of business is located at Block 7, Lot 8B, San Simon Industries Park, San Isidro, San Simon, Pampanga.

In 2022, the Group made additional deposits in the share of Fekon, totaling P11.5 million in relation to the planned increase in authorized capital stock of the latter. There were no additional deposits made in 2025 and 2024.

As of December 31, 2025 and 2024, Fekon is still in the process of completing the documentary requirements for its application to increase its authorized capital stock with the Commission. Management believes that upon approval of the Commission, the Group will have a significant influence with 31% ownership interest over Fekon. Accordingly, the deposits are recorded as Investment in an Associate in the consolidated statements of financial position.

Initially, the Group's investment is measured at cost and subsequently, upon approval of the application with the Commission, will be measured using the equity method.

The summarized unaudited financial information for Fekon is shown below.

<i>(Amounts in PHP)</i>	2025	2024
Current assets	151,596,315	205,836,650
Non-current assets	7,050,893	11,262,650
Total assets	158,647,208	217,099,300
Current liabilities	33,566,153	72,625,623
Non-current liabilities	2,805,983	6,500,289
Total liabilities	36,372,136	79,125,912
Revenues	127,435,860	106,314,483
Net loss during the year	10,327,249	10,829,891

A reconciliation of the above summarized financial information to the carrying amount of the investment in Fekon is shown below.

<i>Amounts in PHP</i>	2025	2024
Net asset	122,275,072	137,973,388
Proportionate ownership interest	30.8%	44.0%
	37,660,722	60,708,291
Nominal goodwill in equity ownership	50,361,992	27,314,423
	88,022,714	88,022,714
Allowance for impairment	(60,000,000)	(50,000,000)
Carrying amount of investment	28,022,714	38,022,714

Due to the downturn in Fekon business prospects, the Group recognized impairment loss relative to its investment amounting to P10.0 million in 2025 and 2024 and P40.0 million in 2023 which are presented as Impairment loss on investments in an associate under Operating Expenses in the 2025, 2024 and 2023 consolidated statements of income (see Note 18).

(b) Investment in Starworld

In 2025, the Group disposed of a portion of its equity interest in Starworld, resulting in a reduction in ownership from 50% to 30% and the loss of control over the investee. Accordingly, Starworld ceased to be consolidated from the date control was lost and is accounted for as an investment in an associate thereafter (see Note 23.5).

The retained 30% interest as measured at fair value amounting to P1.6 million at the date control was lost and is presented as part of Investment in Associates in the consolidated statements of financial position as of December 31, 2025.

The Group's loss of control over Starworld occurred after the associate's financial year end; hence, no share in net profit was recognized by the Group for the year ended December 31, 2025. Accordingly, management has assessed that such is not significant to the 2025 consolidated financial statements.

The summarized audited financial information for Starworld for the year ended October 31, 2025 is shown below.

(Amounts in PHP)

Current assets	237,195,889
Non-current assets	<u>3,267,260</u>
Total assets	<u>240,463,149</u>
Current liabilities	213,287,826
Non-current liabilities	<u>1,658,421</u>
Total liabilities	<u>214,946,247</u>
Revenues	<u>-</u>
Net loss during the year	<u>15,361,020</u>

8. MERCHANDISE INVENTORIES AND SUPPLIES

Inventories at the end of 2025 and 2024 were stated at lower of cost or NRV. The details of inventories are shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
At cost:			
Merchandise inventories	17.1	61,593,643	166,582,721
Service parts, supplies and others		<u>28,421,184</u>	<u>30,386,685</u>
		<u>90,014,827</u>	<u>196,969,406</u>
At NRV:			
Merchandise inventories	17.1	188,495,718	219,842,080
Service parts, supplies and others		<u>-</u>	<u>25,111</u>
		<u>188,495,718</u>	<u>219,867,191</u>
Allowance for inventory obsolescence		<u>(50,790,191)</u>	<u>(63,265,556)</u>
		<u>137,705,527</u>	<u>156,601,635</u>
		<u>227,720,354</u>	<u>353,571,041</u>

The Group's inventories are primarily composed of appliances, handsets, devices, accessories, professional tapes, equipment, spare parts and modular houses.

The movements in the allowance for inventory obsolescence are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	63,265,556	28,663,956
Impairment losses	2,211,782	38,481,157
Reversal of allowance for inventory obsolescence	<u>(14,687,147)</u>	<u>(3,879,557)</u>
	<u>50,790,191</u>	<u>63,265,556</u>

The Group recognizes impairment losses on inventories when their net realizable value is assessed to be lower than cost due to uncertainty over their recoverability. In 2025 and 2024, certain inventories that had been previously written down were subsequently sold, providing objective evidence that the conditions which gave rise to the impairment no longer existed. Accordingly, reversals of inventory impairment were recognized to the extent of the original write-downs. The net impairment provisions and reversals are included as an adjustment to cost of sales in the consolidated statements of income (see Notes 17.1 and 18).

The Group has no outstanding purchase commitment for the acquisition of merchandise inventories and supplies as of December 31, 2025 and 2024.

An analysis of the cost of merchandise inventories charged to operations is presented in Note 17.1.

9. REAL ESTATE INVENTORIES

This account is composed of:

<i>(Amount in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Land and land development costs	9.1	26,386,874	26,386,874
Property development costs	9.2	<u>398,580,639</u>	<u>398,580,639</u>
		<u>424,967,513</u>	<u>424,967,513</u>

9.1 Land and Land Development Costs

In 2024, Starworld sold a parcel of road lot to Calamba Premier Realty Corporation for P67.7 million. The gain on sale of road lot is presented as part of Other gains under the Other Income (Charges) section of the 2024 consolidated statement of income (see Note 20.3). There was no similar transaction in 2025 and 2023.

In 2023, the cost of land and land development held by LIIP, which was provided with full allowance for impairment, were included as part of the consideration transferred upon the disposal of the investment in LIIP (see Note 23.5).

Management believes that the carrying values of these assets are lower than their realizable values considering present market rates; thus, no valuation allowance has been recognized in the financial statements.

9.2 Property Development Costs

The Group, through ZTC, has initiated the planning and construction of the Tri Towers condominium building. Construction was started by ZTC in 2005. The construction of Tower 1 and Tower 2 were completed in 2008 and 2012, respectively, and while the construction of Tower 3 has not yet started, it has already incurred expenses for the planning phase as of December 31, 2025 and 2024.

Property development costs, at the end of each reporting period, represent condominium units for sale, office tower units, construction in progress of land and Tower 3, office tower and parking units for which the Group has been granted a permit to sell by the Housing and Land Use Regulatory Board of the Philippines.

In 2024, the Group sold real estate inventories amounting to P8.1 million, which is presented as Real estate sales under the Revenues section of the 2024 consolidated statement of income. There was no similar transaction in 2025 and 2023.

Based on management's assessment, the related asset remained recoverable as of the end of the reporting periods (see Note 27.2).

10. LEASES

The Group is a lessee under non-cancellable operating leases covering certain office spaces and store branches. The lease for these office spaces and store branches has a term of one to five years. Generally, termination of lease contracts shall be communicated to the lessee by the lessor prior to the termination or expiration of the lease contract. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statements of financial position as a right-of-use asset and a lease liability. Variable lease payments not based on an index or rate are excluded from the initial measurement of the lease liability and asset.

The Group classifies its right-of-use assets and lease liabilities as separate line items in the consolidated statements of financial position.

Leases generally restrict the use of the right-of-use assets to the Group, unless explicitly allowed for sublease. They are either non-cancellable or may only be terminated with a substantive fee. Some leases include options to purchase the underlying leased asset or extend the lease term. The Group is prohibited from selling or pledging the lease assets as collateral.

Under the lease agreements, the Group is responsible for maintaining the leased properties in good condition, ensuring they are returned in their original state at the lease end. Additionally, it must ensure that the leased assets are insured and must cover related maintenance costs.

Refundable security deposits represent the lease deposits made for the lease of the Group's business spaces, both short and long-term lease agreements. Related security deposits for these leases amounted to P39.6 million and P41.9 million as of December 31, 2025 and 2024, respectively, and are presented as part of Other Current Assets and Other Non-current Assets in the consolidated statements of financial position (see Note 13). Refundable security deposits which are expected to be settled beyond one year after the end of the reporting period are classified as non-current assets.

10.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets, which pertain to office spaces and store branches, as of December 31, including the movements during the reporting period are shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		3,004,500	4,665,980
Additions		6,490,863	6,368,902
Amortization	18	<u>(5,737,898)</u>	<u>(8,030,382)</u>
Balance at end of year		<u>3,757,465</u>	<u>3,004,500</u>

The amount of amortization computed on right-of-use assets is presented as part of the following accounts:

<i>(Amount in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost of services	17.2	-	537,341	1,812,430
General and administrative expenses		<u>5,737,898</u>	<u>7,493,041</u>	<u>4,680,652</u>
	18	<u>5,737,898</u>	<u>8,030,382</u>	<u>6,493,082</u>

10.2 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as of December 31 as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Current	3,838,746	3,405,363
Non-current	<u>60,232</u>	<u>502,510</u>
	<u>3,898,978</u>	<u>3,907,873</u>

The movements in the lease liabilities recognized in the consolidated statements of financial position as of December 31 are as follows:

<i>(Amounts in PHP)</i>	Note	2025	2024
Balance at beginning of year		3,907,873	5,120,889
Additional lease liabilities		6,435,863	6,368,902
Repayments of lease liabilities	10.4	(6,817,864)	(7,975,734)
Interest accretion	10.4	373,106	393,816
		<u>3,898,978</u>	<u>3,907,873</u>

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceed the expected overall cost.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
<u>December 31, 2025</u>					
Office space and store branches	7	3 months to 1.5 year	1 year	1	2
<u>December 31, 2024</u>					
Office space and store branches	7	3 months to 1.5 year	1 year	1	2

As of December 31, 2025 and 2024, the Group has no commitments for leases entered into which had not commenced.

The undiscounted maturity analysis of lease liabilities as of December 31 is as follows:

<i>(Amounts in PHP)</i>	2025	2024
Within one year	3,944,661	3,548,919
More than one year to two years	60,500	507,295
	<u>4,005,161</u>	<u>4,056,214</u>

10.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize lease liabilities for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The amount of expense relating to short-term leases for the year ended December 31, is allocated in the consolidated statements of income as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost of services	17.2	38,282,785	13,990,761	11,994,543
Cost of rental	17.3	219,000	219,600	219,000
General and administrative expenses		<u>44,736,661</u>	<u>42,589,747</u>	<u>32,389,883</u>
	18	<u>83,238,446</u>	<u>56,800,108</u>	<u>44,603,426</u>

10.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases, including interest, amounted to P6.8 million, P8.0 million and P7.2 million in 2025, 2024 and 2023, respectively. Interest expense in relation to lease liabilities amounted to P0.4 million in 2025 and 2024 and P0.5 million in 2023, and is presented as part of Finance costs under Other Income (Charges) in the consolidated statements of income (see Note 20.1).

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment losses of property and equipment at the beginning and end of 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	Land	Buildings and Improvements	Machinery and Equipment	Furniture, Fixtures, and Office Equipment	Transportation Equipment	Test, Communication And Other Equipment	Computer System	Leasehold Improvement	Tools and Equipment	Construction in Progress	Total
December 31, 2025											
Cost	1,278,354,682	423,521,868	210,173,831	352,356,378	333,353,015	33,362,105	88,437,420	131,797,729	121,861,081	57,622,502	3,030,840,611
Accumulated depreciation and amortization	-	(268,867,190)	(190,757,418)	(320,715,014)	(284,964,049)	(24,041,808)	(78,628,859)	(119,363,362)	(101,367,110)	14,346,250	(1,374,358,560)
Accumulated impairment losses	-	(35,000,000)	-	-	-	-	-	-	-	(14,346,250)	(49,346,250)
Net carrying amount	<u>1,278,354,682</u>	<u>119,654,678</u>	<u>19,416,413</u>	<u>31,641,364</u>	<u>48,388,966</u>	<u>9,320,297</u>	<u>9,808,561</u>	<u>12,434,367</u>	<u>20,493,971</u>	<u>57,622,502</u>	<u>1,607,135,801</u>
December 31, 2024											
Cost	1,278,354,682	402,796,870	198,689,135	333,954,562	309,259,474	30,969,248	87,322,925	124,563,193	114,828,730	63,412,571	2,944,151,390
Accumulated depreciation and amortization	-	(232,053,766)	(183,663,094)	(306,599,905)	(259,421,674)	(23,448,244)	(78,202,499)	(115,121,278)	(98,060,444)	14,346,250	(1,282,224,654)
Accumulated impairment losses	-	(35,000,000)	-	-	-	-	-	-	-	(14,346,250)	(49,346,250)
Net carrying amount	<u>1,278,354,682</u>	<u>135,743,104</u>	<u>15,026,041</u>	<u>27,354,657</u>	<u>49,837,800</u>	<u>7,521,004</u>	<u>9,120,426</u>	<u>9,441,915</u>	<u>16,768,286</u>	<u>63,412,571</u>	<u>1,612,580,486</u>
January 1, 2024											
Cost	1,288,354,682	379,659,325	195,106,677	312,676,797	282,703,618	25,425,998	86,669,310	117,262,423	109,669,602	27,137,678	2,824,666,110
Accumulated depreciation and amortization	-	(186,753,104)	(176,143,668)	(291,898,485)	(237,514,731)	(21,050,804)	(77,559,323)	(112,499,158)	(91,520,905)	14,346,250	(1,180,593,928)
Accumulated impairment losses	-	(35,000,000)	-	-	-	-	-	-	-	(14,346,250)	(49,346,250)
Net carrying amount	<u>1,288,354,682</u>	<u>157,906,221</u>	<u>18,963,009</u>	<u>20,778,312</u>	<u>45,188,887</u>	<u>4,375,194</u>	<u>9,109,987</u>	<u>4,763,265</u>	<u>18,148,697</u>	<u>27,137,678</u>	<u>1,594,725,932</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	Land	Buildings and Improvements	Machinery and Equipment	Furniture, Fixtures, and Office Equipment	Transportation Equipment	Test, Communication And Other Equipment	Computer System	Leasehold Improvement	Tools and Equipment	Construction in Progress	Total
Balance at January 1, 2025, net of accumulated depreciation, amortization and impairment losses	1,278,354,682	135,743,104	15,026,041	27,354,657	49,837,800	7,521,004	9,120,426	9,441,915	16,768,286	63,412,571	1,612,580,486
Additions	-	5,521,751	10,808,896	18,212,489	26,837,990	2,392,857	1,170,306	3,953,219	7,032,351	13,516,311	89,446,170
Reclassification	-	15,203,247	675,800	201,827	-	-	(55,811)	3,281,317	-	(19,306,380)	-
Disposals – net	-	-	-	(12,500)	-	-	-	-	-	-	(12,500)
Derecognition due to loss of control	-	-	-	-	(2,744,449)	-	-	-	-	-	(2,744,449)
Depreciation and amortization charges for the year	-	(36,813,424)	(7,094,324)	(14,115,109)	(25,542,375)	(593,564)	(426,360)	(4,242,084)	(3,306,666)	-	(92,133,906)
Balance at December 31, 2025 net of accumulated depreciation, amortization and impairment losses	<u>1,278,354,682</u>	<u>119,654,678</u>	<u>19,416,413</u>	<u>31,641,364</u>	<u>48,388,966</u>	<u>9,320,297</u>	<u>9,808,561</u>	<u>12,434,367</u>	<u>20,493,971</u>	<u>57,622,502</u>	<u>1,607,135,801</u>
Balance at January 1, 2024, net of accumulated depreciation, amortization and impairment losses	1,288,354,682	157,906,221	18,963,009	20,778,312	45,188,887	4,375,194	9,109,987	4,763,265	18,148,697	27,137,678	1,594,725,932
Additions	-	23,137,545	3,582,458	24,418,431	30,767,194	5,543,250	653,615	7,300,770	5,617,897	45,685,465	146,706,625
Reclassification	(10,000,000)	-	-	-	-	-	-	-	-	-	(10,000,000)
Disposals – net	-	-	-	(3,140,666)	(4,211,338)	-	-	-	(458,769)	(9,410,572)	(17,221,345)
Depreciation and amortization charges for the year	-	(45,300,662)	(7,519,426)	(14,701,420)	(21,906,943)	(2,397,440)	(643,176)	(2,622,120)	(6,539,539)	-	(101,630,726)
Balance at December 31, 2024 net of accumulated depreciation, amortization and impairment losses	<u>1,278,354,682</u>	<u>135,743,104</u>	<u>15,026,041</u>	<u>27,354,657</u>	<u>49,837,800</u>	<u>7,521,004</u>	<u>9,120,426</u>	<u>9,441,915</u>	<u>16,768,286</u>	<u>63,412,571</u>	<u>1,612,580,486</u>

Construction in progress pertains to the accumulation of costs incurred on building improvements being constructed in various properties of the Group. There were constructions completed in 2025. As a result, completed constructions were reclassified to specific items of property and equipment. There was no similar transaction in 2024. In 2025, 2024 and 2023, no borrowing costs were capitalized.

In 2024, the Group transferred land from Property and Equipment, with a carrying amount of P10.0 million, to Investment Properties (see Note 12). There was no similar transaction in 2025.

In 2024, the Group cancelled certain construction in progress amounting to P9.4 million resulting to the reduction of construction in progress. There was no similar transaction in 2025.

In 2025 and 2024, the Group sold certain items of property and equipment with carrying amounts of P0.01 million and P7.8 million, respectively. Aside from these assets, the Group also disposed of certain fully depreciated and amortized items of property and equipment with original cost of P15.4 million and P4.1 million in 2025 and 2024, respectively. The Group recognized a gain on disposal of these assets totaling P2.6 million, P1.7 million and P4.5 million in 2025, 2024 and 2023, respectively, which are presented as part of Other gains under Other Income (Charges) section in the consolidated statements of income (see Note 20.3).

The amount of depreciation and amortization computed on property and equipment is presented as part of the following accounts:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost of services	17.2	35,116,692	61,313,422	46,667,201
Cost of rentals	17.3	22,843,010	16,307,720	14,396,908
General and administrative expenses		34,174,204	24,009,584	18,217,653
	18	92,133,906	101,630,726	79,281,762

As of December 31, 2025 and 2024, none of the Group's property and equipment were held as collateral for loans. Further, no impairment losses were recognized in 2025, 2024 and 2023 as the management believes that the carrying amount of property and equipment is recoverable in full.

There were no restrictions on titles and items of property and equipment as of December 31, 2025 and 2024.

12. INVESTMENT PROPERTIES

The Group's investment properties, accounted for under the fair value method, consist mainly of land and improvements, and buildings and improvements that are held under operating lease agreements. These properties earn rental income amounting to P613.3 million, P419.0 million and P278.5 million in 2025, 2024 and 2023, respectively, and are presented as Rentals under Revenues in the consolidated statements of income. The Group also incurred direct costs such as real property taxes, depreciation and amortization and utilities, which are presented as part of Cost of Rentals in the consolidated statements of income (see Note 17.3).

The fair values of the Group's investment properties as of December 31, 2025 and 2024 were based on appraisal reports issued in May 2026 and November 2024, respectively. Management obtains annual appraisal reports on its investment properties from an independent appraisers (see Note 30.4).

The changes in the carrying amounts of investment property as of December 31 as presented in the consolidated statements of financial position are summarized as follows:

<i>(Amounts in PHP)</i>	Land and Improvements	Buildings and Improvement	Construction in Progress	Total
2025:				
Balance at beginning of year	5,601,997,151	2,353,512,353	86,171,773	8,041,681,277
Additions	-	138,496,618	33,090,577	171,587,195
Fair value gains (losses) – net (see Note 19)	303,030,663	(132,232,405)	-	170,798,258
Reclassification	147,700	48,445,443	(48,593,143)	-
Balance at end of year	5,905,175,514	2,408,222,009	70,669,207	8,384,066,730
2024:				
Balance at beginning of year	5,120,560,888	769,699,957	1,076,906,086	6,967,166,931
Additions	1,560,385	209,551	961,958,246	963,728,182
Fair value gains (losses) – net (see Note 19)	544,512,783	(281,239,605)	-	263,273,178
Disposals	(74,892,929)	(87,594,085)	-	(162,487,014)
Transfer from property and equipment	10,000,000	-	-	10,000,000
Reclassification	256,024	1,952,436,535	(1,952,692,559)	-
Balance at end of year	5,601,997,151	2,353,512,353	86,171,773	8,041,681,277

In 2025 and 2024, the Group completed the construction of certain buildings, building improvements and land improvements. The Group capitalized borrowing costs in 2024 amounting to P18.1 million (see Note 14). There was no similar transaction in 2025 and 2023.

In 2024, the Group transferred land with a carrying amount of P10.0 million from Property and Equipment to Investment Properties upon the commencement of lease (see Note 11). There was no similar transaction in 2025 and 2023.

In 2025, 2024 and 2023, the Group received payment from an association managing an industrial park as compensation for damages to Group's property amounting to P5.4 million, which is presented under Other Operating Income in the consolidated statements of income (see Note 19).

The Group sold certain land and building and improvements with a total appraised value of P162.5 million and P8.3 million in 2024 and 2023, respectively. The related gain and loss on these sales is presented under Other gains under Other Income (Charges) in the consolidated statements of income (see Note 20.3). There was no similar transaction in 2025.

Certain investment property is used as collateral on loan payable as of December 31, 2025 and 2024 (see Note 14).

13. OTHER ASSETS

The composition of these accounts as of December 31 is shown below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Current:			
Input VAT – net	13.3	327,634,680	351,547,938
Creditable withholding taxes		138,522,165	128,030,214
Refundable deposits	10	32,938,403	35,617,193
Prepayments	13.3	28,203,376	30,192,368
Prepaid taxes		5,990,833	-
Deferred input VAT	13.3	5,626,844	5,584,341
Deferred costs	13.3	1,019,495	13,846,430
Others		2,414,742	2,375,393
		<u>542,350,538</u>	<u>567,193,877</u>
Non-current:			
Cash bond	13.2	15,635,346	15,635,346
Refundable deposits	10	6,612,370	6,300,583
Intangible assets – net	13.1	2,397,599	13,189,231
Others	13.3	6,430,437	13,088,848
		<u>31,075,752</u>	<u>48,214,008</u>
		<u>573,426,290</u>	<u>615,407,885</u>

13.1 Intangible Assets

Intangible assets pertain to computer software licenses, which are accounted for under the cost model. The gross carrying amounts and accumulated amortization and impairment of intangible assets as of December 31 is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cost	23,302,343	33,772,149
Accumulated amortization and impairment	<u>(20,904,744)</u>	<u>(20,582,918)</u>
Net carrying amount	<u>2,397,599</u>	<u>13,189,231</u>

A reconciliation of the carrying amounts of intangible assets at the beginning and end of 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at the beginning of year, net of accumulated amortization and impairment	13,189,231	13,099,425
Write-off	(12,926,459)	-
Additions	2,456,653	162,233
Amortization during the year	<u>(321,826)</u>	<u>(72,427)</u>
Balance at end of year, net of accumulated amortization and impairment	<u>2,397,599</u>	<u>13,189,231</u>

Intangible assets are subject to annual impairment testing whenever there is an indication of impairment. Certain non-proprietary club shares were assessed to be impaired as determined by the management; hence, an adequate amount of allowance for impairment has been recognized in prior years. In 2025, the Group determined that the development of the software will no longer be completed and that the related costs will not generate future economic benefits. Accordingly, the Group assessed the carrying amount of the related intangible asset and recognized a full write-off of P12.9 million, which is presented as part of Operating Expenses in the 2025 consolidated statement of income. There were no impairment losses recognized in 2024 and 2023 as the recoverable amount of intangible assets determined by management is higher than the carrying value.

Amortization charges are presented as part of Depreciation and amortization under General and Administrative Expenses in the consolidated statements of income (see Note 18).

As of December 31, 2025 and 2024, the cost of the Group's fully amortized intangible assets amounted to P2.8 million in both years.

There are no intangible assets that have been pledged as security for any liabilities. Further, there were no other contractual commitments entered into in 2025 and 2024 related particularly for intangible assets.

13.2 Cash Bond

Cash bond represents payments made by the Group for its application for conversion of land (see Note 12). It also includes the deposits made with the Bureau of Customs for taxes and duties related to its importations.

As of December 31, 2025 and 2024, the total amount is currently demandable; however, the Group does not expect to recover the cash bond within 12 months from the end of the reporting period.

13.3 Others

In 2025 and 2024, certain input VAT of the Group was assessed by management to be impaired; hence, adequate amounts of allowance for impairment have been recognized. Accordingly, impairment losses on input VAT were recognized amounting to P1.1 million and P5.2 million, respectively (see Note 18). There was no similar transaction in 2023.

Creditable withholding taxes (CWT) represent income taxes withheld at source and are creditable against future income tax payable. Management assessed the recoverability of CWT based on expected future taxable income and determined that the balance is fully recoverable as of December 31, 2025 and 2024. During the year, the Group has utilized the portion of the CWT against its income tax payable. Accordingly, no impairment was recognized in the consolidated statements of financial position.

Prepayments pertain to prepaid insurance, prepaid taxes, prepaid rent, and prepayments for professional fees, import charges and others.

Deposits to suppliers represent the refundable amount paid by the Group to its suppliers for the distribution utilities provided to the Group.

Deferred costs represent the cost of inventories which have not been charged to cost of sales pending the completion of the Group's certain projects. In 2024, deferred costs were incurred due to additional projects during the year. There was no similar transaction in 2025 and 2023.

Other current assets include deferred installation costs which pertain to the costs paid by the Group to its contractors for the installation of modular houses. Upon completion of installation, the cost is transferred to cost of sales. On the other hand, other non-current assets mostly pertain to land properties held by SMC which are subject to transfer to certain individuals under R.A. No. 6657, *Comprehensive Agrarian Reform Law of 1988*.

14. INTEREST-BEARING LOAN

The Group received proceeds from the long-term loans obtained from a local bank amounting to P770.0 million in 2024 to finance the construction of warehouse facility in Calamba, Laguna. The outstanding loans have a term of ten years with a two-year grace period. The loan bears interest ranging from 5.95% to 6.60% per annum in 2025 and 6.00% to 6.95% per annum in 2024 subject to quarterly interest rate repricing. The related debt issuance costs and documentary stamp tax of P5.8 million and P0.8 million, respectively, are presented as part of Taxes and licenses under General and Administrative Expenses in the 2024 consolidated statement of income (see Note 18). In addition, interest incurred on specific loans directly attributable to the construction and development of a qualifying asset was capitalized as borrowing costs. The capitalization of borrowing cost was determined based on actual interest incurred on related loans. In 2024, the Group capitalized borrowing costs amounting to P18.1 million. There is no similar capitalization in 2025 due to completion of the activities.

Pursuant to the terms of these loan agreements, the Group is required to comply with certain financial covenants. The Group is required to maintain a maximum debt-to-equity ratio of 3.00:1.00 starting December 31, 2023, and a minimum debt-service coverage ratio of 1.25:1.00 commencing January 1, 2026. As of December 31, 2025 and 2024, the Group has been compliant with the financial covenants.

The balances are presented in the consolidated statements of financial position as:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Current	39,375,000	-
Non-current	835,625,000	875,000,000
	<u>875,000,000</u>	<u>875,000,000</u>

14.1 Bank Loans

Presented on the succeeding page are the details of the Group's bank loans.

Dates Availed	Maturity Dates	Grace Period	Interest Rates	Outstanding balance (Amounts in PHP)
Availed in 2023 – December 29, 2023	December 29, 2033	2 years	6.25%	105,000,000
Availed in 2024:				
February 8, 2024	December 29, 2033	1.9 years	6.75%	45,000,000
March 13, 2024	December 29, 2033	1.8 years	6.85%	40,000,000
April 15, 2024	December 29, 2033	1.8 years	6.85%	70,000,000
June 27, 2024	December 29, 2033	1.6 years	6.85%	240,000,000
October 27, 2024	December 29, 2033	1.3 years	6.25%	150,000,000
December 13, 2024	December 29, 2033	1.1 years	6.56%	100,000,000
December 19, 2024	December 29, 2033	1.1 years	6.58%	125,000,000

The loan is secured by a real estate mortgage over real estate property with a total carrying amount of P1.2 billion on real estate property recorded as part of Investment Properties in the consolidated statements of financial position (see Note 12) and a suretyship agreement with one subsidiary.

The reconciliation of interest-bearing loan arising from financing activities, which include both cash and non-cash changes is presented below.

(Amounts in PHP)	Notes	2025	2024
Balance at beginning of year		875,000,000	105,000,000
Cash flows from financing activities:			
Interest paid		(54,083,836)	(26,300,896)
Additional borrowings		-	770,000,000
Non-cash flows from financing activities:			
Accretion of interest	20.1	54,083,836	8,206,056
Capitalized borrowing costs	12	-	18,094,840
Balance at end of year		875,000,000	875,000,000

15. TRADE AND OTHER PAYABLES

This account consists of:

(Amounts in PHP)	Notes	2025	2024
Trade payables		294,046,341	324,605,911
Non-trade payables		43,757,486	50,442,908
Refundable deposits	16, 25.1	40,318,381	121,115,031
Accrued expenses		31,257,713	32,718,770
Unearned rentals	16	18,330,697	42,011,665
Output VAT		13,929,124	6,134,661
Deferred output VAT		8,567,667	7,713,717
Advances from customers		8,254,228	8,089,418
Withholding taxes payable		6,808,075	10,589,366
Rentals payable		4,278,523	4,278,523
Reserve for warranty costs		3,497,615	4,223,759
Retention payable		299,540	1,329,603
Contract liability		-	17,673,304
Other payables		21,311,401	27,199,661
		494,656,791	658,126,297

Trade payables mainly represent obligations to various suppliers for the acquisition of goods, materials and supplies necessary for the Group's operations and productions.

Non-trade payables are the obligations arising from transactions that are not within the ordinary course of business which includes lessees' deposits for electricity, communication costs, gasoline expenses, professional fees and others.

The Group receives refundable deposits from various lessees. The long-term portion of the refundable deposits from various tenants is shown as a separate line item in the consolidated statements of financial position (see Note 16). Refundable deposits are remeasured at amortized cost using effective interest rates ranging from 5.45% to 6.53% in 2025 and from 5.45% to 9.63% in 2024 and 2023 at the inception of the lease term. Interest expense recognized from the amortization of refundable deposits amounting to P1.2 million, P1.3 million and P0.9 million in 2025, 2024 and 2023, respectively, are presented as part of Finance costs under Other Income (Charges) in the consolidated statements of income (see Note 20.1).

Accrued expenses include amounts charged for rentals, outside services, salaries and other incidental operating expenses of the Group which are expected to be settled within the next reporting period.

Unearned rentals represent advance payments received from lessees.

Advances from customers pertain to the integration services in progress and customer deposit on sale of goods paid in advance to the Group.

A provision is recognized for expected warranty claims on products sold during the year based on the Group's past experience on the level of repairs and returns. The movements on this account are as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		4,223,759	2,514,215
Actual warranty claims		(593,470)	(29,927)
Reversal of provision	19	(132,674)	-
Additional provision	18	<u>-</u>	<u>1,739,471</u>
Balance at end of year		<u>3,497,615</u>	<u>4,223,759</u>

In 2024 and 2023, additional provision for warranty claims is recognized and is presented under General and Administrative Expenses in 2024 and 2023 consolidated statements of income. There was no additional provision in 2025.

In 2025, the Group reversed previously recognized provision amounting to P0.1 million, which is presented under Other Operating Income in the 2025 consolidated statement of income. There was no reversal in 2024 and 2023.

Contract liability arises when payment is received from customers prior to the delivery and installation of the equipment.

Other payables primarily consist of payroll-related liabilities and due to government agencies for unpaid contributions for social security and other benefits of the Group's employees.

Management considers the carrying amounts of trade and other payables recognized in the consolidated statements of financial position to be reasonable approximation of their fair values.

16. REFUNDABLE DEPOSITS

The Group has refundable deposits received from tenants in connection with lease agreements. These refundable deposits are remeasured at amortized cost using the effective interest ranging from 5.45% to 6.53% at the inception of the lease terms.

In connection with a built-to-specification lease arrangement with a third-party lessee, the Group received a refundable security deposit amounting to P172.4 million. In 2024, upon completion of the construction of the warehouse, the related asset was reclassified from Construction in progress to Investment Properties in the 2024 consolidated statement of financial position (see Note 12). During the same year, P86.2 million of the refundable deposit was applied as advance rental in accordance with the lease agreement. The resulting unearned rental balance of P27.0 million was presented as part of Unearned Rentals under Trade and Other Payables as of December 31, 2024 (see Note 15). There was no outstanding unearned rental balance as of December 31, 2025 related to this lease arrangement.

As of December 31, 2025 and 2024, the outstanding balance of these refundable deposits amounted to P63.3 million and P142.8 million, respectively. The current portion is presented under Trade and Other Payables, while the non-current portion is presented under Refundable Deposits in the consolidated statements of financial position.

17. COSTS OF SALES, SERVICES, RENTALS AND REAL ESTATE SALES

17.1 Cost of Sales

The details of this account are shown below.

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Merchandise inventories at beginning of year	8	386,424,801	319,319,293	307,125,964
Net purchases of merchandise inventories during the year	18	1,103,715,879	1,269,848,301	1,047,769,213
Goods available for sale		1,490,140,680	1,589,167,594	1,354,895,177
Merchandise inventories at end of year	8	(250,089,361)	(386,424,801)	(319,319,293)
Net provision (reversal) of allowance for inventory obsolescence	8	(12,475,365)	34,601,600	2,174,781
	18	1,227,575,954	1,237,344,393	1,037,750,665

17.2 Cost of Services

The following is the breakdown of direct costs and expenses from rendering of services:

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Subcontracting services		183,480,652	141,161,898	118,080,784
Equipment cost		96,741,251	38,402,999	2,356,975
Materials, supplies, and other consumables		74,113,137	87,017,500	89,317,594
Salaries and employee benefits	21.1	71,170,678	61,445,075	57,486,584
Service fees		57,315,621	87,030,378	82,823,592
Transportation and travel		46,716,001	36,588,793	49,324,515
Outside services		42,378,251	32,023,995	29,209,446
Rentals	10.3	38,282,785	13,990,761	11,994,543
Depreciation and amortization	10.1, 11	35,116,692	61,850,763	48,479,631
Food and beverage		18,558,235	5,887,015	10,304,141
Repairs and maintenance		15,983,556	11,895,971	10,894,207
Communication, light and water		6,394,064	6,989,715	10,386,320
Insurance		4,771,299	5,149,534	4,843,260
Advertising and promotions		432,355	290,813	322,239
Others		11,939,315	6,708,247	3,415,678
	18	703,393,892	596,433,457	529,239,509

17.3 Cost of Rentals

The details of this account are as follows:

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Taxes and licenses		37,735,308	35,799,197	25,818,679
Depreciation and amortization	11	22,843,010	16,307,720	14,396,908
Utilities and communication		15,133,387	14,456,724	6,170,749
Outside services		12,929,915	12,895,054	11,881,545
Repairs and maintenance		7,410,284	7,299,718	4,722,775
Association dues		3,075,587	2,922,233	2,737,682
Salaries and employee benefits	21.1	1,313,387	1,346,175	1,262,392
Rentals	10.3	219,000	219,600	219,000
Materials and supplies		148,428	708,817	892,006
Others		5,073,265	2,466,274	4,084,869
	18	105,881,571	94,421,512	72,186,605

Others primarily consist of franchise fees and insurance expenses.

17.4 Cost of Real Estate Sales

This account pertains to the Group's cost of condominium units and parking lots in 2024 amounting to P4.0 million (see Note 18). There was no sale of real estate inventories in 2025 and 2023.

18. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Net purchases of merchandise inventories	17.1, 25.1	1,103,715,879	1,269,848,301	1,047,769,213
Salaries and employee benefits	21.1, 21.2, 25.5	354,832,564	321,195,460	297,866,489
Subcontracting services		181,974,111	144,370,871	122,624,622
Changes in merchandise, finished goods and work-in-process inventories	17.1	136,495,769	(67,105,508)	(12,193,329)
Depreciation and amortization	10.1, 11, 13.1	98,193,630	109,733,535	85,796,379
Equipment cost		96,741,251	38,402,999	2,356,975
Utilities and communication		96,025,438	82,971,800	71,217,663
Taxes and licenses	14	92,859,804	85,750,412	90,561,267
Rentals	10.3	83,238,446	56,800,108	44,603,426
Materials, supplies and other consumables		81,780,782	93,627,685	100,425,952
Outside services		67,021,584	54,453,188	57,465,063
Transportation and travel		62,086,896	51,420,804	65,122,553
Service fees		58,446,793	89,298,004	82,823,592
Repairs and maintenance		41,445,340	36,077,530	32,488,694
Selling and bank charges		31,919,471	23,293,483	26,032,330
Commission		24,582,451	17,072,302	-
Professional fees		17,261,328	8,712,092	-
Food and beverage		16,580,223	3,749,772	6,302,020
Loss on write-off of intangible assets	13.1	12,926,459	-	-
Provision (reversal of allowance) on inventory obsolescence – net	8	(12,475,365)	34,601,600	2,174,781
Impairment loss on investment in an associate	7.3	10,000,000	10,000,000	40,000,000
Representation and entertainment		8,895,221	6,496,245	6,789,127
Installation cost		7,628,226	6,787,113	2,421,569
Advertising and promotions		3,971,976	5,701,609	3,160,000
Impairment losses (reversal of impairment losses) on trade and other receivables – net	6.7	2,931,711	(220,568)	367,841
Impairment loss on input VAT	13.3	1,101,685	5,209,241	-
Warranty claims		6,027	535,772	445,257
Cost of real estate sales	17.4	-	3,962,442	-
Reversal of impairment losses on advances to related parties	25.4	-	(4,035,813)	-
Provisions for warranty claims	15	-	1,739,471	695,033
Miscellaneous		55,935,440	66,516,539	75,448,459
		<u>2,736,123,140</u>	<u>2,556,966,489</u>	<u>2,252,764,976</u>

These expenses are classified as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cost of sales	17.1	1,227,575,954	1,237,344,393	1,037,750,665
Cost of services	17.2	703,393,892	596,433,457	529,239,509
General and administrative expenses		511,357,668	464,668,316	488,827,742
Selling and distribution costs		187,914,055	160,136,369	124,760,455
Cost of rentals	17.3	105,881,571	94,421,512	72,186,605
Cost of real estate sales	17.4	-	3,962,442	-
		<u>2,736,123,140</u>	<u>2,556,966,489</u>	<u>2,252,764,976</u>

19. OTHER OPERATING INCOME

The breakdown of this account is as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Fair value gains on investment property – net	12	170,798,258	263,273,178	296,696,566
Income from utilities charged to tenants		31,654,839	26,948,353	24,313,501
Waste disposal and security services		15,054,285	14,102,458	7,197,970
Common usage service area	25.3	10,729,547	7,364,310	6,113,133
Compensation for damages	12	5,357,150	5,357,143	5,357,143
Revenue share from embedded third party application		1,619,668	-	221,187
Reversal of reserve for warranty costs	15	132,674	-	-
Miscellaneous – net		<u>9,809,116</u>	<u>16,810,936</u>	<u>22,386,087</u>
		<u>245,155,537</u>	<u>333,856,378</u>	<u>362,285,587</u>

20. OTHER INCOME (CHARGES)

20.1 Finance Costs

This account consists of the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Interest expense on:				
Loans payable	14	54,083,836	8,206,056	-
Deficiency tax		2,556,373	165,013	251,234
Refundable deposits	15	1,188,878	1,339,960	921,164
Lease liability	10.4	373,106	393,816	525,447
Foreign currency exchange losses		1,340,499	1,275,046	4,306,595
Miscellaneous		<u>715,784</u>	<u>31,108</u>	<u>5,023</u>
		<u>60,258,476</u>	<u>11,410,999</u>	<u>6,009,463</u>

20.2 Finance Income

This account consists of the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Interest income from:				
Cash and cash equivalents and short-term placements	5	87,369,363	103,353,073	91,252,634
Real estate sales	6.1	-	4,577	661,831
Increase in cash surrender value of investment in life insurance	6.4	16,653,319	22,952,814	35,921,315
Foreign currency exchange gains		1,232,298	10,787,437	506,500
		105,254,980	137,097,901	128,342,280

20.3 Other Gains

The breakdown of this account is as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Certification services		76,575,376	-	-
Gain on deconsolidation	23.5	20,502,205	-	3,344,759
Proceeds from insurance		15,577,350	11,193,189	1,484,093
Gain on derecognition of liabilities		7,800,066	-	-
Service income from bank guarantee		6,705,352	1,676,338	-
Net interest income on retirement benefit asset	21.2	6,004,446	6,361,686	9,862,614
Gain on sale of property and equipment	11	2,566,163	1,730,426	4,464,233
Gain (loss) on sale of investment properties – net	12, 25.4	-	(6,338,666)	339,000
Gain on forfeiture of security deposits		-	-	6,057,760
Gain on sale of lot	9.1	-	67,690,000	-
Miscellaneous		4,303,281	3,574,535	7,114,017
		140,034,239	85,887,508	32,666,476

Certification services represent fees charged to lessees for a distinct service relating to the coordination and completion of infrastructure enhancements necessary to obtain Leadership in Energy and Environmental Design (LEED) certification for the leased premises. Management has assessed that the LEED certification service is separately identifiable from the lease component, as it does not affect the lessee's ability to obtain control of or use the underlying leased asset and provides an additional benefit to the lessee independent of the lease. Accordingly, the certification service is accounted for as a separate performance obligation under PFRS 15. Revenue is recognized at a point in time upon completion of the certification process, when control of the service is transferred to the lessee.

In 2025, the Group derecognized the long outstanding dividends payable to its stockholders that had remained unclaimed since 2012. The resulting gain from the derecognition of these liabilities was recognized under Other Gains in the 2025 consolidated statement of income. There was no similar transaction in 2024 and 2023.

Service income from bank guarantee pertains to the amount charged by the lessor to the lessee as specified in the lease agreement. The agreement stipulates that the lessor will secure a loan equal to the bank guarantee or security deposit, and in exchange, the lessee will then pay a specified amount, the calculation of which is detailed in the agreement.

21. EMPLOYEE BENEFITS

21.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are summarized below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Short-term benefits		342,499,235	305,285,872	288,831,557
Post-employment benefits	21.2, 25.5	12,333,329	15,909,588	9,034,932
	18	<u>354,832,564</u>	<u>321,195,460</u>	<u>297,866,489</u>

These expenses are classified in the consolidated statements of income as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
General and administrative expenses		277,704,818	253,887,128	230,954,290
Cost of services	17.2	71,170,678	61,445,075	57,486,584
Selling and distribution costs		4,643,681	4,517,082	8,163,223
Cost of rentals	17.3	1,313,387	1,346,175	1,262,392
	18	<u>354,832,564</u>	<u>321,195,460</u>	<u>297,866,489</u>

21.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by an investment manager that is legally separated from the Group. The investment manager manages the fund in coordination with the Group's management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The Group's post-employment benefit plan provides retirement benefits ranging from 100% to 115% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) *Explanation of Amounts Presented in the Consolidated Financial Statements*

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented on the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2025, 2024 and 2023.

The amounts of retirement benefit asset recognized in the consolidated statements of financial position are determined as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Fair value of plan assets	269,352,983	265,661,419
Present value of obligation	(143,239,403)	(134,456,547)
Changes in the effect of asset ceiling	(67,550,430)	-
	<u>58,563,150</u>	<u>131,204,872</u>

On the other hand, the retirement benefit obligation recognized by certain subsidiaries, which does not have an established post-employment benefit plan, amounted to P32.7 million and P29.8 million as of December 31, 2025 and 2024, respectively.

The movements in the fair value of plan assets of the Group are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	265,661,419	256,663,816
Interest income	15,606,731	15,607,112
Benefits paid	(13,103,200)	(4,847,257)
Gain on plan assets (excluding amounts included in net interest)	1,710,844	(1,762,252)
Receivable from plan assets	(522,811)	-
Balance at end of year	<u>269,352,983</u>	<u>265,661,419</u>

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	164,241,886	152,910,948
Current service costs	12,333,329	15,909,588
Interest costs	9,602,285	9,245,426
Remeasurements –		
Actuarial gains (losses) arising from:		
Experience adjustments	32,033,777	92,707
Changes in demographic assumptions	(15,740,451)	-
Changes in financial assumptions	(12,473,709)	(8,704,280)
Benefits paid	(13,103,200)	(5,212,503)
Gain on settlement of retirement benefit liability	(963,981)	-
Balance at end of year	<u>175,929,936</u>	<u>164,241,886</u>

The significant actuarial gains or losses in 2025 and 2024 arising from the financial assumptions pertain to the effects of differences between the discount rates and salary projection rates used while the actuarial gains arising from experience adjustments pertain to the effects of differences between the previous actuarial assumptions and what has actually occurred, including the changes in those actuarial assumptions during the applicable reporting periods.

The plan assets consist of the following as of December 31 (see Note 25.6):

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Debt securities:		
Philippines government bonds	242,126,520	242,559,092
Unit investment trust fund (UITF)	14,248,773	10,576,342
Corporate bonds	6,508,210	9,322,797
Mutual funds	-	75,311
Others	6,469,480	3,127,877
	<u>269,352,983</u>	<u>265,661,419</u>

The fair values of the debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). UITF is classified as Level 2 while other assets are classified as Level 3 in the fair value hierarchy.

The plan assets earned a net return of P17.3 million and P13.8 million in 2025 and 2024, respectively, and incurred a net loss of P17.1 million in 2023.

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts of post-employment benefit expense recognized in the consolidated statements of income and consolidated statements of comprehensive income in respect of the post-employment defined benefit plan are shown below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in consolidated statements of income:</i>				
Current service cost	21.1	12,333,329	15,909,588	9,034,932
Net interest income	20.3	(6,004,446)	(6,361,686)	(9,862,614)
		<u>6,328,883</u>	<u>9,547,902</u>	<u>(827,682)</u>
<i>Reported in consolidated statements of comprehensive income (loss):</i>				
Changes in the effect of asset ceiling		(67,550,430)	-	-
Actuarial gains (losses) arising from changes in:				
Experience adjustments		(32,033,777)	(92,707)	(12,312,686)
Financial assumptions		12,473,709	8,704,280	(25,676,853)
Demographic assumption		15,740,451	-	(46,417)
Remeasurements on plan assets (excluding amounts included in net interest)		<u>1,710,844</u>	<u>(1,762,252)</u>	<u>(1,027,690)</u>
	23.3	<u>(69,659,203)</u>	<u>6,849,321</u>	<u>(39,063,646)</u>

Current service cost and past service cost are presented as part of Salaries and employee benefit under General and Administrative Expenses in the consolidated statements of income (see Note 18).

The net interest income is included in Other gains under Other Income (Charges) section in the consolidated statements of income (see Note 20.3). Amounts recognized in other comprehensive income, net of tax, were classified within items that will not be reclassified subsequently to profit or loss in the consolidated statements of comprehensive income.

For determination of the post-employment benefit obligation, the following actuarial assumptions were used:

	2025	2024	2023
Discount rates	6.30% - 6.49%	6.08% - 6.16%	5.94% - 6.12%
Salary increase rate	7.00%	8.00%	8.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working lives of employees before retirement at the age of 60 ranges from 14.0 to 25.0 years for males and 12.0 to 25.0 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan is generally concentrated on investment in debt securities, although the Group also invests in UITF.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(iii) *Inflation Risk*

A significant proportion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and on the succeeding pages.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit asset as of December 31, 2025 and 2024:

(Amounts in PHP)	Impact on Post-Employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
<u>December 31, 2025</u>			
Discount rate	+/- 0.5%	(16,573,190)	16,636,248
Salary increase rate	+/- 1.0%	17,637,168	(15,387,290)
<u>December 31, 2024</u>			
Discount rate	+/- 0.5%	(7,145,553)	8,102,696
Salary increase rate	+/- 1.0%	15,921,291	(13,104,160)

The sensitivity analysis above is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Group through its Management Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve long-term investments that are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Group actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolios, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of the plan assets as of December 31, 2025 and 2024 are generally concentrated in government debt securities, although the Group also invests in UITF for liquidity purposes.

(iii) *Funding Arrangements and Expected Contributions*

The plan is currently overfunded by P93.4 million and P160.4 million, in 2025 and 2024, respectively, based on the latest actuarial valuation. On the other hand, the Group is yet to determine how much and when to fund its retirement benefit obligation as of December 31, 2025.

The Group does not expect to make any contribution to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan is presented below:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Within one year	16,206,769	19,800,792
More than one year to 5 years	49,887,219	32,567,887
More than 5 years to 10 years	120,470,320	89,458,820
	<u>186,564,308</u>	<u>141,827,499</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 11.7 years.

22. TAXES

22.1 Registration with Philippine Economic Zone Authority (PEZA)

SMC is registered with the PEZA as an Ecozone Facilities Enterprise at the Laguna International Industrial Park – Special Economic Zone (LIIP – SEZ). As an Ecozone Facilities Enterprise, SMC shall lease its building in LIIP – SEZ to PEZA-registered export enterprises located therein. SMC is subject to 5% tax on gross income earned on such facilities in lieu of all national and local taxes.

On May 2, 2024, the BOD approved the application for the cancellation of SMC's PEZA registration. Subsequently, the application was approved by PEZA on June 28, 2024, pursuant to PEZA Resolution No. 24-173, subject to the submission of the required documents and clearances. Accordingly, the cancellation of the registration as an Ecozone Facilities Enterprise has become effective, and SMC is no longer entitled to PEZA incentives, in accordance with applicable laws and regulations.

On July 1, 1998, the PEZA approved Starworld's registration as an Ecozone developer and operator of the CPIP – Special Economic Zone located at Bo. Parian, Calamba City. Under the terms of the registration and subject to certain requirements, Starworld shall be exempt from all national and local taxes and instead will be subject to the 5% preferential tax rate on gross income after allowable deductions.

22.2 Current and Deferred Taxes

The components of tax expense reported in the consolidated statements of income and consolidated statements of comprehensive income are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in consolidated statements of income</i>			
Current tax expense:			
Regular corporate income tax (RCIT)			
at 25% / 20%	91,826,412	116,180,268	78,589,815
Final tax at 20% / 15%	30,645,497	33,226,617	35,083,692
Capital gains tax	-	4,061,400	-
Minimum corporate income tax (MCIT)			
at 2% in 2025 and 2024	853,871	964,952	1,500,636
and 1.5% in 2023	123,325,780	154,433,237	115,174,143
Application of excess MCIT	-	(655,768)	-
Deferred tax expense arising from origination and reversal of temporary differences	103,172,274	92,911,060	84,406,206
	226,498,054	246,688,529	199,580,349
<i>Reported in consolidated statements of comprehensive income</i>			
Deferred tax expense (income) on remeasurements of defined benefit post-employment plan	(17,762,381)	1,483,537	(9,494,432)

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of income is as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax on pretax profit at 25%	232,793,729	212,372,487	182,836,370
Adjustment for income subjected to lower tax rates	(5,626,271)	(18,327,309)	(7,534,698)
Tax effects of:			
Nontaxable income	(10,130,401)	(12,675,025)	(32,533,180)
Nondeductible expenses and losses	9,005,104	41,621,650	22,007,616
Unrecognized deferred tax assets from net operating loss carry-over (NOLCO) and MCIT and other temporary differences	8,861,228	23,284,050	34,968,769
Application of NOLCO	(7,739,020)	(1,717,596)	-
Excess of itemized deductions over optional standard deduction	(666,315)	(158,907)	(164,528)
Reversal of previously recognized deferred tax assets	-	1,564,288	-
Excess of MCIT over RCIT	-	724,891	-
Tax expense	226,498,054	246,688,529	199,580,349

The net deferred tax assets of the Parent company and certain subsidiaries as of December 31 relate to the following:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Allowance for inventory obsolescence	6,974,743	5,004,657
Allowance for impairment on trade and other receivables	5,061,931	3,575,304
Provision for warranty claims	874,404	1,055,940
Accrued expenses	585,352	585,352
Retirement benefit obligation	1,266,378	3,105,428
Deferred rental income	44,724	44,724
Deferred income	-	1,380,508
	<u>14,807,532</u>	<u>14,751,913</u>
Deferred tax liabilities:		
Unrealized foreign currency loss	(1,695,451)	(2,046,295)
PFRS 16 adoption	(120,314)	(150,658)
	<u>(1,815,765)</u>	<u>(2,196,953)</u>
	<u>12,991,767</u>	<u>12,554,960</u>

The net deferred tax liabilities of the Parent Company and certain subsidiaries as of December 31 relates to the following:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Allowance for impairment on trade and other receivables	4,136,245	5,198,900
Unearned rent income	3,896,267	3,629,920
Impairment losses on property and equipment	3,586,563	3,586,563
Allowance for inventory obsolescence	968,353	3,407,236
Excess MCIT over RCIT	725,348	235,020
Impairment losses on trade and other receivables	269,173	69,168
Inventory losses due to obsolescence	238,418	238,418
Deferred rent income	68,663	156,977
Unamortized past service costs	51,432	89,633
NOLCO	14,450	-
Unrealized foreign currency loss (gain)	(3,579)	(2,530)
Accumulated amortization on right-of-use assets	-	5,679,821
Impairment losses on input VAT	-	1,503,292
	<u>13,951,333</u>	<u>23,792,418</u>
<i>Balance carried forward</i>		

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
<i>Balance brought forward</i>	<u>13,951,333</u>	<u>23,792,418</u>
Deferred tax liabilities:		
Fair value gains on investment properties – net	(948,896,036)	(906,196,368)
Accumulated depreciation on investment properties	(210,724,255)	(173,664,566)
Accrued rent income	(45,184,980)	(19,401,833)
Excess of fair value over cost of property	(12,211,529)	(12,211,529)
Post-employment benefit asset	(9,738,910)	(30,660,274)
Unrealized foreign currency gains	(3,605)	(3,165,153)
Amortization of lease liabilities	-	(5,679,821)
PFRS 16	-	225,844
	<u>(1,226,759,315)</u>	<u>(1,150,753,700)</u>
Deferred tax liabilities – net	<u>(1,212,807,982)</u>	<u>(1,126,961,282)</u>

The components of net deferred tax expense reported in the consolidated statements of income are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Fair value gains investment properties – net	42,699,668	57,395,851	72,485,001
Accumulated depreciation on investment properties	37,059,689	23,708,425	7,883,017
Accrued income	25,783,147	15,200,867	1,178,251
Accumulated depreciation of right-of use assets	5,679,821	5,223,629	(435,282)
Amortization of lease liabilities	(5,679,821)	(5,179,788)	501,279
Unrealized foreign currency gains (losses) – net	(3,511,343)	695,976	269,069
Impairment loss on input VAT	1,503,292	(1,302,311)	-
Deferred income	1,468,822	(1,380,508)	-
Post-employment benefit obligation	(1,319,933)	(1,719,373)	1,798,438
Excess of MCIT over RCIT	(490,328)	1,484,320	(327,198)
Allowance (reversal) for inventory obsolescence	468,797	(437,879)	(599,499)
Allowance (reversal) for impairment on trade and other receivables	(423,972)	146,769	153,535
Unearned rent income	(266,347)	(698,632)	(29,509)
Impairment loss on trade and other receivables	(200,005)	-	-
PFRS 16 adoption	195,500	(183,712)	76,024
Provision for warranty claims	181,536	(427,386)	(161,316)
Unamortized past service costs	38,201	38,202	38,202
NOLCO	(14,450)	-	1,138,763
Allowance for impairment on advances to related parties	-	1,296,484	-
Accumulated depreciation on property and equipment	-	(1,044,869)	-
Deferred rent income	-	94,995	437,431
	<u>103,172,274</u>	<u>92,911,060</u>	<u>84,406,206</u>

The deferred tax income in 2025 and 2023 amounting to P17.8 million and P9.5 million, respectively, and the deferred tax expense in 2024 amounting to P1.5 million in the consolidated statements of comprehensive income pertains to the tax effect of the remeasurements of post-employment defined benefit plan (see Note 23.3).

Presented below are the details of NOLCO, which can be claimed as deductions from future taxable profit within three to five years from the year the tax loss was incurred, depending on applicable laws and regulations. Specifically, NOLCO incurred in 2021 and 2020 can be claimed as a deduction from the gross income until 2026 and 2025, respectively, in accordance with R.A. No. 11494, *Bayanihan to Recover as One Act*. In 2022, the NOLCO carry-over period is reverted to three years from the year the tax loss was incurred. In 2025, 2024 and 2023, the Group claimed as deduction the NOLCO amounting to P34.4 million, P6.9 million and P13.0 million, respectively (amounts in PHP).

Year	Amount	Applied Amount	Expired Amount	Remaining Balance	Valid
2025	71,551,697	-	-	71,551,697	2028
2024	66,488,289	-	-	66,488,289	2027
2023	58,202,069	(30,956,074)	-	27,245,995	2026
2022	30,654,231	-	(30,654,231)	-	2025
2021	138,523,393	(3,426,904)	-	135,096,489	2026
2020	166,054,076	(19,958,639)	(146,095,437)	-	2025
	531,473,755	(54,341,617)	(176,749,668)	300,382,470	

The Group is subject to MCIT which is computed at 2% in 2025 and 2024 and 1.5% in 2023 of gross income, as defined under the tax regulations or RCIT, whichever is higher. In 2025 and 2024, the Group claimed as deduction the MCIT amounting to P0.6 million and P0.2 million, respectively. The details of the Group's MCIT are presented below (amounts in PHP).

Year	Amount	Applied Amount	Expired Amount	Remaining Balance	Valid
2025	853,868	-	-	853,868	2028
2024	964,952	-	-	964,952	2027
2023	1,500,636	(234,946)	-	1,265,690	2026
2022	612,193	(612,193)	-	-	2025
	3,931,649	(847,139)	-	3,084,510	

The Group did not recognize the deferred tax assets on NOLCO, MCIT and other deductible temporary differences of certain subsidiaries as management has assessed that those subsidiaries may not be able to realize their related tax benefits within the prescribed availment period. The NOLCO, MCIT and other deductible temporary differences as of December 31 for which the related deferred tax assets have not been recognized by certain entities in the Group are shown below.

(Amounts in PHP)	2025		2024		2023	
	Amount	Tax Effect	Amount	Tax Effect	Amount	Tax Effect
NOLCO	153,344,700	38,336,175	166,792,653	41,698,163	116,633,288	29,730,789
Allowance for inventory obsolescence	41,855,589	10,463,897	32,850,088	8,212,522	5,640,616	1,410,154
Retirement benefit obligation	1,551,422	387,855	603,533	150,883	1,204,196	301,049
Unamortized past service cost	1,076,239	269,060	1,345,299	336,325	1,614,359	403,590
MCIT	912,367	912,367	887,843	887,843	117,104	117,104
Allowance for impairment of intangible assets	272,127	68,032	272,127	68,032	272,127	68,032
Unrealized foreign currency gains – net	167	42	(13,147)	(3,387)	(51,968)	(12,992)
Allowance for impairment of trade receivables	-	-	-	-	1,509,192	377,298
	199,012,611	50,437,428	202,738,396	51,350,381	126,938,914	32,395,024

In 2025 and 2024, the Group opted to use itemized deductions in computing its income tax due, except for certain subsidiaries which still opted to claim OSD in the current year.

23. EQUITY

23.1 Capital Stock

The Parent Company has a total authorized capital stock of P5.0 billion divided into 5,000,000,000 shares with P1 par value.

On June 18, 1996, the Commission issued an Order approving the Registration Statement covering the securities which comprised the Parent Company's entire authorized capital stock. On September 4, 1996, the Parent Company's shares were listed in the PSE and the trading of offer shares commenced.

The Parent Company offered to the public 665,000,000 shares at an offer price of P5.85 per share. The offer shares consist of 524,475,000 primary shares (new shares) and 140,525,000 secondary shares (existing shares).

As of December 31, 2025 and 2024, the Parent Company has issued shares of 2,030,975,000 (with P1 par value), of which, 468,787,704 are held by the public both 2025 and 2024. There are 4,193 and 4,209 holders of the listed shares which closed at P1.27 and P1.03 per share as of the last trading days in 2025 and 2024, respectively.

23.2 Retained Earnings

The BOD approved the declaration of cash dividends in 2025, 2024 and 2023 as follows:

Date of Declaration	Stockholders of Record as of	No. of Shares Outstanding	Amounts in PHP	
			Amount per Share	Total
June 26, 2025	July 15, 2025	1,821,542,000	0.10	182,154,200
June 27, 2024	July 15, 2024	1,821,542,000	0.10	182,154,200
August 3, 2023	August 18, 2023	1,821,542,000	0.06	109,292,520

The dividends were paid within the year of declaration.

Retained earnings is restricted to the amount of P115.6 million as of December 31, 2025 and 2024, equivalent to the cost of 209,433,000 shares held in treasury.

23.3 Revaluation Reserves and Other Reserves

The components of this account and its movements are as follows:

(Amounts in PHP)	Notes	2025	2024	2023
Remeasurement of post-employment benefit:				
Balance at beginning of year		45,315,373	39,949,589	69,518,803
Actuarial gains (loss) during the year	21.2	(69,659,203)	6,849,321	(39,063,646)
Tax income (expense)	22.2	17,762,381	(1,483,537)	9,494,432
Derecognition of revaluation reserve related to plan assets		(762,192)	-	-
Balance at end of year		(7,343,641)	45,315,373	39,949,589
Balance carried forward		(7,343,641)	45,315,373	39,949,589

<i>(Amounts in PHP)</i>	Note	2025	2024	2023
<i>Balance brought forward</i>		<u>(7,343,641)</u>	<u>45,315,373</u>	<u>39,949,589</u>
Cumulative translation adjustments:				
Balance at beginning of year		77,784,594	47,790,503	57,039,969
Currency exchange differences on translating financial statements of foreign operations		<u>11,207,051</u>	<u>29,994,091</u>	<u>(9,249,466)</u>
Balance at end of year		<u>88,991,645</u>	<u>77,784,594</u>	<u>47,790,503</u>
Unrealized fair value gains on financial assets at FVOCI				
Balance at beginning of year		59,806,719	41,006,719	22,606,719
Fair value gains	7.1	<u>19,800,000</u>	<u>18,800,000</u>	<u>18,400,000</u>
Balance at end of year		<u>79,606,719</u>	<u>59,806,719</u>	<u>41,006,719</u>
Other comprehensive income attributable to NCI interest		<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
		<u>161,289,723</u>	<u>182,941,686</u>	<u>128,781,811</u>

23.4 Subsidiary with Material Non-controlling Interest

Noncontrolling interests (NCI) pertain to the equity ownership of minority stockholders in certain subsidiaries. In 2025, SMC disposed of its shares of stock of Starworld, resulting in the Group's reduction of ownership interest from 50% to 30% and loss of control. Accordingly, the retained 30% interest is accounted for as an investment in an associate in 2025 (see Notes 1.1 and 7.3).

In 2023, the Group sold its shares of stock in Interstar and LIIP (see Notes 1.1). The details of deconsolidation are presented in Note 23.5.

In 2025, Starworld reduced its authorized capital stock from P530.0 million to P5.3 million. Consequently, the share of the Group in Starworld's capital stock decreased by P209.9 million, which is presented in the 2025 consolidated statement of changes in equity. Subsequently, SMC disposed of its equity interest in Starworld, resulting in a reduction in ownership and the loss of control over the investee.

The selected financial information (before inter-company eliminations) of Starworld, which represent the subsidiary with material NCI are shown below and on the succeeding page.

<i>(Amounts in PHP)</i>	2024	2023
Current assets	533,695,891	576,695,016
Non-current assets	<u>3,526,649</u>	<u>1,656,883</u>
Total assets	<u>537,222,540</u>	<u>578,351,899</u>
Current liabilities	267,161	365,911
Non-current liabilities	<u>2,144,627</u>	<u>2,093,711</u>
Total liabilities	<u>2,411,788</u>	<u>2,459,622</u>
Equity attributable to owners of the parent	<u>267,405,376</u>	<u>287,946,139</u>
NCI	<u>267,405,376</u>	<u>287,946,139</u>
Revenue	<u>109,104,516</u>	<u>38,404,858</u>

<i>(Amounts in PHP)</i>	2024	2023
Profit for the year attributable to owners of the parent	39,398,821	12,120,868
Profit for the year attributable to NCI	39,398,821	12,120,868
Total comprehensive income for the year	78,797,642	24,241,736
Net cash used in operating activities	50,800,509	(13,572,748)
Net cash from investing activities	37,625,720	29,189,428
Net cash used in financing activities	(60,801,510)	(100,000,000)
	27,624,719	(84,383,320)
Effect of exchange rate on cash and cash equivalent	688	(693)
Net cash inflow (outflow)	27,625,407	(84,384,013)

The corporate information of Starworld as well as the Parent Company's stockholding thereto, is provided in Note 1.1.

In 2024 and 2023, cash dividends amounting to P61.6 million and P51.3 million, respectively, were declared to NCI which were paid within the year of declaration and approval. There was no similar transaction in 2025.

Management determined that the difference between the respective equity ownership of minority stockholders over the equity of the aforementioned subsidiaries and the amount of NCI recognized in the consolidated statements of financial position is not material to the consolidated financial statements.

23.5 Loss of Control Over Subsidiaries

As discussed in Notes 1 and 23.4, the Group sold its shares of stock in Starworld in 2025 and LIIP and Interstar in 2023. At the date control was lost, the net carrying amount of these entities and the determination of the gain or loss on deconsolidation are as follows (amounts in PHP):

<u>Starworld</u>	
Cash and cash equivalents	229,710,582
Trade and other receivables – net	541,840
Advances to related parties	4,035,913
Other current assets	671,361
Property and equipment – net	2,744,449
Total current assets	237,704,145
Trade and other payables	210,287,826
Deferred tax liabilities – net	1,658,421
Total current liabilities	211,946,247
Net assets	25,757,898
Net assets – NCI	(43,610,103)
Share of the Parent Company in the net assets of Starworld	(17,852,205)
Retained interest	(1,590,000)
Consideration received	(1,060,000)
Gain in deconsolidation	20,502,205

<i>(Amounts in PHP)</i>	LIIP	Interstar	Total
Cash & cash equivalents	87,791	35,824	123,615
Real estate inventories – land	248,000	-	248,000
Real estate inventories – land development	2,419,600	-	2,419,600
Real estate inventories – allowance	(2,667,600)	-	(2,667,600)
Total current assets	<u>87,791</u>	<u>35,824</u>	<u>123,615</u>
Trade and other payables	-	38,987	38,987
Advances from related parties	8,039,271	5,083,105	13,122,376
LIIP advances from Interstar	(4,003,358)	-	(4,003,358)
Total current liabilities	<u>(4,035,913)</u>	<u>(5,122,092)</u>	<u>(9,158,005)</u>
Net assets	(3,948,122)	(5,086,268)	(9,034,390)
Net assets - NCI	<u>(4,316,539)</u>	<u>(1,373,292)</u>	<u>(5,689,831)</u>
Share of the Parent Company in net assets of Interstar and LIIP	368,417	(3,712,976)	(3,344,559)
Consideration received	<u>(100)</u>	<u>(100)</u>	<u>(200)</u>
Gain (loss) in deconsolidation	<u>(368,317)</u>	<u>3,713,076</u>	<u>3,344,759</u>

The net gain on deconsolidation amounting to P20.5 million and P3.3 million in 2025 and 2023, respectively, is presented as part of Other gains under Other Income (Charges) section of the 2025 and 2023 consolidated statements of income (see Note 20.3). There was no similar transaction in 2024.

24. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing net profit attributable to the Parent Company's stockholders by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividends declared, stock split and reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares. Currently, the Group does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

Basic and diluted earnings for profit attributable to the Parent Company's stockholders are computed as follows:

<i>(Amounts in PHP, except share data)</i>	2025	2024	2023
Net profit for the year attributable to the Parent Company's stockholders	<u>696,983,043</u>	<u>551,359,348</u>	<u>509,619,362</u>
Divided by weighted average shares outstanding:			
Number of shares issued	<u>2,030,975,000</u>	<u>2,030,975,000</u>	<u>2,030,975,000</u>
Treasury shares	<u>(209,433,000)</u>	<u>(209,433,000)</u>	<u>(209,433,000)</u>
	<u>1,821,542,000</u>	<u>1,821,542,000</u>	<u>1,821,542,000</u>
Earnings per share – basic and diluted	<u>0.38</u>	<u>0.30</u>	<u>0.28</u>

There were no outstanding convertible preferred shares and bonds or other stock equivalents as of December 31, 2025, 2024 and 2023 hence; diluted earnings per share is equal to the basic earnings per share.

25. RELATED PARTY TRANSACTIONS

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. Based on the requirement of the SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly Listed Companies*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with related parties are considered material. All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. If a majority of the independent directors' votes is not secured; the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a one-year period that breaches the 10% materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

The Group's related parties include other companies owned by the Parent Company's majority stockholders and the Group's key management personnel as described below. The summary of the Group's significant transactions in 2025, 2024 and 2023 with its related parties and the outstanding balances as of December 31, 2025 and 2024 are as follows:

(Amounts in PHP)		Amounts of Transaction			Outstanding Receivables (Payable)	
Related Party Category	Notes	2025	2024	2023	2025	2024
Related Parties Under						
Common Ownership:						
Lease of real property	25.1	10,098,273	6,788,877	5,858,891	122,913	-
Refundable deposits	25.1	(65,000)	(1,454,392)	-	(2,410,697)	(2,345,697)
Reversal of impairment losses	25.2	-	(4,035,813)	-	-	-
Cash advances granted – net of allowance	25.2	-	4,277,321	33,578	2,203,313	6,697,750
Rendering of services	25.3	2,179,712	1,022,910	853,334	97,653	-
Sale of investment properties	25.4	-	(78,777,800)	-	-	-
Key Management Personnel –						
Compensation	25.5	60,922,813	66,654,103	52,838,952	-	-

None of the companies under the Group is a joint venture. The Parent Company is not subject to joint control. Related parties that exercise significant influence over the Parent Company are AA Commercial, Inc. and AV Value Holdings Corporation.

Unless otherwise stated, the Group's outstanding receivables from and payables to related parties arising from advances, sale and purchase of goods, management services and other services, are unsecured, noninterest-bearing and generally settled in cash within 12 months from the end of the reporting period.

Based on the management assessment, certain receivables were found to be impaired using the provision matrix; hence, adequate amount of allowance for impairment have been recognized as of December 31, 2025, 2024 and 2023 (see Note 25.2).

25.1 Lease of Real Property

The Group leases its office space to TCL Sun Inc. (TCL), a related party under common ownership, with a lease term of five years with escalation rates. Likewise, prior to the acquisition, certain subsidiaries leased out land, buildings and office spaces to Avid. Revenues arising from these transactions are presented as part of Rentals under the Revenues of the consolidated statements of income.

Deposits received from the related parties for these lease agreements are refundable at the end of the lease term. The Group received additional deposits in connection with this lease agreement in 2025 and 2024. The outstanding balance of refundable deposits are presented as part of Trade and Other Payables in the consolidated statements of financial position (see Note 15).

25.2 Advances to and from Related Parties

In the normal course of business, certain subsidiaries of the Group grant and obtain unsecured, noninterest-bearing cash advances to and from related parties under common ownership for working capital requirements and other purposes. As of December 31, 2025 and 2024, outstanding balances of these advances are presented as Advances to and from Related Parties in the consolidated statements of financial position.

In 2024 and 2023, the Group granted insignificant amount of additional advances to its related party, which remains uncollected as of December 31, 2025 and 2024, is presented under Advances to Related Parties in the consolidated statements of financial position. There was no similar transaction for 2025.

In 2024, Starworld recovered previously impaired advances from LIIP. The recovery of these amounts occurred as a result of the agreement where LIIP will pay Starworld in installments for 10 years. The advances recovered is presented under Reversal for impairment losses on advances to related parties in Other Operating Expenses section in the consolidated statement of income (see Note 18). There was no similar transaction in 2025 and 2023.

25.3 Rendering of Services

In 2025, 2024 and 2023, a certain subsidiary bills TCL service charges for common usage and service area and consumption of utilities. Charges arising from these transactions are presented as Common usage and service area and utilities charges as part of Other Operating Income in the consolidated statements of income (see Note 19).

As of December 31, 2025 and 2024, there are no outstanding receivables arising from these transactions.

25.4 Sale of Investment Properties

In 2024, certain subsidiaries sold certain investment properties to AV Value Holdings, a related party under common ownership with a total appraised value of P78.7 million (see Note 12). The net gain/loss on sale is presented as part of Other gains in the Other Income (Charges) section of the 2024 consolidated statement of income.

As of December 31, 2025 and 2024, there are no outstanding receivables arising from these transactions.

25.5 Key Management Personnel Compensation

The compensation of key management personnel is broken down as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Short-term benefits	59,784,871	64,985,534	49,678,661
Post-employment benefit	1,137,942	1,668,569	3,160,291
	<u>60,922,813</u>	<u>66,654,103</u>	<u>52,838,952</u>

These amounts are shown as part of Salaries and employee benefits under General and Administrative Expenses in the consolidated statements of income (see Notes 18 and 21.1).

25.6 Transactions with the Retirement Fund

The Group has established a formal multi-employer retirement plan which is administered by an investment manager, except for certain subsidiaries whose retirement fund remained unfunded as of December 31, 2025 and 2024.

The retirement fund consists of corporate bonds, government securities and UITF with fair values totaling P269.4 million and P265.7 million as of December 31, 2025 and 2024, respectively. The retirement fund neither provides any guarantee nor surety for any obligation of the Group.

The details of the contributions of the Group and benefits paid out by the plan to employees are presented in Note 21.2.

26. SIGNIFICANT CONTRACTS AND AGREEMENTS

26.1 Memorandum of Understanding with SPI

On July 1, 2003, the Group entered into a Memorandum of Understanding (MOU) with SPI for network support for SPI. Under the MOU, SPI authorized the Group to perform in-warranty and out-of-warranty services to customers in the Philippines for a fee calculated as a percentage of SPI's annual sales.

In-warranty services shall be rendered free of charge to customers. The actual cost of replacement parts related to in-warranty services shall be shouldered by SPI. Network support fees are billed at a fixed rate per month. The agreement is effective unless revoked by any of the parties.

Network support fees and in-warranty service fees relating to SPI products amounted to P69.7 million, P79.9 million and P97.2 million in 2025, 2024 and 2023, respectively, and are presented as part of Rendering of Services in the consolidated statements of income.

The outstanding balances arising from these transactions amounting to P5.8 million and P8.8 million as of December 31, 2025 and 2024, respectively, are included as part of Trade receivables under the Trade and Other Receivables in the consolidated statements of financial position (see Note 6.1).

26.2 Management Agreement with Sky Cable Corporation

For continuity of services to subscribers, the Group and SkyCable Corporation (SkyCable) undertook to cooperate with each other and to execute further actions as may be necessary to carry out the purposes of the agreement on sale of assets pending the approval of the National Telecommunications Commission (NTC). The Management Agreement shall be automatically terminated on the date of the NTC's approval of the transfer of the assets in favor of SkyCable. As of December 31, 2025, the NTC approval has not yet been obtained.

The Group was given the overall power and responsibility to handle all aspects necessary to carry out the administration and operations of SkyCable and to accord the necessary additional authorizations, should the need arise.

Revenues arising from these transactions amounted to P4.3 million, P4.5 million and P4.7 million in 2025, 2024 and 2023, respectively, and is presented as part of Rendering of services under Revenues in the consolidated statements of income. The outstanding receivable amounted to P9.9 million and P8.2 million as of December 31, 2025 and 2024, respectively, and is included as part of Trade receivables under Trade and Other Receivables in the consolidated statements of financial position (see Note 6.1).

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

27.1 Operating Lease Commitments – Group as Lessor

Certain subsidiaries are lessors under various non-cancellable operating lease agreements covering certain real estate properties. These leases have terms ranging from one to 15 years, with renewal options, and include annual escalation rates ranging from 5% to 10%. These subsidiaries receive fixed monthly payments.

The Group is subject to risks associated with the rights it retains in the properties it leases, such as alterations made by the lessee that may impair the value of the leased properties. To manage the exposure on such risks, the Group exercises strict control over the fit-out process and no alterations are allowed to be made without prior approval of the Group. The Group also requires security deposits and advance rentals equivalent to at least three months of rent. Moreover, the Group retains its right to inspect the leased properties during the lease term. In case of expiration of lease term or early termination due to the default of the lessee, the Group is entitled to the improvements installed on the leased properties without an obligation to reimburse the lessee for the costs of improvements.

The future minimum lease receivables under these non-cancellable operating leases as of December 31 are presented on the succeeding page.

<i>(Amounts in PHP)</i>	2025	2024
Within one year	364,932,629	305,588,482
After one year but not more than two years	355,356,472	339,747,394
After two years but not more than three years	305,303,729	352,839,786
After three years but not more than four years	281,453,492	293,806,458
After four years but not more than five years	283,716,506	277,403,141
More than five years	2,621,010,237	2,882,991,015
	<u>4,211,773,065</u>	<u>4,452,376,276</u>

The total rent income recognized from these transactions, including rent income resulting from the application of the straight-line basis of revenue recognition for the reporting periods, are presented as Rentals under Revenues section of the consolidated statements of income. There was no contingent rent (i.e., variable rent considerations) related to these operating leases.

27.2 Purchase Commitments

In 2007, the Group has entered into several construction contracts with various subcontractors for the construction of Tri-Towers condominium building. The construction of Tower 1 and Tower 2 were completed in 2008 and 2012, respectively, while the construction of Tower 3 has not yet started, yet it has incurred expenses for the planning phase as of December 31, 2025 and 2024 (see Note 9.2).

27.3 Deficiency Tax Assessments

Certain subsidiaries have outstanding deficiency tax assessments with the BIR and outstanding tax cases filed with the Court of Tax Appeals (CTA) covering the taxable years 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2022 relating to transactions in the ordinary course of business. Pursuant to the Group's policy of addressing such actions in line with prudent business practice, the Group has engaged external tax counsel and advisors in relation to these matters.

As of December 31, 2025, the majority of these deficiency tax assessments and tax cases are paid, under protest, while the remaining assessment and cases are pending resolutions. Based on management's assessment, supported by legal advice, it is not probable that an outflow of economic benefits will be required in respect of these matters. Accordingly, no provision was recognized as of December 31, 2025 and 2024. Management does not expect the final resolution of these tax matters to have a material impact on the Group's consolidated financial statements.

27.4 Others

The Group has unused credit facilities amounting to P1.3 billion in 2025 and 2024.

There are other commitments, guarantees, litigations and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As of December 31, 2025 and 2024, management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Group's consolidated financial statements.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 29. The main types of risks are market risk, credit risk, liquidity risk and operational risk.

The Group's risk management is coordinated with the Parent Company's BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate continuous returns.

The Group does not 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 are described below and on the succeeding pages.

28.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's foreign currency denominated trade and other receivables and trade and other payables, which are primarily denominated in USD and Hong Kong Dollar (HKD). The Group also holds USD-denominated and HKD-denominated cash and cash equivalents.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate are as follows:

(Amounts in PHP)	2025		2024	
	USD	HKD	USD	HKD
Financial assets	212,092,929	4,842,749	201,109,179	14,464,689
Short-term exposure	212,092,929	4,842,749	201,109,179	14,464,689

The following table illustrates the sensitivity of the Group's profit before tax in 2025, 2024 and 2023 with respect to changes in the exchange rates of Philippine peso against foreign currencies. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months prior to the end of the reporting period at a 99% confidence level.

(Amounts in PHP)	2025		2024		2023	
	Reasonably Possible Change in Rate	Effect in Profit Before Tax	Reasonably Possible Change in Rate	Effect in Profit Before Tax	Reasonably Possible Change in Rate	Effect in Profit Before Tax
PHP – USD	15.56%	33,001,660	14.19%	28,537,393	16.02%	207,280
PHP – HKD	15.70%	760,312	14.14%	2,045,307	17.38%	2,394,028
		33,761,972		30,582,700		2,601,308

If the Philippine peso had strengthened against the USD and HKD, with all other variables held constant, the Group's profit before tax would have been lower by P33.8 million, P30.6 million and P2.6 million in 2025, 2024 and 2023, respectively. Conversely, if the Philippine peso had weakened against the USD and HKD by the same percentage, with all variables held constant, profit before tax and equity would have been higher in 2025, 2024 and 2023 by the same amount.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be a reasonable estimation of the Group's currency risk.

(b) Interest Rate Risk

As of December 31, 2025 and 2024, the Group is exposed to changes in market interest rates through its cash and cash equivalents, short-term placements, loans receivables and interest-bearing loans which are subject to variable interest rates. All other financial assets and financial liabilities have fixed rates or are noninterest-bearing.

The sensitivity of profit or loss before tax are based on a reasonably possible change in interest rates of +/-1.98% in 2025, +/-2.35% in 2024 and +/-3.00% in 2023 for Philippine peso. On the other hand, the Group's exposure to foreign currency interest rates is insignificant. These changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at each reporting date, with the effect estimated from the beginning of the year. All other variables are held constant.

The changes in percentages would affect profit or loss before tax by +/-P46.0 million, +/-P56.4 million and +/-P82.8 million in 2025, 2024 and 2023, respectively.

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (i.e., financial assets measured at FVOCI). The Group manages exposure to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

28.2 Credit Risk

Credit risk is the risk that the counterparties may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting loans and selling goods and services to customers including related parties, placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of real estate sales, advance payments are received to mitigate credit risk.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position and in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

<i>(Amounts in PHP)</i>	Notes	2025	2024
Cash and cash equivalents	5.1	2,576,872,713	3,077,901,933
Short-term placements	5.2	622,972,639	200,271,182
Trade and other receivables – net*	6	1,025,356,015	872,327,570
Investment in bonds	7.2	20,000,000	20,000,000
Refundable deposits**	13	39,550,773	41,917,776
Advances to related parties	25.2	2,423,879	6,697,750
Cash bond**	13	15,635,346	15,635,346
		<u>4,302,811,365</u>	<u>4,234,751,557</u>

* Except for Advances to suppliers and employees

** Presented as part of Other Assets

The Group's management considers that all the above financial assets that are not impaired or past due at the end of each reporting period are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and short-term placements as described below and on the succeeding pages.

(a) Cash and Cash Equivalents and Short-term Placements

The credit risk for cash and cash equivalents and short-term placements in the consolidated statements of financial position is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Included in the cash and cash equivalents are cash in banks and cash equivalent with maturities of less than three months, and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

With respect to other receivables from third parties, management assessed that these financial assets have a low probability of default since the Group can apply the related payables to these counterparties in case it defaults.

For loans receivable, the Group is not exposed to significant credit risk to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about borrower default rates, management considers the credit quality of loans receivables that are not past due or impaired in assessing the credit risk. Further, the Group holds collateral against loans and other receivables in the form of personal guaranty, chattel mortgage and other forms of security. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are generally updated annually.

To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Group also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the key economic value factors, which includes gross domestic product, inflation and consumer price index, affecting credit risk and ECL for the loan portfolio.

On that basis, the loss allowance as of December 31, 2025 and 2024 was determined based on months past due, for trade and other receivables (except advances to suppliers and employees, interest receivables and cash surrender value of investment in life insurance) are presented below.

<i>(Amounts in PHP)</i>	Not more than 60 days	More than 60 days but not more than 90 days	More than 90 days but not more than 120 days	More than 120 days	Total
December 31, 2025					
Expected loss rate	0.26%	13.49%	15.63%	85.71%	
Gross carrying amount	480,347,029	16,117,806	36,268,580	117,205,317	649,938,732
Loss allowance	1,233,619	2,174,292	5,668,779	100,456,677	109,533,367
December 31, 2024					
Expected loss rate	0.48%	14.29%	13.25%	84.24%	
Gross carrying amount	351,059,382	11,140,373	37,691,080	117,007,645	516,898,480
Loss allowance	1,686,118	1,591,737	4,996,677	98,566,109	106,840,641

The reconciliation of allowance for impairment on trade and other receivables at the beginning and end of 2025 and 2024 is presented in Note 6.7.

(c) *Advances to Related Parties*

For intercompany receivables that are repayable on demand, the ECL is based on the assumption that repayment of the receivables is demanded at the reporting date. The management determines the probability of collection upon demand. If a related party is unable to make repayment, the management considers the manner of recovery (i.e., sustained operations, availability of liquid and illiquid asset, etc.) to measure the ECL.

(d) *Refundable and Other Deposits*

With respect to refundable and other deposits, management assessed that these financial assets have a low probability of default since these relate to reputable power and water distribution companies (i.e., with high quality external credit rating). Moreover, the Group has operating lease contracts as lessee with the counterparty lessors, wherein the Group can refund by the end of the term or can apply to future lease payments in case of defaults.

(e) *Investment in Bonds*

Investment in bonds measured at amortized cost are considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers “low credit risk” for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

No impairment loss on investment in bonds has been recognized in 2025 and 2024 since the bonds are in good credit standing as of December 31, 2025 and 2024.

(f) *Cash Bond*

With respect to cash bond, management assessed that this financial asset has low probability of default since this relates to refundable deposits made by the Group for its application for conversion of land.

28.3 Liquidity Risk

Liquidity risk is the risk that cash may not be available to meet operating requirements and to pay obligations when due at a reasonable cost. Prudent liquidity risk management requires maintaining sufficient cash and credit facilities at reasonable cost to satisfy current requirements whenever the need arises. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly. The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group further mitigates liquidity risk by requiring tenants to issue post-dated checks (PDCs) covering rental payments in advance in accordance with the lease terms. This arrangement enhances the predictability of cash inflows and supports the Group’s ability to meet operating expenditures and scheduled debt service obligations on a timely basis.

As of December 31, 2025 and 2024, the Group's financial liabilities [except for lease liabilities (see Note 10.2)] have contractual maturities, which are presented below.

<i>(Amounts in PHP)</i>	Current		Non-current
	Within 6 months	6 to 12 Months	1 to 5 Years and More
2025			
Trade and other payables	413,957,984	-	-
Refundable deposits	-	-	23,014,249
Interest-bearing loans	48,601,509	48,100,938	1,108,294,909
	462,559,493	48,100,938	1,131,309,158
2024			
Trade and other payables	534,490,746	-	-
Refundable deposits	-	-	21,645,519
Interest-bearing loans	29,175,611	29,335,917	1,204,997,356
	563,666,357	29,335,917	1,226,642,875

The contractual maturities reflect the gross cash flows, which may differ with the carrying values of the financial liabilities at the end of the reporting period.

28.4 Operational Risk

The Group's exposure to significant operational risk relates to SMFI's secondary license to operate as a financing company under R.A. No. 8556 (see Note 1.2). Also, SMFI is under the regulation of the Commission. Management is aware that the Group will always have operational risk but seeks to minimize the probability and impact of such in its operations and consolidated financial statements.

The Group manages this risk through applicable controls, process and procedures, including effective organization structure. Internal controls ensure compliance with laws and regulations, including R.A. No. 8556 and SEC regulations, and the overall protection of SMFI's resources.

SMFI, as a financing company, is subject to, but not limited to, the following regulatory requirements under the implementing rules and regulations of the provisions of R.A. No. 8556:

- (a) Total investment in real estate and in shares of stock in a real estate development corporation shall not exceed 25% of its net worth;
- (b) More than 50% of the funds are invested in financing company activities;
- (c) Total credit extended to its directors, officers, and stockholders shall not exceed 15% of its net worth; and,
- (d) Total credit extended to any person, company, corporation or firm shall not exceed 30% of its net worth.

As of December 31, 2025 and 2024, the Group is compliant with the foregoing requirements.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

29.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

(Amounts in PHP)	Notes	2025		2024	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial assets					
At amortized cost:					
Cash and cash equivalents	5.1	2,576,872,713	2,576,872,713	3,077,901,933	3,077,901,933
Short-term placements	5.2	622,972,639	622,972,639	200,271,182	200,271,182
Trade and other receivables – net	6	1,025,356,015	1,025,356,015	872,327,570	872,327,570
Investment in bonds	7.2	20,000,000	19,930,804	20,000,000	18,521,880
Refundable deposits	13	39,550,773	39,550,773	41,917,776	41,917,776
Advances to related parties	25.2	2,423,879	2,423,879	6,697,750	6,697,750
Cash bond	13	15,635,346	15,635,346	15,635,346	15,635,346
		<u>4,302,811,365</u>	<u>4,302,742,169</u>	<u>4,234,751,557</u>	<u>4,233,273,437</u>
Financial assets at FVOCI	7.1	<u>94,000,000</u>	<u>94,000,000</u>	<u>74,200,000</u>	<u>74,200,000</u>
		<u>4,396,811,365</u>	<u>4,396,742,169</u>	<u>4,308,951,557</u>	<u>4,307,473,437</u>
Financial liabilities					
At amortized cost					
Interest-bearing loans	14	875,000,000	817,425,000	875,000,000	819,499,388
Trade and other payables	15	413,957,984	413,957,984	534,490,746	534,490,746
Refundable deposits	16	23,014,249	23,014,249	21,645,519	21,645,519
Lease liabilities	10.2	3,898,978	3,898,978	3,907,873	3,907,873
		<u>1,315,871,211</u>	<u>1,258,296,211</u>	<u>1,435,044,138</u>	<u>1,379,543,526</u>

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 28.

29.2 Offsetting of Financial Instruments

The Group has not set off financial instruments as of December 31, 2025 and 2024 and it does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) may have the option to settle all such amounts on a net basis in the event of default of the other party through approval by the respective BODs and stockholders of both parties.

The financial assets presented as part of Advances to Related Parties can be offset by the amount of outstanding Advances from Related Parties, if any, in the consolidated statements of financial position (see Note 25.2).

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, certain agreements between the Group and counterparties allows for net settlement of the relevant financial assets and financial liabilities when both parties elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

30. FAIR VALUE MEASUREMENTS AND DISCLOSURES

30.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities, and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the financial asset or financial liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

30.2 Financial Instruments Measured at Fair Value

The Group's financial assets at FVOCI include proprietary golf club shares which are categorized within Level 2 as their prices are not derived from an active market due to lack of trading activities among market participants at the end or close to the end of the reporting period. As of December 31, 2025 and 2024, the Group's financial assets at FVOCI measured at fair value amounted to P94.0 million and P74.2 million, respectively (see Note 7.1).

The Group has no financial liabilities measured at fair value as of December 31, 2025 and 2024. Also, there were neither transfers between Levels 1 and 3 nor changes in the carrying amount of Level 2 instruments in both years.

30.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The tables below summarize the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed.

<i>(Amounts in PHP)</i>	<i>Notes</i>	Level 1	Level 3	Total
2025				
Financial Assets				
<i>At amortized cost:</i>				
Cash and cash equivalents	5.1	2,576,872,713	-	2,576,872,713
Short-term placements	5.2	622,972,639	-	622,972,639
Trade and other receivables – net	6	-	1,025,356,015	1,025,356,015
Investment in bonds	7.2	19,930,804	-	19,930,804
Refundable deposits	13	-	39,550,773	39,550,773
Advances to related parties	25.2	-	2,423,879	2,423,879
Cash bond	13	-	15,635,346	15,635,346
		3,219,776,156	1,082,966,013	4,302,742,169
Financial Liabilities				
<i>At amortized cost:</i>				
Interest-bearing loans	14	-	817,425,000	817,425,000
Trade and other payables	15	-	413,957,984	413,957,984
Refundable deposits	16	-	23,014,249	23,014,249
Lease liabilities	10.2	-	3,898,978	3,898,978
		-	1,258,296,211	1,258,296,211
2024				
Financial Assets				
<i>At amortized cost:</i>				
Cash and cash equivalents	5.1	3,077,901,933	-	3,077,901,933
Short-term placements	5.2	200,271,182	-	200,271,182
Trade and other receivables – net	6	-	872,327,570	872,327,570
Investment in bonds	7.2	18,521,880	-	18,521,880
Refundable deposits	13	-	41,917,776	41,917,776
Advances to related parties	25.2	-	6,697,750	6,697,750
Cash bond	13	-	15,635,346	15,635,346
		3,296,694,995	936,578,442	4,233,273,437
Financial Liabilities				
<i>At amortized cost:</i>				
Interest-bearing loans	14	-	819,499,388	819,499,388
Trade and other payables	15	-	534,490,746	534,490,746
Refundable deposits	16	-	21,645,519	21,645,519
Lease liabilities	10.2	-	3,907,873	3,907,873
		-	1,379,543,526	1,379,543,526

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. Further, management considers that the carrying amounts of these financial instruments approximate their fair values as the effect of discounting is insignificant.

30.4 Fair Value Measurements of Non-financial Assets

The fair value of the Group's investment properties is determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraisers in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair value of these non-financial assets was determined based on the following approaches (see Note 12):

(a) Fair Value Measurement for Land and Improvements

The Level 2 fair value of land and improvements amounted to P5,905.2 million and P5,602.0 million as of December 31, 2025 and 2024, respectively, and was derived through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

(b) Fair Value Measurement for Building and Building Improvements

The Level 3 fair value of the buildings and improvements amounted to P2,408.2 million and P2,353.5 million as of December 31, 2025 and 2024, respectively, and was derived through appraisals by independent valuation specialists using cost approach that reflects the current replacement cost in accordance with the prevailing market prices for materials, equipment, labor, contractor's overhead, profit, fees and all other construction costs of the properties. As the value of the properties is not readily observable as to the current market information, the independent appraiser adjusted the valuation based on the useful life and depreciation over time, accounting for wear and tear.

Significant unobservable inputs for these Level 3 measurements include replacement and construction costs, depreciation and obsolescence factors, and assumptions relating to remaining useful lives. Changes in these inputs would result in a corresponding increase or decrease in the fair values of the properties.

(c) *Fair Value Measurement for Construction in Progress*

The Level 3 fair value of the construction in progress amounted to P70.7 million and P86.2 million as of December 31, 2025 and 2024, respectively. These fair values were determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees.

These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

The discount rates and terminal capitalization rates used in the valuation were determined with reference to published risk free rates and relevant risk premium rates at the date of valuation.

There has been no change to the valuation techniques used by the Group during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2025 and 2024.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and total liabilities, excluding amounts advanced from related parties. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position. The Group's goal in capital management is to maintain a debt-to-equity structure ratio of not higher than 1:1 on a monthly basis.

The computation of the Group's debt-to-equity ratio is presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Total liabilities	2,673,337,140	2,734,246,816
Total equity	<u>13,014,821,971</u>	<u>12,766,679,185</u>
	<u>0.21 : 1.00</u>	<u>0.21 : 1.00</u>

As of December 31, 2025 and 2024, the Group is not subject to any externally imposed capital requirements, except for SMFI. Under Section 6 of R.A. No. 8556, SMFI is subject to an externally imposed capital requirement of a minimum of P10.0 million paid-up capital. SMFI is in compliance with the minimum paid-up capital requirement as of December 31, 2025 and 2024.

**Report of Independent Auditors
to Accompany Supplementary
Information Required by the
Securities and Exchange Commission
Filed Separately from the
Basic Financial Statements**

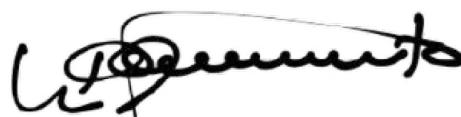
Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Solid Group Inc. and Subsidiaries
2285 Don Chino Roces Avenue
Makati City, Philippines

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Solid Group, Inc. and Subsidiaries (the Group) for the year ended December 31, 2025, on which we have rendered our report dated May 11, 2026. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68 and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards Accounting Standards (PFRS Accounting Standards), as modified by the financial reporting reliefs issued and approved by the Securities and Exchange Commission. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10770769, January 6, 2026, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2025)

Firm - No. 0002 (until financial period 2030)

BIR AN 08-002551-037-2025 (until August 6, 2028)

BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

May 11, 2026

SOLID GROUP INC. AND SUBSIDIARIES
List of Supplementary Information
December 31, 2025

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	2 - 3
D	Intangible Assets- Other Assets	4
E	Long-term Debt	5
F	Indebtedness to Related Parties (Long-term Loans from Related Companies)	6
G	Guarantees of Securities of Other Issuers	N/A
H	Capital Stock	7
Other Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	8
	Map Showing the Relationship Between the Company and its Related Entities	9
	Schedule of Financial Soundness Indicators	10 - 11

Solid Group Inc. and Subsidiaries
Schedule A - Financial Assets
December 31, 2025

Name of Issuing Entity and Association of each Issue	Number of Shares of Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value based on Market Quotation at End of Reporting Period	Income Received and Accrued

**Financial Assets at Fair Value Through
Other Comprehensive Income – Non-Current**

The Country Club	3	P 48,000,000	P 48,000,000	P -
Sta. Elena Golf Club	1	21,000,000	21,000,000	-
Alabang Country Club	1	15,000,000	15,000,000	-
Tagaytay Midlands Golf Club	4	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>
		<u>P 94,000,000</u>	<u>P 94,000,000</u>	<u>P -</u>

Solid Group Inc. and Subsidiaries
Schedule C - Amounts Receivable/Payable from/to Related Parties which are Eliminated During the Consolidation of Financial Statements
December 31, 2025

			Deductions		Ending Balance			
Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-current	Balance at End of Period	
Trade Receivables:								
My Solid Devices & Technologies Corporation	P 299,264	P -	P -	P -	P 299,264	P -	P 299,264	
Kita Corporation	2,439,286	-	-	2,439,286	-	-	-	
Casa Bocobo Hotel	2,400	-	-	-	2,400	-	2,400	
Green Sun Hotel Management Inc.	67,026	-	-	-	67,026	-	67,026	
SolidService Electronics Corporation	116,023	-	-	-	116,023	-	116,023	
Solid Group Inc.	27,450	-	-	-	27,450	-	27,450	
Solid Manila Corporation	1,693,462	-	-	-	1,693,462	-	1,693,462	
Zen Towers Corporation	8,352	-	-	-	8,352	-	8,352	
	P 4,653,263	-	-	P 2,439,286	P 2,213,977	P -	P 2,213,977	

Solid Group Inc. and Subsidiaries
Schedule C - Amounts Receivable/Payable from/to Related Parties which are Eliminated During the Consolidation of Financial Statements
December 31, 2025

<i>Name and Designation of Creditor</i>	<i>Balance at Beginning of Period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at End of Period</i>
			<i>Amounts Collected</i>	<i>Amounts Written-off</i>	<i>Current</i>	<i>Non-current</i>	
<i>Trade payables:</i>							
My Solid Devices & Technologies Corporation	P 16,962	P -	P -	P -	P 16,962	P -	P 16,962
Omni Solid Services Inc.	242,495	-	-	-	242,495	-	242,495
SolidService Electronics Corporation	1,690,012	-	-	-	1,690,012	-	1,690,012
Solid Manila Corporation	264,508	-	-	-	264,508	-	264,508
Solid Group Inc.	<u>2,439,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,439,286</u>	<u>-</u>	<u>2,439,286</u>
	P <u>4,653,263</u>	<u>-</u>	<u>-</u>	P <u>-</u>	P <u>4,653,263</u>	P <u>-</u>	P <u>4,653,263</u>

Solid Group Inc. and Subsidiaries
Schedule D - Intangible Assets - Other Assets
December 31, 2025

			Deduction			
Description	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance
Intangible assets						
Cost:						
Licenses and softwares	P 31,550,023	P 2,456,653	(P 12,926,459)	P -	P -	P 21,080,217
Non-proprietary club shares	<u>2,222,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,222,126</u>
	<u>P 33,772,149</u>	<u>P 2,456,653</u>	<u>(P 12,926,459)</u>	<u>P -</u>	<u>P -</u>	<u>P 23,302,343</u>
Accumulated Amortization and Impairment Losses:						
Licenses and softwares	(P 18,460,792)	P -	(P 321,826)	P -	P -	(P 18,782,618)
Non-proprietary club shares	(<u>2,122,126</u>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(<u>2,122,126</u>)
	<u>(P 20,582,918)</u>	<u>P -</u>	<u>(P 321,826)</u>	<u>P -</u>	<u>P -</u>	<u>(P 20,904,744)</u>
Net Book Value:	<u>P 13,189,231</u>	<u>P 2,456,653</u>	<u>(P 13,248,285)</u>	<u>P -</u>	<u>P -</u>	<u>P 2,397,599</u>

Solid Group Inc. and Subsidiaries
Schedule E - Long-Term Debt
December 31, 2025

<i>Title of issue and type of obligation</i>	<i>Amount shown under caption "Current portion of interest-bearing loans" in related balance sheet</i>	<i>Amount shown under caption "Non-current portion of interest-bearing loans" in related balance sheet</i>
Construction loans	P <u>39,375,000</u>	P <u>835,625,000</u>

Supplementary information on Long-term Debt —

The Group entered into a loan agreement with local bank to partially finance the construction of an investment property.

Solid Group Inc. and Subsidiaries
Schedule F - Indebtedness to Related Parties
December 31, 2025

<i>Name and designation of debtor</i>	<i>Balance at beginning of period</i>	<i>Balance at end of period</i>
<i>Related party under common ownership</i>		
Precos, Inc.	P <u>10,000,000</u>	P <u>10,000,000</u>

Solid Group Inc. and Subsidiaries
Schedule H - Capital Stock
December 31, 2025

				<i>Number of shares held by</i>		
<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related balance sheet caption (A)</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Related parties (B)</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P1 par value						
Authorized - P5,000,000,000 shares	5,000,000,000					
Issued		2,030,975,000				
Outstanding		1,821,542,000		1,083,377,816	269,376,480	468,787,704

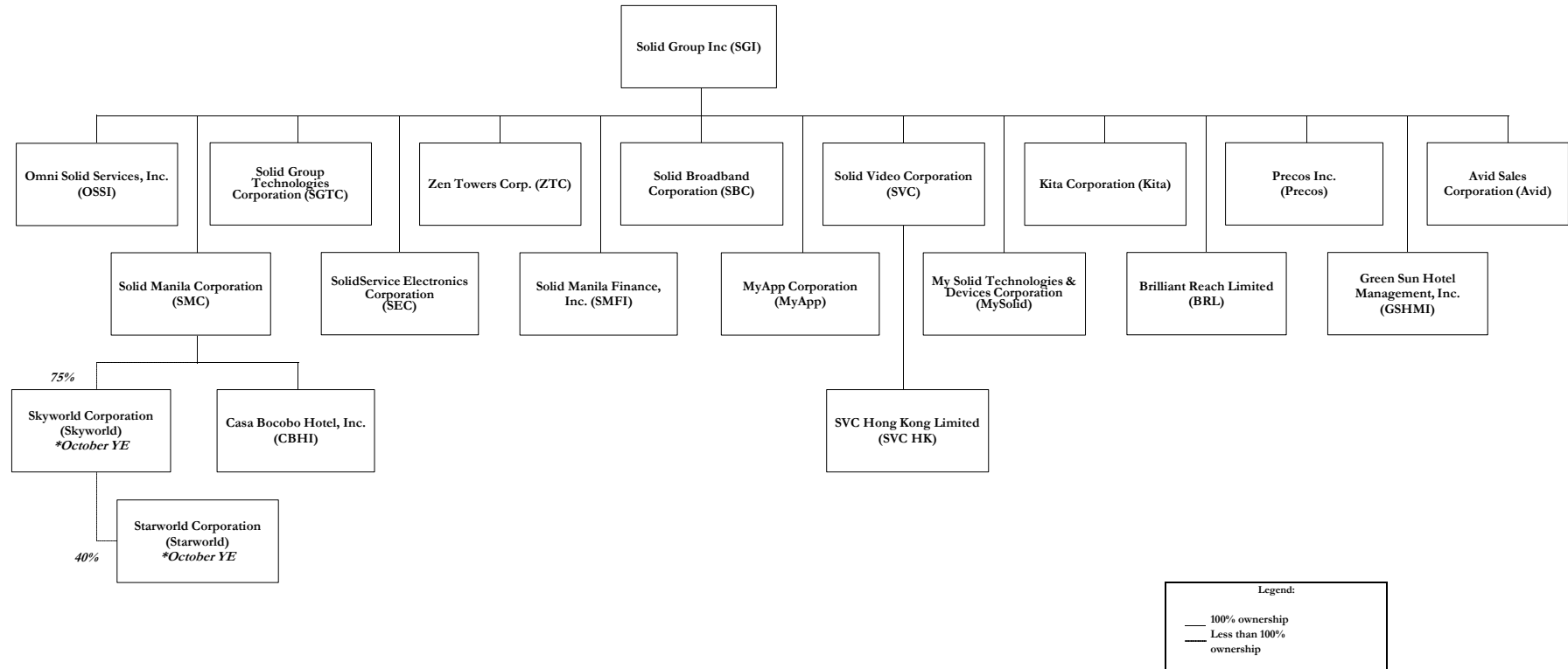
A: Number of shares issued and outstanding = 2,030,975,000 issued shares less 209,433,000 treasury shares

B: This represents shares held by AA Commercial and AV Value Holdings Corp., related parties which are ultimately owned by the Lim Family.

SOLID GROUP, INC.
2285 Don Chino Roces Avenue, Makati City
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2025

Unappropriated Retained Earnings at Beginning of Year		P	1,712,687,105
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings			
Reversal of Retained Earning Appropriation/s	P	-	
Effect of restatements or prior-period adjustments		-	
Others		-	-
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings			
Dividend declaration during the reporting period	(	182,154,200)	
Retained Earnings appropriated during the reporting period		-	
Effect of restatements or prior-period adjustments		-	
Others		-	(182,154,200)
Unappropriated Retained Earnings at Beginning of Year, as adjusted			1,530,532,905
Add/Less: Net Income (Loss) for the Current Year			191,198,233
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)			
Equity in net income of associate/joint venture, net of dividends declared		-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		-	
Unrealized fair value gain of investment property		-	
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS Accounting Standards		-	
Sub-total			-
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)			
Realized foreign exchange gain, except those attributable to cash and cash equivalents		-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at 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 Accounting Standards		-	
Sub-total			-
Add: <u>Category C.3:</u> 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 instrument at 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			1,721,731,138
Add: <u>Category D:</u> 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: <u>Category E:</u> 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: <u>Category F:</u> Other items that should be excluded from the determination of the amount of available for dividends distribution			
Net movement of treasury shares (except for reacquisition of redeemable shares)		-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		-	
Adjustment due to deviation from PFRS Accounting Standards - gain (loss)		-	
Others		-	
Sub-total			-
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		P	1,721,731,138

Solid Group Inc. and Subsidiaries
Map Showing the Relationships Between and Among the Company and its Related Parties



SOLID GROUP INC. AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
December 31, 2025 and 2024

Ratio	Formula	2025	Formula	2024
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 4,970,818,241 Divide by: Total Current Liabilities 569,139,144 Current ratio 8.73	8.73	Total Current Assets divided by Total Current Liabilities Total Current Assets P 5,066,355,417 Divide by: Total Current Liabilities 680,352,166 Current ratio 7.45	7.45
Acid test ratio	Quick Assets (Cash and cash equivalents + Short-term placements + Trade and other receivables - net) divided by Total Current Liabilities Cash and cash equivalents P 2,576,872,713 Short-term placements 622,972,639 Trade and other receivables - 573,510,605 Quick Assets 3,773,355,957 Divide by: Total Current Liabilities 569,139,144 Acid test ratio 6.63	6.63	Quick Assets (Cash and cash equivalents + Short-term placements + Trade and other receivables - net) divided by Total Current Liabilities Cash and cash equivalents P 3,077,901,933 Short-term placements 200,271,182 Trade and other receivables - 435,752,121 Quick Assets 3,713,925,236 Divide by: Total Current Liabilities 680,352,166 Acid test ratio 5.46	5.46
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities P 2,673,337,140 Divide by: Total Assets 15,688,159,111 Solvency ratio 0.17	0.17	Total Liabilities divided by Total Assets Total Liabilities P 2,734,246,816 Divide by: Total Assets 15,500,926,001 Solvency ratio 0.18	0.18
Debt-to-equity ratio	Total Liabilities (excluding Advances from related parties) divided by Total Equity Total Liabilities (excluding Advances from related parties) P 2,673,337,140 Divide by: Total Equity 13,014,821,971 Debt-to-equity ratio 0.21	0.21	Total Liabilities (excluding Advances from related parties) divided by Total Equity Total Liabilities (excluding Advances from related parties) P 2,734,246,816 Divide by: Total Equity 12,766,679,185 Debt-to-equity ratio 0.21	0.21
Gearing ratio	Financial Debt divided by Total Equity Financial Debt P 875,000,000 Divided by: Total Equity 13,014,821,971 Gearing ratio 0.07	0.07	Financial Debt divided by Total Equity Financial Debt P 875,000,000 Divided by: Total Equity 12,766,679,185 Gearing ratio 0.07	0.07
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 15,688,159,111 Divide by: Total Equity 13,014,821,971 Assets-to-equity ratio 1.21	1.21	Total Assets divided by Total Equity Total Assets P 15,500,926,001 Divide by: Total Equity 12,766,679,185 Assets-to-equity ratio 1.21	1.21
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 985,631,856 Divide by: Interest expense 54,456,942 Interest rate coverage ratio 18.10	18.10	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 858,089,810 Divide by: Interest expense 8,599,872 Interest rate coverage ratio 99.78	99.78

SOLID GROUP INC. AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
December 31, 2025 and 2024

Ratio	Formula	2025	Formula	2024
Operating margin	Operating Profit divided by Total Revenue Operating Profit P 746,144,171 Divide by: Total Revenue 3,237,111,774 Operating margin 0.23	0.23	Operating Profit divided by Total Revenue Operating Profit P 637,915,528 Divide by: Total Revenue 2,861,025,639 Operating margin 0.22	0.22
Net profit margin	Net Profit divided by Total Revenue Net Profit P 704,676,860 Divide by: Total Revenue 3,237,111,774 Net profit margin 0.22	0.22	Net Profit divided by Total Revenue Net Profit P 602,801,409 Divide by: Total Revenue 2,861,025,639 Net profit margin 0.21	0.21
Return on assets	Net Profit divided by Total Assets Net Profit P 704,676,860 Divide by: Total Assets 15,688,159,111 Return on assets 0.04	0.04	Net Profit divided by Total Assets Net Profit P 602,801,409 Divide by: Total Assets 15,500,926,001 Return on assets 0.04	0.04
Return on equity	Net Profit divided by Total Equity Net Profit P 704,676,860 Divide by: Total Equity 13,014,821,971 Return on equity 0.05	0.05	Net Profit divided by Total Equity Net Profit P 602,801,409 Divide by: Total Equity 12,766,679,185 Return on equity 0.05	0.05

SOLID GROUP INC. AND SUBSIDIARIES
Supplementary Schedule of External Auditor Fee-Related Information
For the Years Ended December 31, 2025 and 2024
(Amounts in Philippine Pesos)

	<u>2025</u>	<u>2024</u>
Audit and Non-audit Fees of the Parent Company		
Audit Fees	P 1,280,000	P 1,240,000
Non-audit service fees:		
Other assurance service	-	-
Tax service	431,304	240,000
All other services	<u>120,000</u>	<u>-</u>
Total Non-audit Fees	<u>551,304</u>	<u>240,000</u>
Total Audit and Non-audit Fees of the Parent Company	<u>1,831,304</u>	<u>1,480,000</u>
Audit and Non-audit fees of other related entities		
Audit fees	5,702,000	5,538,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	<u>-</u>	<u>-</u>
Total Audit and Non-audit Fees of other related entities	<u>5,702,000</u>	<u>5,538,000</u>
Total Audit and Non-audit Fees of the Group	<u>P 7,533,304</u>	<u>P 7,018,000</u>

SUSTAINABILITY REPORT OF SOLID GROUP INC. AND SUBSIDIARIES

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	Solid Group Inc.
Location of Headquarters	2285 Don Chino Roces Avenue, Makati City
Location of Operations	Philippines
Report Boundary: Legal entities included in this report*	Solid Group Inc. (parent company) and Subsidiaries
Business Model, including Primary Activities, Brands, Products, and Services	Solid Group Inc. (SGI) is a publicly listed holding company composed of various subsidiaries and a joint venture company operating under the following segments: 1) Property & Related Services (Leasing, development, and sale of industrial, condominium, and other real estate properties; hotel and related businesses operations) 2) Distribution/Retail (Sale of mobile phones and devices, home appliances and other electronic products, professional audio/video and medical equipment, and prefabricated modular houses) 3) Logistics & Technical Support (Electronics servicing, warehousing and distribution services) 4) Investments & Others (Investment activities, financing and credit extension services)
Reporting Period	December 31, 2025
Highest Ranking Person responsible for this report	Christopher James L. Tan SVP & SEC Compliance Officer

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

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
The Company applied the materiality principle by identifying and prioritizing Environmental, Social, and Governance (ESG) topics based on their relevance to its business operations, stakeholder expectations, and long-term value creation. The process was aligned with recognized frameworks, including the GRI Standards and the SASB Materiality Map. Material ESG topics were determined through a combination of internal assessments and external stakeholder inputs, including consultations with employees, business unit heads, and subsidiaries, as well as consideration of regulatory and industry requirements. These issues were evaluated based on

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

their potential environmental, social, and economic impacts and their significance to stakeholder decision-making.

The resulting material ESG topics serve as the foundation of the Company's sustainability disclosures, strategy, and initiatives, as follows:

- 1) Business Ethics and Corporate Governance – strengthening ethical business conduct, compliance, risk management, and governance practices to ensure accountability and transparency.
- 2) Employee Welfare, Health, and Safety – prioritizing safe and healthy workplaces, employee development, engagement, and well-being across all business segments.
- 3) Environmental Management – focusing on energy efficiency, greenhouse gas emissions, and waste management, across its property, retail, and logistics operations.
- 4) Stakeholder and Community Engagement – fostering strong relationships with employees, customers, business partners, and communities to support inclusive and sustainable development.

These material topics reflect the Company's commitment to responsible business practices and strong governance, while reinforcing its focus on creating long-term sustainable value for its stakeholders and the communities in which it operates.

In addition, the report describes how the Company supports the United Nations Sustainable Development Goals (UNSDGs).

Note: The term "Company" as used in this report refers collectively to SGI and its subsidiaries.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	3,237,111,774	PhP
Direct economic value distributed:		
a. Operating costs	2,036,851,417	PhP
b. Employee wages and benefits	354,832,564	PhP
c. Payments to suppliers, other operating costs	771,085,938	PhP
d. Dividends given to stockholders and interest payments to loan providers	182,154,200	PhP
e. Taxes given to government	401,282,869	PhP
f. Investments to community (e.g., donations, CSR)	500,000	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Impacts primarily occur within its direct operations and extend across its value chain. The Company is a publicly listed holding company composed of various subsidiaries and joint venture entities operating across the following business segments: 1) Property and Related Services including real estate development, property sales and leasing, condominium development and sales, as well as hotel and events operations; 2) Distribution and Retail involving the distribution and retail of professional equipment, modular housing solutions, home appliances, and electronic products and devices; 3) Logistics and Technical Solutions covering support services, electronics servicing, logistics operations, and the sale of professional equipment; and 4) Investments and Others – including investment holding and financing activities. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Caused by its direct operations, as it generates and distributes economic value through its core business activities across its operating segments. Indirectly	<i>(e.g., employees, community, suppliers, government, vulnerable groups)</i> Government (and its agencies), owners (shareholders), suppliers, contractors, customers, distributors, directors, tenants, service providers, employees, other business partners and the local community	The Company ensures responsible economic value creation and distribution through prudent financial management, compliance with applicable tax and regulatory requirements, and adherence to corporate governance standards. Capital allocation decisions are guided by long-term sustainability, liquidity management, and shareholder value creation. The Company also maintains transparent financial reporting and regularly reviews operational efficiency to ensure sustainable economic performance.

linked to impacts through its business relationships, including those arising from its supply chain, contractors, service providers, tenants, customers, and joint venture partners.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Significant economic risk drivers affecting the Company's operations include intensifying market competition, evolving market dynamics, rising operating costs, increasing interest rates, foreign exchange volatility, recessionary pressures, inflation, changes in tax policies, fluctuations in supply and demand, and the potential impact of global energy crises on operating and supply chain costs. Collectively, these factors may adversely impact the stability of the business environment and influence the Company's operational and financial performance.	Government (and its agencies), owners (shareholders), suppliers, contractors, customers, distributors, directors, tenants, service providers, employees, other business partners and the local community	The Company manages these risks through its Enterprise Risk Management framework, which facilitates the identification, assessment, monitoring, and mitigation of risks across all operations. This is supported by prudent financial and liquidity management, credit evaluation processes, operational controls, and continuous regulatory compliance. Oversight is provided by management and the Board Risk Management Committee to ensure alignment with the Company's strategic objectives and governance standards.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> The Company's opportunities include improving operational efficiency through disciplined cost management, strengthening resilience via proactive risk management, and enhancing long-term profitability through stable revenue streams amid changing market conditions.	Directors, government (and its agencies), owners (shareholders), suppliers, contractors, customers, distributors, tenants, service providers, employees, other business partners and the local community	The Company takes a proactive approach to identifying and pursuing opportunities that support sustainable growth and long-term value creation. Opportunities arising from sustained demand for property leasing, urban development, and commercial expansion are leveraged through optimized asset use and disciplined financial management. It also explores new ventures, strategic partnerships, and emerging markets to diversify revenue streams and strengthen competitiveness. In addition, it evaluates digital innovations, including artificial

It also recognizes opportunities from technological advancements, including artificial intelligence (AI) and digital innovation, which can enhance process optimization, data-driven decision-making, operational efficiency, and customer experience, thereby improving competitiveness. In addition, sustained demand for property leasing driven by urban development and commercial expansion, along with the exploration of new ventures and emerging markets, provides growth opportunities through diversified revenue streams, optimized asset utilization, and strategic partnerships.		intelligence (AI), to enhance operational efficiency, decision-making, and customer experience. All identified opportunities are assessed through the corporate planning and management review process, with key initiatives monitored by management and escalated to the Board of Directors as appropriate.

Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts ³ of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
Recommended Disclosures			
The Company's governance of climate-related risks and opportunities is integrated into its enterprise risk	a) Describe the climate-related risks and opportunities the organization has identified	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

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

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

management framework and overseen by the Board of Directors, with support from the Risk Management Committee. Management is responsible for implementing climate-related strategies and controls across its business segments, including assessing physical and transition risks such as extreme weather events, regulatory changes, and shifts toward more sustainable practices. The Company continues to embed sustainability considerations into decision-making and operations in alignment with applicable regulations and reporting standards.	over the short, medium and long term Short term: In the short term, the Company has identified primarily operational and cost-related climate risks, including potential disruptions from extreme weather events (such as flooding and typhoons) that may affect construction activities, logistics operations, and property assets. In addition, increasing energy costs and compliance requirements related to environmental regulations may impact operating expenses. Opportunities in the short term include improved resource efficiency, energy-saving initiatives, and enhanced resilience of assets through better maintenance and climate-adaptive operational practices. Medium term: Key risks include rising energy costs, stricter environmental regulations, and shifting demand	The Company identifies and assesses climate-related risks through its enterprise risk management framework, integrated into corporate planning and operational reviews. This process involves continuous monitoring of regulatory, market, and environmental developments, supported by regular input from business units/segments and management. Both physical and transition climate-related risks are identified, evaluated based on likelihood and impact, and incorporated into risk registers and planning processes. Significant risks are regularly reviewed by management and escalated to the Board and relevant committees for oversight and decision-making.	The Company assesses climate-related risks and opportunities using key indicators such as the potential impact of extreme weather events on operations and assets, changes in energy consumption and costs, regulatory developments, and related financial exposures. These metrics are incorporated into the Enterprise Risk Management framework and monitored regularly, with results reported to management and the Board Risk Management Committee for oversight.

	toward more sustainable properties. Opportunities arise from upgrading properties, improving energy performance, and increasing demand for green and efficient leasing spaces. Long term: The Company may face greater physical risks from more frequent and severe climate events and potential impacts on asset values, along with broader transition to a low-carbon economy. Opportunities include developing sustainable, climate-resilient properties and aligning with long-term demand for environmentally responsible assets.		
b) Describe management's role in assessing and managing climate-related risks and opportunities Business segments evaluate operational and financial impacts, while senior management consolidates and	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning. Climate-related risks, such as extreme weather	b) Describe the organization's processes for managing climate-related risks The Company incorporates climate change into its strategic planning and analysis by leveraging existing processes, allowing them to	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets The Company has not established specific quantified climate-related targets. Instead, it manages climate-related risks and opportunities through its sustainability initiatives guided by focused on energy efficiency, regulatory compliance, and operational

reviews these assessments for appropriate mitigation actions. Climate-related matters are regularly reported to the Board Risk Management Committee, which provides oversight and guidance.	events and regulatory changes, may affect the Company's operations, costs, and asset performance. These are considered in business planning and financial decisions. At the same time, climate-related opportunities, including energy efficiency and sustainable developments, support long-term value creation and are integrated into the Company's strategy.	evolve and mature over time. It integrates short, medium, and long-term climate considerations into its business model, addressing both direct impacts on operations and indirect impacts related to customers.	improvements. Performance is regularly monitored through internal reviews and reported to management and the Board Risk Management Committee for oversight. The Company has not established specific quantified climate-related targets. Instead, it manages climate-related risks and opportunities through its Enterprise Risk Management framework and sustainability initiatives focused on energy efficiency, regulatory compliance, and operational improvements.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario The Company's resilience strategy prioritizes sustainable operations but has yet to integrate climate-related scenarios, such as a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management The Company's risk management approach, which includes identifying, analyzing, and taking proactive measures to mitigate climate-related risks, is outlined in the Company's charter and is a key component of its overall risk	

		management strategy.	

Reference:

https://www.solidgroup.com.ph/sites/default/files/downloadables/SGI_Amended%20Risk%20Management%20Committee%20Charter.pdf

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Electronic products were sourced from known brands. Purchases from local suppliers were prioritized to support the economy. Imported purchases were made mainly when supplies are not available in the country. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The products sold by the Company are sourced directly from international manufacturers, which allows the Company to offer more competitive pricing while still providing good value to consumers.	Government (and its agencies), owners (shareholders), suppliers, contractors, customers, distributors, service providers, employees, other business partners	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> While the Company has no written policy on procurement, it gives precedence to the procurement of locally available goods and services from suppliers that offer the best value, ensuring competitive and reasonable pricing. This includes essential items such as office supplies, furniture, fixtures and equipment, construction materials, and transportation assets used to support its servicing and distribution operations. The Company sources goods and services from international suppliers when local procurement is not feasible due to factors such as availability, specialized requirements, or cost considerations. In such cases, the Company seeks to ensure that the international suppliers meet its standards for quality, competitive pricing, and timely delivery, while minimizing any potential logistical or operational challenges.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> The procurement of low-quality products and reliance on single-source suppliers increases the risk of corruption, resource scarcity, regulatory challenges, and harm to the Company's reputation.	Employees, suppliers, government	To mitigate risks associated with low-quality products and single-source procurement, the Company focuses on diversifying its supplier base, conduct thorough due diligence, and implement stringent quality control measures. Additionally, fostering strong supplier relationships, ensuring regulatory compliance, and managing reputation proactively help minimize risks such as corruption, resource scarcity, and reputational damage.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> The Company can enhance supply chain resilience, reduce costs, and gain a competitive advantage through diversified sourcing and stronger supplier relationships. Additionally, improved regulatory compliance, brand reputation, and ethical practices can lead to market expansion, increased customer loyalty, and long-term sustainable growth.	Employees and suppliers/vendors	The Company implements a procurement process based on best practices, generating value for the organization, consumers, and the government alike. This approach fosters efficiency, regulatory adherence, and contributes to sustainable economic development.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	0	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	0	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Corruption within the Company's operations and business relationships where employees and relevant personnel are exposed to risks of unethical conduct or corruption. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company is directly involved in this impact through the implementation of anti-corruption policies and the conduct of regular training programs to promote ethical business practices and compliance with applicable laws and regulations	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> Employees, management, business partners, suppliers, customers, and regulators	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company is committed to ensuring that its employees are well-informed and knowledgeable about its Code of Business Conduct. The Board has distributed the policy and program throughout the organization via the Audit Department, which conducted a series of orientation seminars across the Group http://www.solidgroup.com.ph/sites/default/files/downloadables/SGI%20Amended%20Manual%20on%20Corporate%20Governance%20as%20of%20June%209%2C%202017.pdf The Company has launched a group-wide initiative called S.O.S. (Speak Out Safely), designed to allow individuals to report concerns related to fraud, abuse, waste, and misconduct, while ensuring anonymity and confidentiality. Reports can be submitted via email, letter, phone call, text message, or through a personal appointment. https://www.solidgroup.com.ph/sites/default/files/downloadables/SGI%20Code%20of%20Business%20Conduct.pdf
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	Directors, employees, government (and its agencies), owners	Management recognizes that corruption presents significant vulnerabilities within the organization. To uphold good governance, the Company emphasizes participation, transparency,

Even employees or personnel who have undergone training may still engage in corrupt practices.	(shareholders), suppliers and customers	responsiveness, and accountability, principles that are adhered to by all, from the Board of Directors to business owners, employees, and the compliance function. It is clearly stated that bribery and corruption will not be tolerated, and any individual found guilty of such misconduct will face the most severe sanctions.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> The Company is committed to building a culture of good governance by empowering employees to adhere to the Code of Conduct, including whistleblowing procedures and the recognition of red flags for misconduct. It conducts regular anti-corruption training and continuous policy reinforcement. These initiatives help reduce the risk of unethical conduct and support long-term business integrity and reputation.	Employees, management, business partners, suppliers, customers, and regulators	The Company conducts regular anti-corruption training and awareness programs and reinforces its Code of Conduct and compliance policies. These are supported by internal monitoring and oversight by management to ensure consistent implementation and continuous improvement of ethical standards.

Incidents of Corruption

Disclosure		Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption		0	#
Number of incidents in which employees were dismissed or disciplined for corruption		0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption		0	#
What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach	
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<i>(e.g. employees, community, suppliers,</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects,</i>	

No incidents of corruption were reported during the year. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> No incidents of corruption were reported during the year.	government, vulnerable groups) Employees, management, business partners, suppliers, customers, and regulators	programs, and initiatives do you have to manage the material topic? The Company promotes the culture of awareness and education which are a vital and necessary component of any sustainable anti-corruption efforts. Everybody in the organization is aware of the various risk mitigation measures adopted by the Company to protect the integrity and efficiency of business processes with the support of a strong and effective organizational and accountability structure.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> No incidents of corruption were reported during the year. Corruption, however, may occur in any business process within the organization involving human resources, financial management, procurement, construction and infrastructure development, among others.	Employees, management, business partners, suppliers, customers, and regulators	The Company manages corruption risks through its Code of Conduct and anti-corruption policies, which promote ethical behavior, transparency, and accountability. Responsibility for implementation lies with management, with Board oversight, and employees are required to comply and undergo regular training. The Company also provides whistleblowing channels to report misconduct confidentially. These measures are supported by ongoing training, monitoring, and enforcement to prevent and address corruption risks.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> The Company is committed to enhancing its reputation by maintaining the highest standards of integrity, transparency, and accountability. Through robust governance, ethical business practices, and a proactive approach to managing risks, the Company aims to build trust with	Directors, employees, government (and its agencies), owners (shareholders), suppliers and customers	The Company adopts a risk management approach to corruption prevention, focusing on identifying and addressing risks through a framework where all levels of authority participate in risk identification and mitigation. Corruption prevention is integrated into the governance framework with clear policies and proactive management platforms.

stakeholders, strengthen its brand, and foster long-term success.		

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	13,867	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	2,181	GJ
Energy consumption (electricity)	4,602,474	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	GJ
Energy reduction (LPG)	-	GJ
Energy reduction (diesel)	-	GJ
Energy reduction (electricity)	-	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> The Company's resource management impacts occur across its operations, particularly in property development, leasing, retail, logistics, and support services, where energy and other resources are consumed. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company is directly involved in managing these impacts through initiatives aimed at improving resource efficiency and reducing	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> Employees, tenants, customers, suppliers, and the wider community	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company implements an Energy Efficiency and Conservation Policy to promote responsible use of energy and improve operational efficiency. This is supported by internal sustainability initiatives, operational controls, and regular monitoring of resource consumption to identify opportunities for reduction and improvement. Management oversees implementation to ensure alignment with sustainability objectives and regulatory requirements.

environmental footprint, including the adoption of an Energy Efficiency and Conservation Policy.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Inefficient resource consumption, particularly energy use across its property, retail, logistics, and support operations. These include rising energy costs, potential supply disruptions, and increased regulatory or stakeholder expectations on environmental performance.	Employees, tenants, customers, suppliers, and investors	The Company manages these risks through its Energy Efficiency and Conservation Policy, which promotes responsible energy use and operational efficiency. This is supported by internal monitoring, process improvements, and sustainability initiatives aimed at reducing consumption and enhancing resource efficiency across operations.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Reduced environmental impact and improved long-term asset performance.	Employees, tenants, customers, suppliers, and investors	The Company implements its Energy Efficiency and Conservation Policy and related sustainability initiatives to promote responsible resource use. Management monitors consumption trends and identifies efficiency improvements across operations to support cost savings and long-term sustainability objectives.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	64,258	Cubic meters
Water consumption	64,258	Cubic meters
Water recycled and reused	-	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Water consumed within the properties used for hotel operations, condominium units, real estate for leasing and offices used in company operation and its supply chain. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Directly involved in water consumption impacts through its operations across property, retail, logistics, and office facilities, where water is used for daily activities such as cleaning, sanitation, and maintenance. These impacts are primarily caused by the Company's own activities, with limited indirect linkage through service providers supporting facility operations	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> Directors, employees, government (and its agencies), owners (shareholders), suppliers, customers and the public community	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company encourages water conservation and raises awareness (with posters and signs within the premises as reminder to observe proper water usage). It promotes wastage avoidance that will contribute to reducing water consumption and, consequently, to delaying the need for new resources.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Risk impacts to diminishing resources, public health, rising water demand, aging infrastructure, business and the environment.	Directors, employees, government (and its agencies), owners (shareholders), suppliers, customers and the public community	The Company adopted water quality management using of a set of technical and non-technical measures and activities, to maintain and improve quality according to the requirements of water uses as well as the protection of the ecosystems.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	Employees, tenants, customers, local communities, and regulators	The Company manages water consumption across its property, retail, distribution, logistics, and support operations, where water is used for facility

Improved water efficiency and reduced operating costs through conservation initiatives and efficient facility management		operations, maintenance, and daily business activities. Implementation of water-saving fixtures and efficient systems, regular monitoring of water use, preventive maintenance of facilities, and promotion of water conservation practices across operations. Water use is monitored and managed through internal controls and efficiency practices aimed at reducing consumption and improving resource management. Initiatives such as water-saving fixtures, maintenance of plumbing systems, and awareness programs support conservation efforts. The Company continues to explore opportunities to enhance water efficiency and minimize its environmental impact across all operations.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	66,489	kg/liters
• non-renewable	19,259	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Raw materials, packaging, and operational supplies. It occurs across its property, retail, distribution, logistics, and support operations, where it has direct operational control or influence <i>Indicate involvement in the impact (i.e., caused by the organization or</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> Customers, suppliers, employees, and communities	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Sustainable procurement practices, waste reduction and recycling initiatives, and promotion of efficient material use across operation.

linked to impacts through its business relationship) Through its owned and managed operations, as well as indirectly through its supply chain and service providers.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Identify risk/s related to material topic of the organization Inefficient use of materials, rising procurement costs, supply chain volatility, and increased environmental footprint from waste generation	Suppliers, customers, employees, and communities (shareholders), suppliers, customers and the public	The Company is working on sustainable procurement policies, supplier evaluation practices, waste minimization initiatives, and promotion of recycling and circular economy practices.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization Cost efficiency and sustainability gains through better material use and reduced waste	Suppliers, customers, employees, and communities	The Company adopts sustainable procurement standards, waste reduction and recycling initiatives, and promotion of efficient and responsible material use across operations

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	(identify all sites) N/A	
Habitats protected or restored	N/A	ha
IUCN ⁴ Red List species and national conservation list species with habitats in areas affected by operations	N/A	
What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

⁴ International Union for Conservation of Nature

<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> The Company does not have significant direct impacts on natural ecosystems or biodiversity at present. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> This is not applicable to the present operation of the company.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> This is not applicable to the present operation of the company.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> This is not applicable to the present operation of the company.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> This is not applicable to the present operation of the company.	This is not applicable to the present operation of the company.	This is not applicable to the present operation of the company.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> This is not applicable to the present operation of the company.	This is not applicable to the present operation of the company.	This is not applicable to the present operation of the company.

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions Gasoline (99) Diesel (1,110)	1,077	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	2,572	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	-	Tonnes
What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach

organization's involvement in the impact?		
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Ozone Depleting Substances emissions from cooling and refrigeration systems. It occurs across operational facilities using HVAC and refrigeration equipment <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Indirect emissions from equipment use and maintenance	(e.g. employees, community, suppliers, government, vulnerable groups) Directors, employees, government (and its agencies), owners (shareholders), suppliers, customers and the public	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company's strategy related to air quality involves equipment maintenance, regulatory compliance, and use of low-impact refrigerants.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Environmental and regulatory risks from accidental leakage of ozone-depleting substances from cooling and refrigeration systems	Employees, communities, regulators, and investors	The Company is consistent in its strategy to increase the efficient and sustainable use of resources and reduce waste generation with the implementation of strict maintenance protocols, regulatory compliance monitoring, and replacement of older systems with environmentally safer technologies
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Improved environmental performance and regulatory compliance through adoption of ozone-friendly and energy-efficient cooling technologies	Directors, employees, government (and its agencies), owners (shareholders), suppliers, customers and the public	The Company is consistent in its strategy to increase the efficient and sustainable use of resources and reduce waste generation through investment in modern cooling systems, use of low-GWP refrigerants, and continuous monitoring of equipment performance

Air pollutants

Disclosure	Quantity	Units

NO _x	-	kg
SO _x	-	kg
Persistent organic pollutants (POPs)	-	kg
Volatile organic compounds (VOCs)	-	kg
Hazardous air pollutants (HAPs)	-	kg
Particulate matter (PM)	-	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Emissions of air pollutants that may affect local air quality and contribute to environmental degradation. Occurs across property, retail, distribution, and logistics operations, primarily from fuel combustion in vehicles, equipment use, and facility operations <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Direct operational emissions from transport and energy use, with additional indirect impacts from logistics and service activities	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> Employees, customers, local communities, and regulators	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Implementation is guided by the Energy Efficiency and Conservation Policy, supported by energy efficiency measures, fleet and fuel optimization, preventive maintenance of equipment, and strict compliance with environmental regulations to minimize air pollutant emissions.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Air pollution from operational activities, particularly fuel combustion and equipment use, may lead to regulatory non-	Employees, customers, local communities, regulators, and investors	Implementation of the Energy Efficiency and Conservation Policy, fleet and fuel optimization, preventive maintenance of equipment, emissions monitoring, and compliance with environmental regulations.

compliance, environmental harm, and reputational risk		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	Employees, customers, local communities, regulators, and investors	Investment in energy-efficient systems, fuel optimization, emissions monitoring, and continuous improvement initiatives under the Energy Efficiency and Conservation Policy
Reduction of emissions and improved operational efficiency through cleaner technologies and better energy and fuel management		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	-	kg
Reusable	8	kg
Recyclable	69,727	kg
Composted	-	kg
Incinerated	-	kg
Residuals/Landfilled	128,309	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Across all facilities including property, retail, logistics, and offices <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) Direct operational waste generation</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> Directors, employees, government (and its agencies), owners (shareholders), suppliers, customers, tenants, guests and the public.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Waste segregation, recycling, and responsible disposal practices.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Improper waste handling and increasing disposal costs	Directors, employees, government (and its agencies), owners (shareholders), suppliers, customers and the public	Strengthening waste management systems, ensuring regulatory compliance, promoting recycling and responsible disposal, and implementing waste reduction initiatives
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Minimizing waste through careful reduction, reusing materials, and promoting recycling efforts.	Directors, employees, government (and its agencies), owners (shareholders), suppliers, customers and the public	The Company's management approach to minimizing waste involves controlling material flows across the broader industrial and economic systems, implementation of waste segregation, recycling programs, reduction of single-use materials, and continuous improvement in waste management practices.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	35	kg
Total weight of hazardous waste transported	-	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Hazardous waste from operations such as maintenance chemicals, used oils, batteries, cleaning agents, and equipment-related materials cross property facilities,	(e.g. employees, community, suppliers, government, vulnerable groups) Employees, contractors, waste handlers, local communities, regulators, and customers	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Compliance with hazardous waste regulations, proper segregation and labeling, safe storage, engagement of

retail outlets, warehouses, and logistics operations <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> These impacts are primarily caused by the Company's operations and are also indirectly linked through contractors and licensed waste service providers responsible for handling and disposal.		licensed waste contractors, and monitoring of disposal processes
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Improper handling, storage, or disposal of hazardous waste may lead to environmental contamination, health and safety incidents, and regulatory non-compliance	Employees, contractors, waste handlers, local communities, and regulators	Compliance with hazardous waste regulations, proper segregation and labeling, safe storage, use of licensed disposal contractors, and monitoring of waste management practices
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Enhanced compliance, environmental protection, and operational efficiency through safer and more sustainable waste management practices	Employees, contractors, communities, regulators, and investors	Adoption of best practices in hazardous waste management, supplier and contractor compliance monitoring, and initiatives to reduce hazardous material use.

Effluents

Disclosure		Quantity	Units
Total volume of water discharges		1,034	Cubic meters
Percent of wastewater recycled		-	%
What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach	

organization's involvement in the impact?		
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Particularly in property-related activities (hotel and events, leasing and condominium), logistics facilities, and service operations where wastewater may be generated. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Through its operational activities that may produce liquid waste requiring proper management and treatment in compliance with environmental regulations	(e.g. employees, community, suppliers, government, vulnerable groups) Employees, tenants, customers/clients, guests, local communities, regulators and nearby ecosystems	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company is committed to improving water efficiency by promoting responsible water use and conservation across its operations, while ensuring the effective delivery of services and meeting the needs of its customers and clients. In 2025, the Company adopted the Energy Efficiency and Conservation Policy to further strengthen its commitment to resource efficiency and sustainable operations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Scarce resources of clean and sustainable water supply	Employees, tenants, customers/clients, guests, suppliers	The Company will work for a comprehensive and detailed management approach in the future
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> None identified	Employees, tenants, customers/clients, guests, suppliers	The Company will work for a comprehensive and detailed management approach in the future

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	—	PhP

No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	—	#
No. of cases resolved through dispute resolution mechanism	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Environmental compliance impacts occur across the Company's operations, particularly in property, logistics, warehousing, and distribution activities where environmental regulations apply. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company is directly involved through activities that may generate emissions, waste, and resource consumption subject to environmental compliance requirements.	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i> Regulators, employees, local communities, and customers.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company ensures compliance with environmental regulations through internal monitoring, operational controls, and adherence to applicable legal requirements.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Non-compliance with environmental laws and regulations, which may result in penalties, operational disruptions, and reputational damage.	Regulators, employees, local communities, customers, and business partners.	The Company manages these risks through compliance with applicable environmental regulations, internal monitoring of operations, and implementation of environmental control measures across its business activities.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

Identify the opportunity/ies related to material topic of the organization	Regulators, employees, local communities, customers, and business partners.	The Company promotes environmental compliance through continuous monitoring, internal policies, and improvement of environmental management systems across its operations.
Effective environmental compliance strengthens regulatory alignment, reduces operational risks, and supports long-term business sustainability.		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁵		
a. Number of female employees	215	#
b. Number of male employees	265	#
Attrition rate ⁶	0	rate
Ratio of lowest paid employee against minimum wage	1%	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	19	43
PhilHealth	Y	13	32
Pag-ibig	Y	19	36
Parental leaves	Y	5	0
Vacation leaves	Y	50	95
Sick leaves	Y	5	18
Medical benefits (aside from PhilHealth))	Y	48	66
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	Y	5	1
Further education support	N	0	0
Company stock options	N	0	0
Telecommuting	Y	8	26
Flexible-working Hours	Y	10	22
(Others)	Y	0	0

⁵ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁶ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> The availability and adequacy of benefits affect employee well-being, satisfaction, and retention. practices. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company is directly involved in these impacts through its compensation and benefits policies and human resource management	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company supports employee well-being by providing statutory and company benefits in line with applicable laws and internal policies, aimed at enhancing employee satisfaction and retention.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Risk that insufficient employee benefits may reduce employee satisfaction, motivation, and long-term retention.	The Company supports employee welfare by providing mandated and company benefits and continuously reviewing its benefits programs to meet employee needs.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Effective employee benefits programs strengthen workforce retention and organizational stability.	The Company manages employee benefits in accordance with applicable labor regulations and internal HR policies, with periodic review of its compensation and benefits structure.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	1,867	hours
b. Male employees	1,824	hours
Average training hours provided to employees		
a. Female employees	13.06	hours/employee
b. Male employees	9.55	hours/employee
What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach	
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>	

Company's internal workforce across all business segments, influencing employee capability, performance, and retention. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company is directly involved through its human resource development systems and training programs.	The Company supports employee training and development through structured learning programs, on-the-job training, and skills enhancement initiatives. It provides continuous professional development opportunities to improve employee capabilities, performance, and career growth across the organization.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Insufficient training and development may lead to skill gaps, lower efficiency, and reduced workforce competitiveness.	The Company addresses this through structured training programs, on-the-job learning, and continuous skills development initiatives to enhance employee capability and performance.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Employee training and development enhances workforce capability, improves productivity, and supports career growth and employee retention.	The Company implements structured learning programs and continuous development initiatives to build employee skills and support performance improvement.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	35	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Occurs within the Company's workforce across all business segments, where interactions between employees and management affect workplace stability, engagement, and productivity. The Company	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?

is directly involved in these impacts through its employment practices, workplace policies, and management of employee relations. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Adherence to existing labor laws and standards while fostering strong labor-management relationships to prevent disruptions and instability that could affect performance and reputation.	The Company upholds a policy of fostering a comprehensive worker-management relationship, through open communication, compliance with labor laws, and implementation of HR policies that promote fair and respectful workplace practices. It also provides channels for employee concerns and supports constructive engagement between employees and management.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Labor disputes, discontented employees, unionized organizations, poor labor-management relations and potential work disruptions that may affect productivity and workplace stability.	The Company maintains strong labor practices through compliance with labor laws, implementation of HR policies, and promotion of open communication between employees and management to prevent conflict and promote a collaborative relationship between labor and management.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Positive labor-management relations improve workplace stability, engagement, and productivity.	The Company promotes constructive labor-management relations through open communication, employee engagement initiatives, and compliance with labor laws and HR policies.

Diversity and Equal Opportunity

GRI 405

Disclosure	Quantity	Units
% of female workers in the workforce	215	%
% of male workers in the workforce	265	%
Number of employees from indigenous communities and/or vulnerable sector*	8 solo parents 15 vulnerable & indigenous emp.	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms,</i>

The Company provides equal opportunities to a diverse workforce regardless of gender, race, religion, or beliefs, based on merit and the ability to perform assigned roles while supporting work-life balance. The Company is directly involved in these impacts through its employment practices, hiring processes, and management of employee development and workplace conditions. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Through its employment practices, hiring decisions, workplace policies, and human resource management across all business segments. These impacts are primarily caused by the organization through its own workforce policies and practices.	<i>and/or projects, programs, and initiatives do you have to manage the material topic?</i> It's been the policy of the Company to foster diversity and equal opportunity by implementing fair and merit-based employment practices and ensuring compliance with applicable labor laws. It maintains a non-discriminatory workplace and supports inclusion through HR policies, employee development programs, and equal access to career opportunities across the organization.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Employees from diverse backgrounds, including age, gender, and culture, have varying needs and expectations for respect in the workplace. This diversity may lead to risks of discrimination, unequal treatment, or bias in hiring, promotion, and workplace practices, which may affect employee morale, compliance, and the Company's reputation.	Management implements work standards and a code of ethics to address the needs of a diverse workforce and promote harmony, productivity, and equality in the workplace. The Company manages these risks through established HR policies, compliance with labor regulations, and oversight of employment practices to ensure fair and non-discriminatory treatment across the organization.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Diversity fosters a more inclusive, engaged, and motivated workforce, improving workplace culture and performance.	The Company promotes diversity and inclusion through merit-based hiring, adherence to labor standards, and implementation of policies that ensure equal access to opportunities.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	986,951	Man-hours
No. of work-related injuries	0	#

No. of work-related fatalities	0	#
No. of work-related ill-health	5	#
No. of safety drills	13	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> The Company is directly involved in these impacts through its management of workplace conditions, operational activities, and employee work environments. It occurs within the Company's primary business operations across all segments, <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company's occupational health and safety impacts are primarily caused by its own operations and workplace conditions, and may also be linked to activities of contractors and service providers engaged in its operations.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company manages occupational health and safety through workplace safety policies, operational procedures, and preventive measures aimed at reducing workplace injuries and illnesses. Responsibilities are assigned to relevant operational and HR units, supported by safety monitoring and employee training programs. The Company also promotes safety awareness and continuous improvement initiatives to maintain a safe and healthy working environment across all operations.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Workplace injuries, illnesses, and accidents arising from operational activities, which may affect employee safety, productivity, and compliance with occupational health and safety requirements.	The Company implements occupational health and safety policies, preventive safety measures, and operational procedures. It conducts regular workplace monitoring, provides employee safety training, and promotes safety awareness to reduce incidents and maintain a safe working environment.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Improved occupational health and safety practices support employee retention, strengthen workforce morale, and enhance the Company's reputation as a responsible employer.	It is the policy of the Company to comply with occupational safety and health standards across its operations through continuous improvement of safety practices, employee training, and regular monitoring of workplace conditions.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Section III on Employee's Handbook Employment conditions of the Company
Child labor	Y	Section III on Employee's Handbook Employment conditions of the Company
Human Rights	Y	Section III on Employee's Handbook Employment conditions of the Company Code of Conduct Pertains to all sanctions imposed upon committing a violation or negative action

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Within the Company's own workforce across all business segments, including Property & Related Services, Distribution/Retail, Logistics & Technical Support, and Investments & Others through its employment practices, workplace conditions, and management of employees. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> In certain instances, through its business relationships, particularly with contractors, service providers, and other third parties supporting its operations.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company complies with applicable labor laws and promotes respect for human rights through fair employment practices, safe working conditions, and equal opportunity policies. It implements internal HR policies, monitors compliance with labor standards, and provides channels for employee concerns to ensure a fair and respectful workplace. https://www.solidgroup.com.ph/sites/default/files/downloadables/SGI_Policy%20and%20Data%20relating%20to%20Health%2C%20Safety%20and%20Welfare.pdf
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	

Risks of non-compliance with labor laws and human rights standards, including unfair labor practices, workplace disputes, discrimination, and unsafe working conditions, which may lead to legal penalties and reputational damage.	The Company manages these risks through compliance with applicable labor laws, implementation of HR policies and workplace standards, and monitoring of employee practices. It also promotes safe and fair working conditions and provides channels for employees to raise concerns.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Updating policies according to the organization and society's standards	Ensuring policies remain current and relevant by aligning them with organizational values and social standards

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	N/A
Forced labor	N	N/A
Child labor	N	N/A
Human rights	N	N/A
Bribery and corruption	N	N/A
What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach	
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Occurs across the Company's upstream and downstream operations, including sourcing, procurement, logistics, warehousing, and distribution activities. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company is directly involved in these impacts through its procurement processes, supplier engagements, and coordination of goods and services delivery across its business segments	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company manages supply chain matters through internal procurement and supplier management processes that support efficiency and reliability. Responsibilities are assigned to relevant procurement and logistics units, with coordination across suppliers and service providers. The Company also conducts regular monitoring and process improvements to enhance supply chain performance and continuity. /	

What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Supply chain disruption, delays, and inefficiencies due to supplier issues, transportation constraints, market volatility, or external events affecting the availability and timely delivery of goods and services.	The Company manages supply chain risks through coordination with suppliers and service providers, procurement planning, and monitoring of logistics and delivery performance. It also maintains alternative sourcing considerations where feasible and continuously reviews supply chain processes to improve resilience, efficiency, and continuity of operations.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Strengthening supply chain management enhances operational efficiency, improves cost management, increases reliability of product and service delivery, and supports business continuity and growth.	The Company improves supply chain performance through closer coordination with suppliers and service providers, continuous review of procurement and logistics processes, and optimization of delivery and warehousing operations. It also explores opportunities to enhance efficiency, reliability, and responsiveness across its supply chain network.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
N/A	N/A	N/A	N/A	N/A	N/A

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Risk of community dissatisfaction or conflict arising from operational activities such as construction, logistics movement, or service operations that may affect local convenience and daily activities.	The Company manages these risks through stakeholder coordination, adherence to local regulations, and proactive communication with affected communities to address concerns and minimize disruption during operations.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Responsible operations in local areas can enhance the Company's reputation and support long-term sustainability of its business presence.	The Company promotes positive community relations through responsible operational practices, stakeholder coordination, and compliance with applicable regulations to ensure that business activities are carried out in a manner that supports community well-being..

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> Occurs within the Company's primary business operations, particularly in the delivery of products and services across its Distribution/Retail, Logistics, Technical Support, Property, and related service segments. The Company is directly involved in these impacts through its customer interactions, service delivery processes, and management of customer information and feedback systems. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company manages customer-related matters through internal service standards and policies that promote quality, responsiveness, and consistency across its operations. Customer management responsibilities are embedded within business units, supported by trained personnel and operational teams. The Company also maintains feedback and grievance channels and implements training and improvement initiatives to enhance customer experience and strengthen long-term relationships.
What are the Risk/s Identified?	Management Approach

<i>Identify risk/s related to material topic of the organization</i> Risk of poor customer experience, service delays, unmet expectations, and reputational damage due to inconsistent service delivery or operational inefficiencies.	The Company manages customer-related risks through the implementation of service standards, structured customer service processes, and regular monitoring of service performance. It also conducts employee training and uses customer feedback and grievance channels to address concerns promptly and continuously improve service quality.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Improved customer management provides opportunities to strengthen customer engagement, increase repeat transactions, enhance service efficiency, and support revenue growth across business segments.	The Company leverages customer feedback systems, service monitoring tools, and business unit coordination to identify areas for improvement and enhance service delivery. It also integrates customer insights into operational planning to improve responsiveness and overall customer experience.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> The Company has no available information for the period. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company has no available information for the period.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company implements product handling, operational, and service quality measures to help ensure the health and safety of customers across its business operations. These practices are designed to support safe product use, reliable service delivery, and compliance with applicable health and safety standards.
What are the Risk/s Identified?	Management Approach

<i>Identify risk/s related to material topic of the organization</i> The Company has no available information for the period.	The Company promotes customer health and safety by maintaining responsible operational practices, quality control measures, and safety standards in the distribution, servicing, and handling of products and services. These efforts aim to minimize risks and enhance customer confidence and satisfaction.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> The Company has no available information for the period.	The Company continues to enhance customer health and safety practices through compliance with applicable product and service standards, responsible operational procedures, and continuous improvement of service quality. These initiatives support customer trust, strengthen business reputation, and promote long-term customer relationships and operational reliability.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> The Company's distribution/retail segment sells MyPhone tablets and accessories to customers. It also distributes pre-fabricated modular housing technology under MyHouse. The company is not involved in any marketing and labeling activities. Therefore, no impacts are identified as this disclosure is not deemed applicable to the Company.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> This will be addressed by the Company as circumstances and operational requirements become applicable.

<i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company has no available information for the period.	
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> The Company has no available information for the period.	This will be addressed by the Company as circumstances and operational requirements become applicable.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> The Company has no available information for the period.	This will be addressed by the Company as circumstances and operational requirements become applicable.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> There is no identified impact in the Company for the reporting period. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The Company has no available information for the period.	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company implements data privacy and information security measures to safeguard customer information, including controlled system access, internal data protection protocols, and monitoring of information systems. Employee awareness initiatives and compliance with applicable data privacy regulations are also

	maintained to support responsible handling of customer data.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> There are no risks identified for the reporting period.	The Company manages these risks through the implementation of information security controls, regular monitoring of systems, restricted access to sensitive data, and periodic review of data privacy and cybersecurity practices. Employee awareness and compliance initiatives are also conducted to strengthen customer data protection
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Strengthening customer privacy protection enhances customer trust, improves brand reputation, and supports long-term customer loyalty and regulatory compliance.	The Company continues to enhance its data privacy practices through the implementation of internal data protection policies, controlled access to customer data, and regular review of customer data handling processes. It also conducts employee awareness initiatives to promote responsible management of customer data and ensure compliance with applicable data privacy regulations.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#
What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach	
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> May occur within the Company's primary business operations, particularly in systems handling customer, employee, and business partner information across its Distribution/Retail, Logistics, Technical Support, and Investments segments. <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> Primarily be direct (caused by the organization) through the operation of its internal information systems and data processing activities. It may also be indirectly linked through business relationships with	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> The Company implements data protection and cybersecurity measures, including access controls, system security protocols, and monitoring of information systems, to safeguard sensitive information and reduce the risk of data breaches. It also enforces and complies with the Data Privacy Act of 2012 and the company's data privacy policies, conducts employee awareness training, and continuously reviews its cybersecurity practices to strengthen data protection and maintain stakeholder trust.	

third-party service providers involved in IT support, logistics systems, or data processing functions.	
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the</i> Risk of data breaches, unauthorized access, theft, loss, or misuse of sensitive customer, employee, and business information due to cybersecurity threats or system vulnerabilities.	The Company manages data security risks through the implementation of information security controls, restricted system access, regular monitoring of IT systems, and compliance with internal data privacy policies. Employee awareness initiatives and periodic reviews of cybersecurity measures are also conducted to help strengthen data protection and minimize operational risks
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Strengthening data security and cybersecurity practices enhances stakeholder trust, improves operational reliability, and supports the protection of sensitive business and customer information..	The Company continues to enhance its information security practices through regular system monitoring, implementation of security controls, employee awareness initiatives, and continuous improvement of cybersecurity measures to support secure and reliable business operations.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Distribution/retail of phones and accessories, modular housing, broadcast, professional equipment, medical supplies, home appliances and electronic products	The Company's distribution and retail operations support SDG 9 (Industry, Innovation and Infrastructure) by improving access to modern technology and essential equipment, and SDG 12 (Responsible Consumption and Production) through efficient distribution practices and responsible product handling.	Generation of solid waste from packaging materials, electronic products, and end-of-life equipment.	The Company implements measures to manage and reduce solid waste generated from its distribution and retail operations, including packaging materials and end-of-life electronic products. It promotes responsible materials handling, segregation of waste at source, and coordination with suppliers and service providers for proper

			disposal and recycling where applicable. The Company also continues to review operational practices and explore opportunities to improve resource efficiency and reduce environmental impact through more sustainable product handling and distribution processes.
Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Property and related services (development, sale, leasing, hotel and events operation)	The Company's property-related activities contribute to SDG 9 (Industry, Innovation and Infrastructure) by supporting infrastructure development and urban growth, and SDG 11 (Sustainable Cities and Communities) through the development and management of residential, commercial, and industrial properties that enhance community accessibility and livability.	Industrial emissions, unsustainable construction practices, land overuse, increased energy and water consumption, generation of construction waste, and loss of green spaces, traffic congestion	The Mega Distribution Center in Laguna is LEED Gold certified. Implements responsible development and operational practices. Measures include efficient resource use, proper waste management, and coordination with accredited service providers for appropriate disposal and recycling of construction and operational waste. The Company also considers community impacts such as noise, traffic, and safety during project planning and operations, and implements occupational health and safety measures to mitigate risks to workers and stakeholders
Rendering of services from project integration	The Company's project integration services contribute to SDG 9 (Industry, Innovation and Infrastructure) by supporting the efficient	Operational inefficiencies i	Project planning, efficient resource utilization and adherence to operational standards that promote

	delivery and coordination of integrated solutions across projects. These services enhance operational efficiency, promote innovation in project execution, and support the development of reliable infrastructure systems. They also contribute to SDG 8 (Decent Work and Economic Growth) by creating employment opportunities and supporting productivity through streamlined project delivery.		responsible project execution, use technology, innovations and cooperation to change the development trend towards a sustainable growth respectful of the environment. Continuously reviews processes to improve environmental performance and operational effectiveness in project integration services.
Warehousing, logistics, distribution and electronics servicing	SDG 9 (Industry, Innovation and Infrastructure) by enabling efficient supply chains and reliable access to technology and electronic products. These activities also contribute to SDG 11 (Sustainable Cities and Communities) by improving distribution efficiency and supporting urban infrastructure systems, and SDG 12 (Responsible Consumption and Production) by extending product life cycles through testing, repair, and servicing, thereby promoting resource efficiency and reduced electronic waste.	Resource consumption, generation of packaging and electronic waste, and emissions associated with logistics and transportation operations. Electronics servicing and handling may also contribute to hazardous waste generation if not properly managed.	The Company manages potential environmental impacts from its logistics, transportation, and electronics servicing operations through efficient resource use, proper waste handling, and coordination for appropriate disposal of electronic and hazardous waste. It also promotes the use of energy-efficient vehicles in its transportation activities and supports repair, testing, and servicing initiatives that extend product life cycles and improve operational efficiency.

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

COVER SHEET

SEC Registration Number

[illegible]

COMPANY NAME

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

2	2	8	5		D	O	N		C	H	I	N	O		R	O	C	E	S		A	V	E	N	U	E			

[illegible][illegible][illegible]

Form Type

AAFS

Department requiring the report

ICTD/CGFD/MSRD

Secondary License Type, If Applicable

N/A

COMPANY INFORMATION

Company's Email Address

	N/A

Company's Telephone Number/s

8843-1511

Mobile Number

N/A

No. of Stockholders

4,192

Annual Meeting
Month/Day

Last Thursday of June (per AOI)

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Christopher James L. Tan

Email Address

cjlt@solidgroup.com.ph

Telephone Number/s8843-1511

Mobile Number

N/A

Contact Person's Address

2285 DON CHINO ROCES AVENUE MAKATI CITY

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

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



Mary Joy Fetalino <maryjoy_f@solidgroup.com.ph>

Fwd: Your BIR AFS eSubmission uploads were received

1 message

Ana Maria Lacuesta <amlacuesta2010@gmail.com>
To: maryjoy_f@solidgroup.com.ph

Tue, May 12, 2026 at 8:49 AM

----- Forwarded message -----

From: <eafs@bir.gov.ph>
Date: Tue, May 12, 2026, 8:29 AM
Subject: Your BIR AFS eSubmission uploads were received
To: <ANNA_O@solidgroup.com.ph>
Cc: <AMLACUESTA2010@gmail.com>

Hi SOLID GROUP INC.,

Valid files

- EAFS000508536OTHTY122025.pdf
- EAFS000508536RPTTY122025.pdf
- EAFS000508536ITRTY122025.pdf
- EAFS000508536TCRTY122025-01.pdf
- EAFS000508536AFSTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-A98F5K7A0QZVPVPN3NQTTXX3V09C9A99EK**
Submission Date/Time: **May 12, 2026 08:29 AM**
Company TIN: **000-508-536**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.



SOLID GROUP INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JASON S. LIM
Chairman of the Board
Passport No. P1105245B
Date/Place Issued:
March 19, 2019, Manila

SUSAN L. TAN
President & Chief Executive Officer
Passport No. P5617366A
Date/Place Issued:
January 15, 2018, Manila

VINCENT S. LIM
SVP & Chief Financial Officer
Passport No. P4677771B
Date/Place Issued:
February 4, 2020, Manila

APR 21 2026

Signed this _____ day of _____ 2026.

APR 21 2026

SUBSCRIBED AND SWORN to before me this _____ day of _____, affiants
exhibiting to me their passport with details shown above.

Doc No. 431
Page No. 2
Book No. FL1
Series of 2026

ATTY. RENE M. M. VILLA
Notary Public of Makati City
Appointment No. M-110
(Ren) (2025 - 2026)
Until December 31, 2026
PFP No. 16766722; 01-05-2026; Makati City
Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0012754; 08-27-2024
2285 Green Sun, Chino Roces Avenue, 1231 Makati City, Metro Manila, Philippines
3650 Davila St., Tejeros, Makati City



FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Solid Group Inc

December 31, 2025, 2024 and 2023

Report of Independent Auditors

The Board of Directors and Stockholders

Solid Group Inc.

2285 Don Chino Roces Avenue
Makati City, Philippines

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 22 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Renan A. Piamonte.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10770769, January 6, 2026, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2025)

Firm - No. 0002 (until financial period 2030)

BIR AN 08-002551-037-2025 (until August 6, 2028)

BOA/PRC Cert. of Reg. No. 0002/P-010 (until August 12, 2027)

April 7, 2026

SOLID GROUP INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 811,783,014	P 1,213,362,759
Short-term placements	4	406,202,747	-
Trade and other receivables - net	5	8,446,339	5,369,066
Other current assets	6	55,727,149	52,144,703
Total Current Assets		<u>1,282,159,249</u>	<u>1,270,876,528</u>
NON-CURRENT ASSETS			
Investments in subsidiaries - net	8	7,074,359,772	7,074,359,772
Investments in an associate - net	8	28,022,714	38,022,714
Investment in bonds	7	20,000,000	20,000,000
Property and equipment - net	9	551,425	193,477
Intangible assets - net	10	100,000	100,000
Post-employment defined benefit asset - net	13	14,548,731	25,461,629
Other non-current assets		54,498	54,498
Total Non-current Assets		<u>7,137,637,140</u>	<u>7,158,192,090</u>
TOTAL ASSETS		<u>P 8,419,796,389</u>	<u>P 8,429,068,618</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	11	P 3,908,500	P 10,797,047
Subscriptions payable	8	22,500,000	22,500,000
Total Current Liabilities		26,408,500	33,297,047
NON-CURRENT LIABILITY			
Deferred tax liabilities - net	14	3,640,790	6,368,658
Total Liabilities		<u>30,049,290</u>	<u>39,665,705</u>
EQUITY			
Capital stock	16	2,030,975,000	2,030,975,000
Additional paid-in capital		4,641,701,922	4,641,701,922
Treasury shares - at cost	16	(115,614,380)	(115,614,380)
Revaluation reserves	16	(4,660,961)	4,038,886
Retained earnings	16	1,837,345,518	1,828,301,485
Total Equity		<u>8,389,747,099</u>	<u>8,389,402,913</u>
TOTAL LIABILITIES AND EQUITY		<u>P 8,419,796,389</u>	<u>P 8,429,068,618</u>

See Notes to Financial Statements.

SOLID GROUP INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
REVENUES				
Dividend income	8, 15	P 181,600,000	P 639,275,511	P 199,000,000
Interest income	4, 7	63,562,448	59,532,858	79,976,959
Management fees	15	25,200,000	21,585,000	20,880,000
		<u>270,362,448</u>	<u>720,393,369</u>	<u>299,856,959</u>
OPERATING EXPENSES				
Salaries and employee benefits	13	50,624,073	45,233,233	44,359,309
Impairment loss on investments in an associate	8	10,000,000	10,000,000	40,000,000
Professional fees		6,497,422	4,537,508	2,951,917
Entertainment and recreation		2,915,970	339,954	335,593
Rentals	15	1,654,607	1,648,607	1,276,607
Dues and fees		535,157	331,403	339,584
Utilities and communication		465,790	613,495	438,884
Taxes and licenses		366,250	318,972	294,445
Transportation and travel		283,079	505,300	608,936
Supplies		216,481	192,596	130,122
Depreciation and amortization	9	109,195	169,215	312,908
Impairment loss on investments in subsidiaries	8	-	76,293,167	17,004,461
Miscellaneous		1,690,697	1,905,506	2,370,771
		<u>75,358,721</u>	<u>142,088,956</u>	<u>110,423,537</u>
OPERATING PROFIT		<u>195,003,727</u>	<u>578,304,413</u>	<u>189,433,422</u>
OTHER INCOME – Net				
Gain on derecognition of liabilities	11	7,800,066	-	-
Finance income - net	12	1,557,130	9,030,174	1,871,175
Gain on reversal of allowance for impairment of financial assets	5, 15	-	18,160,714	-
		<u>9,357,196</u>	<u>27,190,888</u>	<u>1,871,175</u>
PROFIT BEFORE TAX		<u>204,360,923</u>	<u>605,495,301</u>	<u>191,304,597</u>
TAX EXPENSE	14	<u>13,162,690</u>	<u>12,222,769</u>	<u>16,079,711</u>
NET PROFIT		<u><u>P 191,198,233</u></u>	<u><u>P 593,272,532</u></u>	<u><u>P 175,224,886</u></u>

See Notes to Financial Statements.

SOLID GROUP INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
NET PROFIT		<u>P 191,198,233</u>	<u>P 593,272,532</u>	<u>P 175,224,886</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurements of post-employment defined benefit plan	13	(<u>11,599,796</u>)	719,530	(1,993,001)
Tax income (expense)	14	<u>2,899,949</u>	(<u>179,883</u>)	<u>498,250</u>
		(<u>8,699,847</u>)	<u>539,647</u>	(<u>1,494,751</u>)
TOTAL COMPREHENSIVE INCOME		<u>P 182,498,386</u>	<u>P 593,812,179</u>	<u>P 173,730,135</u>

See Notes to Financial Statements.

SOLID GROUP INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Capital Stock (see Note 16)	Additional Paid-in Capital	Treasury Shares (see Note 16)	Revaluation Reserves (see Note 16)	Retained Earnings (see Note 16)	Total Equity
Balance at January 1, 2025	P 2,030,975,000	P 4,641,701,922	(P 115,614,380)	P 4,038,886	P 1,828,301,485	P 8,389,402,913
Cash dividends declared	-	-	-	-	(182,154,200)	(182,154,200)
Total comprehensive income (loss) for the year	-	-	-	(8,699,847)	191,198,233	182,498,386
Balance at December 31, 2025	<u>P 2,030,975,000</u>	<u>P 4,641,701,922</u>	<u>(P 115,614,380)</u>	<u>(P 4,660,961)</u>	<u>P 1,837,345,518</u>	<u>P 8,389,747,099</u>
Balance at January 1, 2024	P 2,030,975,000	P 4,641,701,922	(P 115,614,380)	P 3,499,239	P 1,417,183,153	P 7,977,744,934
Cash dividends declared	-	-	-	-	(182,154,200)	(182,154,200)
Total comprehensive income for the year	-	-	-	539,647	593,272,532	593,812,179
Balance at December 31, 2024	<u>P 2,030,975,000</u>	<u>P 4,641,701,922</u>	<u>(P 115,614,380)</u>	<u>P 4,038,886</u>	<u>P 1,828,301,485</u>	<u>P 8,389,402,913</u>
Balance at January 1, 2023	P 2,030,975,000	P 4,641,701,922	(P 115,614,380)	P 4,993,990	P 1,351,250,787	P 7,913,307,319
Cash dividends declared	-	-	-	-	(109,292,520)	(109,292,520)
Total comprehensive income (loss) for the year	-	-	-	(1,494,751)	175,224,886	173,730,135
Balance at December 31, 2023	<u>P 2,030,975,000</u>	<u>P 4,641,701,922</u>	<u>(P 115,614,380)</u>	<u>P 3,499,239</u>	<u>P 1,417,183,153</u>	<u>P 7,977,744,934</u>

See Notes to Financial Statements.

SOLID GROUP INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 204,360,923	P 605,495,301	P 191,304,597
Adjustments for:				
Dividend income	8, 15	(181,600,000)	(639,275,511)	(199,000,000)
Interest income	4, 7	(63,562,448)	(59,532,858)	(79,976,959)
Impairment losses on investments in an associate	8	10,000,000	10,000,000	40,000,000
Gain on derecognition of liabilities	11	(7,800,066)		
Depreciation and amortization	9	109,195	169,215	312,908
Unrealized foreign currency losses (gains) - net	12	(1,425)	(3,410)	829
Impairment losses on investments in subsidiaries	8	-	76,293,167	17,004,461
Gain on reversal of allowance for impairment of financial assets	5, 15	-	(18,160,714)	-
Operating loss before working capital changes		(38,493,821)	(25,014,810)	(30,354,164)
Decrease (increase) in trade and other receivables		(5,818,179)	9,238,153	(38,561)
Decrease in advances to related parties		-	7,000,000	-
Increase in other current assets		(3,860,566)	(3,182,621)	(3,180,393)
Increase in post-employment defined benefit asset		(686,898)	(391,691)	(88,095)
Increase (decrease) in accounts payable and other current liabilities		911,519	2,381,554	198,778
Cash used in operations		(47,947,945)	(9,969,415)	(33,462,435)
Cash paid for final tax		(12,712,489)	(11,906,545)	(15,995,392)
Net Cash Used in Operating Activities		(60,660,434)	(21,875,960)	(49,457,827)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional short-term placements	4	(1,011,294,734)	-	(743,780,898)
Proceeds from maturity of short-term placements	4	610,846,526	120,908,000	624,780,898
Dividends received	15	181,600,000	639,275,511	219,000,000
Interest received		60,548,815	58,417,870	79,816,318
Acquisitions of property and equipment	9	(467,143)	(95,357)	(180,885)
Additional investments in subsidiaries	8	-	(240,000,000)	(810,000,000)
Return of deposit for future stock subscription	8	-	-	100,000,000
Net Cash From (Used in) Investing Activities		(158,766,536)	578,506,024	(530,364,567)
CASH USED IN A FINANCING ACTIVITY				
Dividends paid	16	(182,154,200)	(182,154,200)	(109,292,520)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		1,425	3,410	(829)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(401,579,745)	374,479,274	(689,115,743)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,213,362,759</u>	<u>838,883,485</u>	<u>1,527,999,228</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>P 811,783,014</u>	<u>P 1,213,362,759</u>	<u>P 838,883,485</u>

Supplemental Information on Non-cash Investing Activities:

- 1) In 2025, 2024 and 2023, the Company earned dividend income amounting to P181.6 million, P639.3 million and P199.0 million, respectively, from its investments in subsidiaries (see Note 15). Included in the 2023 collections is the receipt of P20.0 million representing dividends declared in 2022. There were no outstanding dividends receivable as of December 31, 2025 and 2024.
- 2) In 2025, 2024 and 2023, the Company earned interest income amounting to P63.5 million, P59.5 million and P80.0 million, respectively, arising from its cash in banks, short-term placements and investment in bonds (see Notes 4 and 7). Interest receivable which amounts to P8.3 million, P5.3 million and P4.2 million as of December 31 2025, 2024 and 2023, respectively, and are presented as part of Trade and Other Receivables account in the statements of financial position (see Note 5).
- 3) In 2024 and 2023, the Company made additional investments in its subsidiaries' shares of stock totaling to P240.0 million and P822.5 million, respectively. Out of the total additional investments, P12.5 million and P10.0 million remain unpaid for 2023 and 2022, respectively. The outstanding balance of P22.5 million is presented as Subscriptions Payable in the statements of financial position (see Note 8). There was no similar transaction in 2025.

See Notes to Financial Statements.

SOLID GROUP INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Solid Group Inc. (the Company) is a publicly listed company incorporated in the Philippines on October 16, 1933. The Company currently conducts business as an investment holding company. The Company's shares of stock are publicly traded at the Philippine Stock Exchange (PSE).

As of December 31, 2025 and 2024, the Company holds ownership interests in the following companies:

Subsidiaries / Associate	Percentage of Ownership		Notes	Nature of Business
	2025	2024		
Subsidiaries:				
Avid Sales Corporation (Avid)	100%	100%		Distribution, wholesale and retail of home appliances and electronic products
Brilliant Reach Limited (BRL)	100%	100%	a	Investment company
Casa Bocobo Hotel, Inc. (CBHI)	100%	100%	b	Hotel and restaurant operations
Green Sun Hotel Management, Inc (GSHMI)	100%	100%		Hotel and restaurant operations
Kita Corporation (Kita)	100%	100%		Leasing of real estate properties
My Solid Technologies & Devices Corporation (My Solid)	100%	100%		Sale of mobile phones and accessories
MyApp Corporation (MyApp)	100%	100%	c	Investment holding company
Omni Solid Services Inc. (OSSSI)	100%	100%		Logistics and assembly of consumer electronic products
Precos, Inc. (Precos)	100%	100%		Real estate
Solid Broadband Corporation (SBC)	100%	100%		Broadband cable and satellite services
SolidService Electronics Corporation (SEC)	100%	100%		Repair services for audio and video products
Solid Group Technologies Corporation (SGTC)	100%	100%		Trading of pre-fabricated modular house and office units
Solid Manila Corporation (SMC)	100%	100%		Real estate
Solid Manila Finance, Inc. (SMFI)	100%	100%		Financing
Solid Video Corporation (SVC)	100%	100%		Trading of professional audio/video equipment
Zen Towers Corporation (ZTC)	100%	100%		Real estate
SVC Hong Kong Limited (SVC HK)	100%	100%	d, f	Trading of professional audio/video equipment
Skyworld Corporation (Skyworld)	75%	75%	b, d	Investment holding company
Starworld Corporation (Starworld)		50%	b, e	Real estate
Associates:				
Fekon Solid Motorcycle Mfg. Corp. (Fekon)	31%	44%	8.5	Sale of motorcycle, motor parts and Products
Starworld	30%		b, e	Real estate

Notes:

- (a) Incorporated and domiciled in the British Virgin Islands
- (b) Indirectly owned through SMC
- (c) Incorporated on October 23, 2014; has not yet started commercial operations as of December 31, 2025
- (d) Pre-operating or non-operating
- (e) Starworld ceased to be a subsidiary in 2025 and is classified as an associate thereafter. It is 40% owned by Skyworld and was 20% owned by SMC until 2024 (disposed in 2025).
- (f) Indirectly owned through SVC

In 2025, SMC sold all its shares of stock in Starworld to a related party under common ownership. Consequently, SMC's ownership interest in Starworld decreased from 50% to 30%, resulting in the loss of control over Starworld. However, SMC continues to exercise significant influence through its remaining indirect interest held in Skyworld. Accordingly, the retained 30% interest is accounted for as an investment in an associate.

In 2025, the Company's ownership interest in Fekon decreased from 44% to 31%, primarily due to the dilution arising from additional investments by other investors during the year.

In 2023, SMC sold its shares of stock in Interstar Holdings Company, Inc. and Laguna International Industrial Park, Inc to a related party.

The subsidiaries and associates are all incorporated in the Philippines, except for BRL and SVC HK, which are incorporated in the British Virgin Islands and Hong Kong, respectively.

The Company's registered office address, which is also its principal place of business, is located at 2285 Don Chino Roces Avenue, Makati City, Philippines.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2025 (including the comparative financial statements as of December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Company's Board of Directors (BOD) on April 7, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that has been used in the preparation of these financial statements is summarized below and on the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents the statement of comprehensive income separately from the statement of income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

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

2.2 Adoption of Amended PFRS Accounting Standards

(a) Effective in 2025 that is Relevant to the Company

The Company adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the financial statements of the Company.

(b) Effective Subsequent to 2025 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have a significant impact on the Company's financial statements:

- (i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- (ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

2.3 *Separate Financial Statements and Investments in Subsidiaries and Associate*

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements as required under PFRS Accounting Standards. The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of controls.

The Company's investments in subsidiaries are accounted for in these separate financial statements at cost, less any accumulated impairment losses (see Note 2.8), where dividend income is recognized when the Company's right to receive payment is established.

Investment in an associate is accounted for in the financial statements using the cost method. The investment is initially recognized at cost and is subsequently measured at cost, less any accumulated impairment losses. Dividend income from the associate is recognized in profit or loss when the Company's right to receive payment is established. Any dividends received do not affect the carrying amount of the investment, except to the extent that they represent a recovery of part of the cost of the investment.

2.4 *Financial Instruments*

(a) *Financial Assets*

(i) Classification, Measurement and Reclassification of Financial Assets

The Company's financial assets include financial assets at amortized cost and at fair value through other comprehensive income.

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Company assesses whether the financial instruments' cash flows represent the amount solely for payment of principal and interest (SPPI) on the principal amount outstanding.

Except for trade and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Short-term Placements, Trade and Other Receivables, Advances to Related Parties and Investment in Bonds.

For purposes of cash flow reporting and presentation, cash and cash equivalents include demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as fair value through profit or loss. The Company has designated certain equity instruments at FVOCI on initial recognition.

Interest income on financial assets measured at amortized cost and debt financial assets measured at FVOCI is recognized using the effective interest rate method. If applicable, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

At the end of the reporting period, the Company assesses and recognizes its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL involves consideration of a broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company recognizes ECL for intercompany receivables which is measured and recognized using the liquidity approach by determining possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties.

For debt instruments (i.e., investment in bonds) measured at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset.

For deposits in bank, which includes cash in banks, cash equivalents and short-term placements, the Company applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

The Company determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

(b) Financial Liabilities

Financial liabilities include accounts payable and other current liabilities (excluding government-related and other tax liabilities) and subscriptions payable.

2.5 Intangible Assets

Intangible assets include non-proprietary club shares which are accounted for under the cost model. The Company's non-proprietary club shares are assessed as having indefinite useful life and are tested annually for any impairment.

2.6 Revenue and Expense Recognition

Revenue comprises revenue from rendering general management services measured by reference to the fair value of consideration received or receivable by the Company for services rendered, excluding value-added taxes (VAT).

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

The Company enters into transactions involving the performance of general management services. The significant judgments in determining the timing of satisfaction of the performance obligation are disclosed in Note 3.1(b). The Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Company's contracts with customers have original expected duration of one year or less.

Specifically, revenue from general management services is recognized by the amount in which the Company has a right to invoice that corresponds directly with the value of services rendered to its affiliates that is completed over a period of time.

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and expenses such costs as incurred. The Company also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Company accounts for those costs in accordance with accounting policies related to those financial reporting standards.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred.

2.7 Leases – Company as Lessee

The Company only has short-term lease agreements with lease terms of one year or less. The Company has elected to account for its short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.8 Impairment of Non-financial Assets

The Company's investments in subsidiaries and in an associate, property and equipment, and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with an indefinite useful life are tested for impairment at least annually.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's recoverable amount exceeds its carrying amount.

2.9 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligation to pay further contributions after payment of the fixed contribution.

Termination benefits are payable when employment is terminated by the Company for authorized cause before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Accounts Payables and Other Current Liabilities account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

Short-term employee benefits are monetary and non-monetary benefits provided to current employees, which are expected to be settled 12 months after the end of the reporting period during which the employee services are rendered.

2.10 Related Party Transactions and Relationships

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Based on the requirements of SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly Listed Companies*, transactions amounting to ten (10%) or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material. All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent director's vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock.

For aggregate related party transactions within a 12-month period that breaches the materiality threshold of ten percent (10%) of the Company's consolidated total assets, whichever is lower, based on the latest audited financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made judgments presented below and on the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of office space, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company did not include the renewal period as part of the lease term for lease of office space. The renewal option in this case is not enforceable as both parties still need to agree to renew, including the terms of the renewal, even if both parties have historically always come to a mutual agreement. Thus, the non-cancellable period is only one year since there is no enforceable contract after the one-year period.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Company.

(b) *Determination of Timing of Satisfaction of Performance Obligations*

The Company determines that its revenue from general management services shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to its subsidiaries. The Company provides general management services without the need of reperformance of other companies. This demonstrates that the subsidiaries simultaneously receive and consume the benefits of the Company's rendering of general management services as it performs.

In determining the best method of measuring the progress of the Company's rendering of general management services, management considers the output method under PFRS 15 because it directly measures the value of the services transferred to the customer.

(c) *Determination of ECL on Trade and Other Receivables, Investment in Bonds and Advances to Related Parties*

The Company uses liquidity approach to calculate ECL for its outstanding receivables with related parties. Using the liquidity approach, management considers the counterparties' ability to repay receivables upon demand at the reporting period.

Significant portion of the Company's financial asset at amortized cost are receivables from related parties. In relation to this, the maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties.

If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

The Company also uses an external benchmarking approach to calculate ECL for investment in bonds. The provision rates are derived from published credit ratings by external rating agencies. As referenced to these external credit benchmarks, the Company defines the credit ratings based on certain financial ratios and appropriately determines the equivalent internal credit ratings. Referenced probability of default is then derived from the latest annual global corporate default study published by the external rating agency. The Company makes an annual reassessment of the applicability and reliability of the reference rates used.

The Company has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Details about the ECL on the Company's trade and other receivables, investment in bonds and advances to related parties are disclosed in Note 18.2(b)(c)(d).

(d) *Evaluation of Business Model Applied in Managing Financial Instruments*

The Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Company's investment trading strategies.

(e) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding.

The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

(f) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 17.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Estimation of Allowance for ECL*

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 18.2.

(b) *Fair Value Measurement of Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying value of the Company's financial assets at FVOCI is disclosed in Note 7.1.

(c) *Determination of Realizable Amount of Deferred Tax Assets*

The Company 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 assets to be utilized. Generally, management assessed that the deferred tax assets recognized as of December 31, 2025 and 2024 will be fully utilized in the coming years. However, there are certain deferred tax assets that were not recognized since management believes that there is no assurance that the related tax benefits will be realized in the coming years (see Note 14).

(d) *Impairment of Non-financial Assets*

Except for intangible assets with indefinite useful lives, which are annually tested for impairment, PFRS Accounting Standards require that an impairment review be performed when certain impairment indications are present. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2024 and 2023, the Company recognized additional impairment losses amounting to P76.3 million and P17.0 million, respectively, on certain investment in subsidiaries (see Note 8.3). There was no similar transaction in 2025.

Additionally, in 2025, 2024 and 2023, the Company recognized impairment loss amounting to P10.0 million, P10.0 million and P40.0 million in investment in an associate, respectively (see Note 8.5).

(e) *Valuation of Post-employment Defined Benefit*

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by an independent actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 13.2.

4. CASH AND CASH EQUIVALENTS AND SHORT-TERM PLACEMENTS

4.1 *Cash and Cash Equivalents*

Cash and cash equivalents include the following components as of December 31:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cash in banks	8,455,876	9,379,564
Cash equivalents	<u>803,327,138</u>	<u>1,203,983,195</u>
	<u>811,783,014</u>	<u>1,213,362,759</u>

Cash in banks generally earn interest based on daily bank deposit rates. Cash equivalents pertain to highly liquid short-term investment with maturity periods varying from 56 to 90 days in 2025 and 59 to 90 days in 2024, and earn effective interests ranging from 4.75% to 5.00% in 2025 and 5.0% to 6.28% in 2024.

Interest earned from cash and cash equivalents are presented as part of Interest Income account in the statements of income. The outstanding balance of such interest is presented as part of Interest receivable under Trade and Other Receivables account in the statements of financial position (see Note 5).

4.2 Short-term Placements

Short-term placements, presented separately in the statements of financial position, pertain to time deposits amounting to P406.2 million as of December 31, 2025 with maturity period of 102 days and earns effective interest rate of 5.00%. There were no time deposits with maturity of more than three months in 2024.

Interest earned from short-term placements is presented as part of Interest Income account in the statements of income. The outstanding balance of such interest is presented as part of Interest receivable under Trade and Other Receivables account in the 2025 statement of financial position (see Note 5). There was no outstanding balance in 2024.

5. TRADE AND OTHER RECEIVABLES – Net

This account is composed of the following:

<i>(Amounts in PHP)</i>	Notes	2025	2024
Interest receivable	4, 7	8,316,947	5,303,314
Management fees receivable	15.1	2,439,286	2,439,286
Others		129,392	65,752
		10,885,625	7,808,352
Allowance for impairment	15.1	(2,439,286)	(2,439,286)
		8,446,339	5,369,066

All of the Company's trade and other receivables have been assessed for impairment based on the ECL model. The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

Management fee receivable was found to be impaired; hence, adequate amounts of allowance for impairment have been recognized [see Note 18.2(b)].

In 2024, the Company collected its long outstanding receivables of P11.2 million from Kita resulting to the recognition of a gain presented as part of Gain on reversal of allowance for impairment of financial assets under Other Income – Net in the 2024 statement of income. There was no similar transaction in 2025.

Based on management's assessment, there were no additional impairment losses required to be recognized in 2025, 2024 and 2023.

6. OTHER CURRENT ASSETS

The composition of this account is as follows:

<i>(Amounts in PHP)</i>	2025	2024
Creditable withholding taxes	55,646,583	52,144,703
Prepaid expenses	77,000	-
Deferred input VAT	3,566	-
	55,727,149	52,144,703

Based on management's assessment, there were no impairment losses required to be recognized on the Company's other current assets in 2025, 2024 and 2023.

7. INVESTMENT SECURITIES

7.1 Financial Assets at FVOCI

This account pertains to the Company's 33% equity ownership interest in the common stock of Sony Philippines, Inc. This investment is related to the Joint Venture Agreement (JVA) executed in 1997 with Sony Corporation of Japan which expired on May 8, 2005. On April 11, 2005, the Company received a formal notice of the expiry of the JVA. The Company and Sony Corporation have both agreed to pursue negotiations for an equitable settlement of all matters relating to the JVA and its expiration.

The Company determined that the fair value of this investment is nil as of December 31, 2025 and 2024. Accordingly, no fair value gains or losses were recognized in other comprehensive income for these years.

7.2 Investment in Bonds

In 2021, the Company invested in held-to-collect corporate bonds classified and measured at amortized cost amounting to P20.0 million, which bear fixed interest rate of 4.34% per annum and will mature on October 12, 2027. The amount of investment is presented as Investment in Bonds in the statements of financial position.

Interest income generated from investment in bonds amounting to P0.9 million in 2025, 2024 and 2023 is presented as part of Interest Income in the statements of income. The outstanding interest amounting to P0.1 million as of December 31, 2025 and 2024 is presented as part of Interest receivable under Trade and Other Receivables account in the statements of financial position (see Note 5).

The Company's investment in bonds, which are subject to credit risk exposure [see Note 18.2(c)], have been reviewed for impairment. Based on such review, the management determines that no impairment loss is needed to be recognized in 2025, 2024 and 2023 as the bonds were in good credit standing as of December 31, 2025 and 2024.

8. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

The components of the carrying values of investments in wholly owned subsidiaries and an associate accounted for under the cost method are as follows:

<i>(Amounts in PHP)</i>	Notes	2025	2024
<i>Subsidiaries:</i>			
SMC		3,446,362,077	3,446,362,077
Precos	8.1	2,091,931,372	2,091,931,372
Kita		648,656,549	648,656,549
BRL		562,232,201	562,232,201
My Solid		473,099,100	473,099,100
ZTC		368,239,416	368,239,416
OSSI		284,258,015	284,258,015
SVC	8.2	116,991,725	116,991,725
Avid		100,200,100	100,200,100
SMFI		100,000,000	100,000,000
SGTC		88,379,789	88,379,789
SEC		60,325,027	60,325,027
GSHMI	8.2	50,000,000	50,000,000
SBC		49,585,655	49,585,655
MyApp	8.1	10,000,000	10,000,000
		<u>8,450,261,026</u>	<u>8,450,261,026</u>
Deposits for future stock subscription	8.1	32,018,750	32,018,750
		<u>8,482,279,776</u>	<u>8,482,279,776</u>
Allowance for impairment	8.3	<u>(1,407,920,004)</u>	<u>(1,407,920,004)</u>
		<u>7,074,359,772</u>	<u>7,074,359,772</u>
<i>Associate –</i>			
Investment in Fekon		88,022,714	88,022,714
Allowance for impairment		<u>(60,000,000)</u>	<u>(50,000,000)</u>
	8.5	<u>28,022,714</u>	<u>38,022,714</u>

Except for the subsidiaries and associate listed below, the place of incorporation of the other subsidiaries, which is similar to the place of operation, is located at 2285 Don Chino Roces Avenue, Makati City:

- (a) SMC – 1000 J. Bocobo corner T.M. Kalaw Street, Ermita, Manila
- (b) Kita – N7175 Gil Puyat Ave. cor. Feati St., Clark Freeport Zone, Clarkfield, Pampanga
- (c) BRL – 2nd Floor, Abbott Building, Road Town, P.O. Box 933, Tortola, British Virgin Islands
- (d) ZTC – 1111 Natividad A. Lopez St., Brgy. 659-A, District 5, Ermita, Manila
- (e) OSSI – Solid St., LIIP, Mamplasan, Biñan, Laguna
- (f) Avid – 1000 J. Bocobo cor. T.M. Kalaw Street, Ermita, Manila
- (g) SEC – 145 G. Araneta Avenue, Brgy. Tatalon, Quezon City
- (h) Fekon – Block 7, Lot 8B San Simon Industries Park, San Isidro, San Simon, Pampanga

8.1 Additional Investments in Shares

The movements in the investments in subsidiaries (at gross) recognized in the statements of financial position are presented below:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>Investments</u>	<u>Deposit for Future Stock Subscription</u>	<u>Total</u>
<u>December 31, 2025</u>				
Balance at beginning and end of year		<u>8,450,261,026</u>	<u>32,018,750</u>	<u>8,482,279,776</u>
<u>December 31, 2024</u>				
Balance at beginning of year		7,960,261,026	282,018,750	8,242,279,776
Additional investments	8.1(a)	-	240,000,000	240,000,000
Reclassification from deposits for future stock subscriptions	8.2, 15.4	<u>490,000,000</u>	<u>(490,000,000)</u>	-
Balance at end of year		<u>8,450,261,026</u>	<u>32,018,750</u>	<u>8,482,279,776</u>
<u>December 31, 2023</u>				
Balance at beginning of year		6,466,554,726	1,053,225,050	7,519,779,776
Additional investments	8.1(a)	-	810,000,000	810,000,000
Reversal of deposit for future stock subscriptions	8.1(b)	-	(100,000,000)	(100,000,000)
Reclassification from deposits for future stock subscriptions	15.4	<u>1,481,206,300</u>	<u>(1,481,206,300)</u>	
Subscriptions payable	8.1(a)	<u>12,500,000</u>	-	<u>12,500,000</u>
Balance at end of year		<u>7,960,261,026</u>	<u>282,018,750</u>	<u>8,242,279,776</u>

(a) In 2024 and 2023, the Company made additional deposits for future stock subscriptions to Precos amounting to P240.0 million and P810.0 million, respectively. The P490.0 million and P1,481.2 million have been considered as additional investments through the application of deposits for future stock subscriptions upon approval of the Securities and Exchange Commission (the Commission) on the application of Precos for the increase of its authorized capital stock in 2024 and 2023. There were no similar transactions in 2025.

(b) On November 9, 2021, the Company's BOD approved the conversion of its advances to My Solid amounting to P100.0 million into deposit for future stock subscriptions in preparation for the subscription to 1,000,000 common shares at a price equivalent to the par value of P100.0 per share. However, on August 3, 2023, the Company's BOD approved the reversal of the P100.0 million deposit for future stock subscriptions. As of December 31, 2023, the said deposit was already paid back by My Solid to the Company.

The remaining deposit for future stock subscriptions, which forms part of the Company's investments, pertains to MyApp amounted to P32.0 million as of December 31, 2025 and 2024.

8.2 Subscriptions Payable

In 2023 and 2022, the Company made subscriptions to GSHMI and SVC amounting to P12.5 million and P10.0 million, respectively. Outstanding balance related to this transaction amounting to both P22.5 million as of December 31, 2025 and 2024, are presented as Subscriptions Payable in the statements of financial position (see Note 15.4). There were no similar transactions in 2025 and 2024.

8.3 Allowance for Impairment

A reconciliation of the allowance for impairment on investments in subsidiaries at the beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	2025	2024
Balance at beginning of year	1,407,920,004	1,331,626,837
Impairment loss during the year	-	76,293,167
Balance at end of year	1,407,920,004	1,407,920,004

In 2024, the Company recognized additional allowance for impairment on investment in subsidiaries which are presented under Operating Expenses in the 2024 statement of income. There was no similar transaction in 2025.

8.4 Dividend Income

The Company earned cash dividend amounting to P181.6 million, P639.3 million and P199.0 million in 2025, 2024 and 2023, respectively, from its subsidiaries which is presented as Dividend Income in the statements of income (see Note 15.2). There are no outstanding dividends receivable as of December 31, 2025 and 2024.

8.5 Investment in an Associate

The Company's investment in an associate pertains to its ownership interest in Fekon. Fekon is a private company and there are no quoted prices available for its shares of stock. Fekon is incorporated and domiciled in the Philippines. Fekon's primary purpose is to engage in the business of manufacturing, selling, distributing, marketing, trading and assembling of all kinds of goods such as but not limited to motorcycles, e-bicycles, motor parts and products, electronic devices and other electronic merchandise.

Fekon's registered office address and principal place of business is located at Block 7, Lot 8B, San Simon Industries Park, San Isidro, San Simon, Pampanga.

In 2022, the Company made additional deposits in the shares of Fekon, totaling to P11.5 million, in relation to the planned increase in authorized capital stock of the latter. There were no additional deposits made in 2025 and 2024.

As of December 31, 2025 and 2024, Fekon is still on the process of completing the documentary requirements for its application to increase its authorized capital stock with the Commission. Management believes that upon approval of the Commission, the Company will have a significant influence with 31% ownership interest over Fekon. Accordingly, the deposits are recorded as Investment in an Associate in the statements of financial position.

The summarized financial information for Fekon is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Current assets	151,596,315	205,836,650
Non-current assets	7,050,893	11,262,650
Total assets	158,647,208	217,099,300
Current liabilities	33,566,153	72,625,623
Non-current liabilities	2,805,983	6,500,289
Total liabilities	36,372,136	79,125,912
Revenues	127,435,860	106,314,483
Net loss during the year	10,327,249	10,829,891

Due to the downturn in Fekon business prospects, the Company recognized impairment losses relative to its investment amounting to P10.0 million in 2025 and 2024 and P40.0 million in 2023 which are presented as Impairment loss on investments in an associate under Operating Expenses in the 2025, 2024 and 2023 statements of income.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	<u>Office Furniture, Fixtures, and Equipment</u>	<u>Computer Software</u>	<u>Transportation Equipment</u>	<u>Total</u>
December 31, 2025				
Cost	5,880,751	1,863,566	1,683,929	9,428,246
Accumulated depreciation and amortization	<u>(5,519,855)</u>	<u>(1,673,037)</u>	<u>(1,683,929)</u>	<u>(8,876,821)</u>
Net carrying amount	360,896	190,529	-	551,425
December 31, 2024				
Cost	5,578,073	1,699,101	1,683,929	8,961,103
Accumulated depreciation and amortization	<u>(5,436,899)</u>	<u>(1,646,798)</u>	<u>(1,683,929)</u>	<u>(8,767,626)</u>
Net carrying amount	141,174	52,303	-	193,477
January 1, 2024				
Cost	5,522,537	1,659,280	1,683,929	8,865,746
Accumulated depreciation and amortization	<u>(5,299,249)</u>	<u>(1,615,233)</u>	<u>(1,683,929)</u>	<u>(8,598,411)</u>
Net carrying amount	223,288	44,047	-	267,335

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2025, 2024 and 2023 is shown on the succeeding page.

<i>(Amounts in PHP)</i>	Office Furniture, Fixtures, and Equipment	Computer Software	Transportation Equipment	Total
Balance at January 1, 2025				
net of accumulated depreciation and amortization	141,174	52,303	-	193,477
Additions	302,679	164,464	-	467,143
Depreciation and amortization charges for the year	<u>(82,957)</u>	<u>(26,238)</u>	<u>-</u>	<u>(109,195)</u>
Balance at December 31, 2025				
net of accumulated depreciation and amortization	<u>360,896</u>	<u>190,529</u>	<u>-</u>	<u>551,425</u>
Balance at January 1, 2024				
net of accumulated depreciation and amortization	223,288	44,047	-	267,335
Additions	55,536	39,821	-	95,357
Depreciation and amortization charges for the year	<u>(137,650)</u>	<u>(31,565)</u>	<u>-</u>	<u>(169,215)</u>
Balance at December 31, 2024				
net of accumulated depreciation and amortization	<u>141,174</u>	<u>52,303</u>	<u>-</u>	<u>193,477</u>
Balance at January 1, 2023				
net of accumulated depreciation and amortization	262,317	52,844	84,197	399,358
Additions	149,598	31,287	-	180,885
Depreciation and amortization charges for the year	<u>(188,627)</u>	<u>(40,084)</u>	<u>(84,197)</u>	<u>(312,908)</u>
Balance at December 31, 2023				
net of accumulated depreciation and amortization	<u>223,288</u>	<u>44,047</u>	<u>-</u>	<u>267,335</u>

In 2025, 2024 and 2023, depreciation and amortization amounting to P0.1 million, P0.2 million, and P0.3 million, respectively, are presented under Operating Expenses in the statements of income.

The cost of fully depreciated and amortized property and equipment still used in operations amounted to P8.6 million as of December 31, 2025 and 2024.

As of December 31, 2025 and 2024, none of the Company's property and equipment were held as collateral for loans. Further, no impairment losses were recognized in 2025, 2024 and 2023 as the management believes that the carrying amount of property and equipment is recoverable in full.

10. INTANGIBLE ASSETS

The gross carrying amount and allowance for impairment of intangible assets as of December 31, 2025 and 2024 are shown below (amounts in PHP).

Cost	2,222,127
Allowance for impairment	<u>(2,122,127)</u>
	<u>100,000</u>

The Company's non-proprietary club shares are assessed as having indefinite useful life and is tested annually for any impairment. Certain non-proprietary club shares were assessed to be impaired as determined by the management; hence, an adequate amount of allowance for impairment has been recognized.

Based on management's assessment, there was no additional allowance required to be recognized in 2025, 2024 and 2023.

11. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

This account consists of:

<i>(Amounts in PHP)</i>	Note	2025	2024
Non-trade payables	15.5	844,549	8,116,939
Withholding taxes payable		1,650,341	1,458,799
Accrued expenses		782,000	759,000
Output VAT payable		401,412	268,855
Others		230,198	193,454
		3,908,500	10,797,047

Others include contributions to government agencies and social security costs.

In 2025, the Company derecognized the long outstanding dividends payable to its stockholders that had remained unclaimed since 2012. The resulting gain from the derecognition of these liabilities was recognized under Other Income – Net in the 2025 statement of income. There was no similar transaction in 2024 and 2023.

Management considers the carrying amounts of accounts payable and other current liabilities to be reasonable approximation of their fair values.

12. FINANCE INCOME – Net

The breakdown of this account includes the following:

<i>(Amounts in PHP)</i>	Note	2025	2024	2023
Net interest income on post-employment benefit asset	13.2	1,555,705	1,475,635	1,872,004
Foreign currency gains (losses) – net		1,425	7,554,539	(829)
		1,557,130	9,030,174	1,871,175

Finance income – net is presented under Other Income – Net in the statements of income.

13. EMPLOYEE BENEFITS

13.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Short-term benefits		49,755,266	44,149,289	43,736,946
Post-employment benefit	13.2	868,807	1,083,944	622,363
	15.8	50,624,073	45,233,233	44,359,309

13.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company maintains a fully funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by an investment manager that is legally separated from the Company. The investment manager managed the fund in coordination with the Company's management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The Company's post-employment benefit plan provides retirement benefits ranging from 100% to 115% of the final monthly covered compensation as of the date of retirement for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and on the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2025 and 2024.

The components of the post-employment defined benefit asset at the end of the reporting periods are shown below.

<i>(Amounts in PHP)</i>	2025	2024
Fair value of plan assets	40,452,067	37,883,312
Present value of the obligation	(14,678,953)	(12,421,683)
Changes in the effect of asset ceiling	(11,224,383)	-
	14,548,731	25,461,629

The movements in the fair value of plan assets are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	37,883,312	35,954,276
Interest income	2,314,670	2,178,829
Gain (loss) on plan assets (excluding amounts included in net interest)	<u>254,085</u>	<u>(249,793)</u>
Balance at end of year	<u>40,452,067</u>	<u>37,883,312</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below (see Note 15.7).

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Debt securities – Philippine government bonds	36,362,363	34,600,363
Unit investment trust funds (UITF)	2,139,914	1,511,792
Corporate bonds	1,419,868	1,331,180
Others	<u>529,922</u>	<u>439,977</u>
	<u>40,452,067</u>	<u>37,883,312</u>

The fair value of the debt securities is determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). UITF is classified as Level 2 while others are classified as Level 3 in the fair value hierarchy.

The plan assets earned returns of P2.6 million and P1.9 million in 2025 and 2024, respectively.

Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

The movements in the present value of the obligation recognized in the books are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	12,421,683	11,603,868
Current service cost	868,807	1,083,944
Actuarial loss (gains) arising from:		
Experience adjustments	2,164,176	(915,504)
Financial assumptions	(1,513,914)	(53,819)
Demographic assumptions	(20,764)	-
Interest cost	<u>758,965</u>	<u>703,194</u>
Balance at end of year	<u>14,678,953</u>	<u>12,421,683</u>

The components of amounts of post-employment benefit expense (income) recognized in the statements of income and statements of comprehensive income in respect of the post-employment defined benefit plan are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in statements of income:</i>			
Current service cost	868,807	1,083,944	622,363
Net interest income	<u>(1,555,705)</u>	<u>(1,475,635)</u>	<u>(1,872,004)</u>
	<u>(686,898)</u>	<u>(391,691)</u>	<u>(1,249,641)</u>
<i>Reported in statements of comprehensive income (loss):</i>			
Actuarial gains (losses) arising from changes in:			
Experience adjustments	(2,164,176)	915,504	(306,864)
Financial assumptions	1,513,914	53,819	(1,636,400)
Demographic assumptions	20,764	-	-
Gain on plan assets (excluding amounts included in net interest expense)	254,085	(249,793)	(49,737)
Loss on change in the effect of the asset ceiling	<u>(11,224,383)</u>	<u>-</u>	<u>-</u>
	<u>(11,599,796)</u>	<u>719,530</u>	<u>(1,993,001)</u>

Current service cost is presented as part of Salaries and Employee Benefits account in the statements of income (see Note 13.1). The net interest income is included as part of Finance income – net under Other Income – Net section of the statements of income (see Note 12).

Amounts recognized in other comprehensive income, net of tax, were classified within items that will not be reclassified subsequently to profit or loss in the statements of comprehensive income.

In determining the post-employment defined benefit obligation, the following actuarial assumptions were used:

	<u>2025</u>	<u>2024</u>
Discount rates	6.37%	6.11%
Expected rate of salary increases	7.00%	8.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 16 years for males and 12 years for females as of December 31, 2025. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan's investments are generally concentrated in debt securities although the Company also has investments in UITF.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and on the succeeding page.

(i) *Sensitivity Analysis*

The table presented below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2025 and 2024.

(Amounts in PHP)	Impact on Post-Employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
<u>December 31, 2025</u>			
Discount rate	+0.5%/-0.5%	(1,028,859)	1,195,080
Salary increase rate	+1.0%/-1.0%	1,175,640	(1,032,200)
<u>December 31, 2024</u>			
Discount rate	+0.5%/-0.5%	(515,319)	558,245
Salary increase rate	+1.0%/-1.0%	1,106,072	(966,024)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment defined benefit asset recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Company through its Management Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolios, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as of December 31, 2025 and 2024 consists of debt securities, although the Company also invests in UITF. The Company believes that debt securities offer the best returns over the long term with an acceptable level of risk.

(iii) *Funding Arrangements and Expected Contributions*

The plan is currently overfunded by P25.8 million and P25.5 million as of December 31, 2025 and 2024, respectively, based on the latest actuarial valuation.

The Company does not expect to make any contribution to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan is shown below:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
One year and less	3,692,849	4,279,311
More than five years to 10 years	11,930,616	11,592,758
More than 10 years to 15 years	-	14,992,206
More than 20 years	-	57,984,900
	<u>15,623,465</u>	<u>88,849,175</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 7.58 years.

14. TAX EXPENSE

The components of tax expense (income) reported in the statements of income and statements of comprehensive income for the years ended December 31 are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in statements of income:</i>			
Current tax expense:			
Final tax at 20% and 15%	12,712,489	11,906,545	15,995,392
Minimum corporate income tax (MCIT) at 2% in 2025 and 2024, 1.5% in 2023	<u>278,120</u>	<u>217,448</u>	<u>62,502</u>
	12,990,609	12,123,993	16,057,894
Deferred tax expense arising from origination and reversal of temporary differences	<u>172,081</u>	<u>98,776</u>	<u>21,817</u>
	<u>13,162,690</u>	<u>12,222,769</u>	<u>16,079,711</u>
<i>Reported in statements of comprehensive income –</i>			
Deferred tax expense (income) arising from remeasurements of post-employment defined benefit asset	<u>(2,899,949)</u>	<u>179,883</u>	<u>(498,250)</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of income is presented below:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax on pre-tax profit at 25%	51,090,231	151,373,825	47,826,149
Adjustment for income subjected to lower tax rates	(3,178,123)	(2,976,670)	(3,998,848)
Tax effects of:			
Non-taxable income	(45,400,000)	(159,818,878)	(49,750,000)
Unrecognized deferred tax assets on temporary differences	7,419,880	2,040,174	7,719,595
Non-deductible expenses	<u>3,230,702</u>	<u>21,604,318</u>	<u>14,282,815</u>
Tax expense	<u>13,162,690</u>	<u>12,222,769</u>	<u>16,079,711</u>

The net deferred tax liabilities in the statements of financial position relates to the following as of December 31:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Post-employment defined benefit asset	3,637,185	6,365,409
Unrealized foreign currency gains – net	<u>3,605</u>	<u>3,249</u>
	<u>3,640,790</u>	<u>6,368,658</u>

The components of net deferred tax expense (income) reported in the statements of income and statements of comprehensive income are as follows:

(Amounts in PHP)	Statements of Income			Statements of Comprehensive Income		
	2025	2024	2023	2025	2024	2023
Post-employment defined benefit asset	171,725	97,923	22,024	(2,899,949)	179,883	(498,250)
Unrealized foreign currency gains – net	356	853	(207)	-	-	-
Net deferred tax expense (income)	172,081	98,776	21,817	(2,899,949)	179,883	(498,250)

The Company did not recognize the deferred tax assets on net operating loss carry-over (NOLCO), MCIT and certain temporary differences as of December 31, 2025 and 2024 since management assessed that the Company may not be able to realize their related tax benefits within the prescribed period.

As of December 31, 2025 and 2024, the unrecognized deferred tax assets relate to the following:

(Amounts in PHP)	2025		2024	
	Amount	Tax Effect	Amount	Tax Effect
NOLCO	114,862,138	28,715,535	144,604,525	36,151,131
Allowance for impairment of receivables	2,439,286	609,821	2,439,286	609,821
Unamortized past service cost	1,076,239	269,060	1,345,299	336,325
MCIT	558,070	558,070	317,822	317,822
Allowance for impairment of intangible assets	272,127	68,032	272,127	68,032
	119,207,860	30,220,518	148,979,059	37,483,131

Presented below are the details of NOLCO, which can be claimed as deductions from future taxable profit within three to five years from the year the tax loss was incurred. Specifically, NOLCO incurred in 2021 can be claimed as a deduction from the gross income until 2026, in accordance with Republic Act No. 11494, *Bayanihan to Recover as One Act*. Starting 2022, the NOLCO carry-over period is reverted to three years from the year the tax loss was incurred.

(Amounts in PHP)	Year Incurred	Amount	Expired Amount	Remaining Balance	Valid Until
	2025	28,834,676	-	28,834,676	2028
	2024	25,720,672	-	25,720,672	2027
	2023	30,897,434	-	30,897,434	2026
	2022	30,365,646	(30,365,646)	-	2025
	2021	29,409,356	-	29,409,356	2026
	2020	28,211,417	(28,211,417)	-	2025
		173,439,201	58,577,063	114,862,138	

The Company is subject to MCIT which is computed at 2% in 2025 and 2024, and 1.5% in 2023, of gross income net of allowable deductions, as defined under the tax regulations, or to regular corporate income tax, whichever is higher. The Company reported MCIT in 2025, 2024 and 2023 as the Company incurred taxable losses in those years.

The amounts of MCIT, which can be applied as deduction from the Company's future regular income tax payable within three years from the year the MCIT was incurred, are shown below.

<i>(Amounts in PHP)</i>				
Year Incurred	Amount	Expired Amount	Remaining Balance	Valid Until
2025	278,120	-	278,120	2028
2024	217,448	-	217,448	2027
2023	62,502	-	62,502	2026
2022	37,872	(37,872)	-	2025
	595,942	(37,872)	558,070	

In 2025, 2024, and 2023, the Company opted to claim itemized deductions in computing for its income tax due.

15. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, related party under common ownership, the Company's majority stockholders, key management personnel and others. The summary of the Company's significant transactions with its related parties and the related outstanding balances as of December 31, 2025 and 2024 are presented below.

<i>(Amounts in PHP)</i>		Amount of Transactions			Outstanding Balance	
Related Party Categories	Notes	2025	2024	2023	2025	2024
Subsidiaries:						
Dividend income	15.2	181,600,000	639,275,511	199,000,000	-	-
Management fees	15.1	25,200,000	21,585,000	20,880,000	2,439,286	2,439,286
Rentals	15.6	1,654,607	1,648,607	1,276,607	-	-
Subscriptions payable	15.4	-	-	12,500,000	22,500,000	22,500,000
Purchase of goods and services	15.5	-	-	-	(1,778)	(1,778)
Net collection / conversion from cash advances	15.3	-	7,000,000	-	-	-
Retirement Fund	15.7	2,568,755	1,929,036	(2,346,498)	40,052,067	37,883,312
Key Management Personnel –						
Compensation	15.8	35,739,985	33,951,200	33,566,105	-	-

The Company's outstanding receivables were subjected to an impairment test using the ECL model. There were no additional impairment losses recognized for the receivables from related parties in 2025, 2024 and 2023 [see Note 18.2(b)(d)].

15.1 Management Fees

The Company provides general management services to its subsidiaries in accordance with various management contracts. In consideration for these services provided by the Company, its subsidiaries pay the latter with management fees based on the amount billed on a monthly basis. The management agreement is renewable for successive periods of six months subject to such terms and conditions as may be mutually agreed upon by the parties.

Management fee billings are shown as Management Fees in the statements of income. The outstanding balance as of December 31, 2025 and 2024 are shown as Management fees receivable under Trade and Other Receivables account in the statements of financial position, of which, P2.4 million have been provided with allowance for impairment as of December 31, 2025 and 2024 (see Note 5).

Management fees receivables are unsecured, normally due within 30 days and do not bear any interest.

15.2 Dividend Income

The details of cash dividends earned from the investments in subsidiaries in 2025, 2024 and 2023, presented under Revenues in the statements of income, are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
OSSI	140,000,000	100,000,000	80,000,000
ZTC	34,000,000	34,000,000	19,000,000
SBC	4,600,000	3,500,000	-
SMFI	3,000,000	7,000,000	-
BRL	-	369,775,511	-
SMC	-	125,000,000	100,000,000
	<u>181,600,000</u>	<u>639,275,511</u>	<u>199,000,000</u>

There were no unpaid dividends as of December 31, 2025 and 2024.

15.3 Advances to Related Parties

The Company grants unsecured, noninterest-bearing cash advances to its subsidiaries for working capital requirements and other purposes. These advances are generally collectible in cash upon demand.

As of December 31, 2023, the remaining advances of P7.0 million were assessed to be impaired; hence, full amount of allowance for impairment was provided. In 2024, the Company collected these advances which were previously provided with allowance for impairment. Accordingly, the Company recognized an income on the reversal of allowance for impairment which is presented as part of Gain on reversal of allowance for impairment of financial assets under Other Income – Net in the 2024 statement of income. As of December 31, 2025 and 2024, there was no outstanding balance of advances to related parties.

15.4 Subscriptions Payable

In 2023, the Company subscribed in GSHMT's share of stock amounting to P12.5 million. All of the subscribed amount remains unpaid as of December 31, 2025 and 2024. Also in 2022, the Company subscribed in SVC's shares of stock amounting to P50.0 million. Out of the subscribed amount, P10.0 million remains unpaid as of December 31, 2025 and 2024.

The total subscriptions payable amounting to P22.5 million as of December 31, 2025 and 2024, respectively, are presented as Subscriptions Payable in the statements of financial position (see Note 8.2).

15.5 Purchase of Goods and Services

Goods and services are purchased from subsidiaries on the basis of the price lists in force with non-related parties. The related outstanding payables for goods and services as of December 31, 2025 and 2024 are presented as part of Non-trade payables under Accounts Payable and Other Current Liabilities account in the statements of financial position (see Note 11). The outstanding payables from purchase of goods and services are generally noninterest-bearing, unsecured and settled through cash within three months.

15.6 Rentals

The Company has incurred rental expenses for short-term office space leases from SMC wherein business services are located. In addition, the Company has also incurred rental expense to OSSI, for storage spaces of document boxes on a monthly basis.

Rental expense related to these transactions is presented as part of Rentals in the statements of income. There is no outstanding balance related to these transactions as of December 31, 2025 and 2024.

15.7 Retirement Fund

The Company's retirement fund is a multi-employer retirement plan which is administered by a trustee bank. The retirement fund includes investments in government securities, corporate bonds and UITF with fair value totaling P40.5 million and P37.9 million as of December 31, 2025 and 2024, respectively [see Note 13.2(b)].

The plan assets do not comprise any of the Company's own financial instruments. Further, the retirement fund neither provides any guarantee or surety for any obligation of the Company nor its investments covered by any restrictions or liens.

15.8 Key Management Personnel Compensation

The compensation of key management personnel is broken down as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Short-term benefits	35,443,982	33,622,989	33,443,560
Post-employment benefit	296,003	328,211	122,545
	<u>35,739,985</u>	<u>33,951,200</u>	<u>33,566,105</u>

These amounts are shown as part of Salaries and employees benefits account under Operating Expenses section in the statements of income (see Note 13.1). There were no outstanding balances as of December 31, 2025 and 2024.

15.9 Others

The Company handles the administrative and accounting functions of certain subsidiaries without any monetary consideration.

16. EQUITY

16.1 Capital Stock

On June 18, 1996, the Securities and Exchange Commission issued an Order approving the Registration Statement covering the securities which comprised the Company's entire authorized capital stock. On September 4, 1996, the Company's shares were listed in the PSE and the trading of offer shares commenced. The Company offered the public 665,000,000 shares at an offer price of P5.85 per share. The offer shares consist of 524,475,000 primary shares (new shares) and 140,525,000 secondary shares (existing shares).

As of December 31, 2025 and 2024, the Company has issued shares of 2,030,975,000 (with P1 par value), of which, 468,787,704 are held by the public both 2025 and 2024. There are 4,193 and 4,209 holders of the listed shares which closed at P1.27 and P1.03 per share as of the last trading days in 2025 and 2024, respectively.

16.2 Retained Earnings

The BOD approved the declaration of cash dividends in 2025 and 2024 as follows:

Date of Declaration	Stockholders of Record as of	No. of Shares Outstanding	Amounts in PHP	
			Amount per Share	Total
June 26, 2025	July 15, 2025	1,821,542,000	0.10	182,154,200
June 27, 2024	July 15, 2024	1,821,542,000	0.10	182,154,200
August 3, 2023	August 18, 2023	1,821,542,000	0.06	109,292,520

The dividends were paid within the year of declaration. Retained earnings is restricted in the amount of P115.6 million as of December 31, 2025 and 2024, equivalent to the cost of 209,433,000 shares held in treasury.

16.3 Revaluation Reserves

The component and reconciliation of item of other comprehensive income presented in the statements of comprehensive income at its aggregate amount under Revaluation Reserves account in the statements of financial position are shown below.

(Amounts in PHP)	Notes	2025	2024	2023
Balance at beginning of year		4,038,886	3,499,239	4,993,990
Remeasurements of post-employment defined benefit asset	13.2	(11,599,796)	719,530	(1,993,001)
Tax income (expense)	14	2,899,949	(179,883)	498,250
		(8,699,847)	539,647	(1,494,751)
Balance at the end of year		(4,660,961)	4,038,886	3,499,239

17. COMMITMENTS AND CONTINGENCIES

There are commitments and contingencies that arise in the normal course of business that are not recognized in the Company's financial statements. As of December 31, 2025 and 2024, the Company's management is of the opinion that losses, if any, from these commitments and contingencies will not have any material effects on the Company's financial statements.

18. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 19. The main types of risks are interest rate risk, credit risk and liquidity risk.

The Company's risk management is coordinated with the BOD and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Company 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 Company is exposed to are described as follows:

18.1 Interest Rate Risk

As of December 31, 2025, 2024 and 2023, the Company is exposed to changes in market interest rates through its cash in banks, cash equivalents and short-term placements, which are subject to variable interest rates (see Note 4). All other financial assets and financial liabilities have fixed rates.

The table below illustrates the sensitivity of the Company's profit before tax and equity to a reasonably possible change in interest rates of +/-1.36% in 2025, +/-1.31% in 2024 and +/-2.30% in 2023. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

(Amounts in PHP)	2025		2024		2023	
	+1.36	-1.36	+1.31	-1.31	+2.30	-2.30
Profit before tax	16,564,606	(16,564,606)	15,892,988	(15,892,988)	21,995,988	(21,995,988)
Equity	13,251,685	(13,251,685)	12,714,391	(12,714,391)	17,596,791	(17,596,791)

18.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by rendering services to related parties and granting cash advances and placing deposits with banks.

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to the financial statements), as summarized below.

(Amounts in PHP)	Notes	2025	2024
Cash and cash equivalents	4.1	811,783,014	1,213,362,759
Short-term placements	4.2	406,202,747	-
Trade and other			
receivables – net	5	8,446,339	5,369,066
Investment in bonds	7.2	20,000,000	20,000,000
		<u>1,246,432,100</u>	<u>1,238,731,825</u>

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and short-term placements as described on the succeeding page.

(a) *Cash and Cash Equivalents and Short-term Placements*

The credit risk for cash and cash equivalents and short-term placements is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

(b) *Trade and Other Receivables*

ECL for trade and other receivables is measured and recognized using the liquidity approach. Management determined that the Company's management fee receivables presented as part of Trade and Other Receivables account indicates possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the capital deficiency from the counterparties.

The Company has assessed the specific management fee receivable to be credit-impaired, wherein an impairment loss was already provided for the full amount of those receivables amounting to P2.4 million in 2025 and 2024 and P13.6 million in 2023. After segregating these credit-impaired receivables, the Company has assessed that there is no significant increase in the credit risk for the remaining receivables since its initial recognition.

(c) *Investment in Bonds*

Investment in bonds measured at amortized cost is considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers "low credit risk" for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. No impairment loss on debt securities classified as financial assets at amortized cost has been recognized in 2025 and 2024 as all of the bonds were in good credit standing as of December 31, 2025 and 2024.

(d) *Advances to Related Parties*

ECL for advances to related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the capital deficiency from the counterparties. As of December 31, 2023, accumulated allowance for impairment of advances to related parties amounted to P7.0 million.

In 2024, the Company collected these advances, which were previously provided with allowance for impairment. Accordingly, the Company recognized reversal of allowance for impairment which is presented as Gain on reversal of allowance for impairment on advances to related parties under Other Income – Net in the 2024 statement of income. There is no outstanding balance as of December 31, 2025 and 2024.

18.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's maximum liquidity risk is the carrying amount of accounts payable and other current liabilities (excluding VAT and other taxes payable) and subscriptions payable amounting to P24.4 million and P31.6 million as of December 31, 2025 and 2024, respectively, which have contractual maturities of within six months from the end of the reporting period and are shown as current liabilities in the statements of financial position.

19. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

19.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

(Amounts in PHP)	Notes	2025		2024	
		Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial Assets					
At amortized cost:					
Cash and cash equivalents	4.1	811,783,014	811,783,014	1,213,362,759	1,213,362,759
Short-term placements	4.2	406,202,747	406,202,747	-	-
Trade and other receivables – net	5	8,446,339	8,446,339	5,369,066	5,369,066
Investment in bonds	7.2	20,000,000	19,390,804	20,000,000	18,521,880
		<u>1,246,432,100</u>	<u>1,245,822,904</u>	<u>1,238,731,825</u>	<u>1,237,253,705</u>
Financial Liabilities					
At amortized cost:					
Accounts payable and other current liabilities	11	1,856,747	1,856,747	9,069,393	9,069,393
Subscriptions payable	8.2	22,500,000	22,500,000	22,500,000	22,500,000
		<u>24,356,747</u>	<u>24,356,747</u>	<u>31,569,393</u>	<u>31,569,393</u>

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 18.

Management determined that the carrying amounts of these financial instruments are equal to or approximate to their fair values as of December 31, 2025 and 2024.

19.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set off financial instruments and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) may have the option to settle all such amounts on a net basis in the event of default of the other party through approval by the respective BOD and stockholders of both parties.

20. FAIR VALUE MEASUREMENTS AND DISCLOSURES

20.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those financial assets and financial liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the financial asset or financial liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

20.2 Financial Instruments Measured at Fair Value

As of December 31, 2025 and 2024, the Company determined that the fair value of the financial asset at FVOCI is nil (see Note 7.1). More so, the Company has no other financial assets and financial liabilities measured at fair value as of December 31, 2025 and 2024.

20.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table presented below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statement of financial position but for which fair value is disclosed.

<i>(Amounts in PHP)</i>	Notes	Level 1	Level 2	Level 3	Total
December 31, 2025					
Financial Assets:					
Cash and cash equivalents	4.1	811,783,014	-	-	811,783,014
Short-term placements	4.2	406,202,747	-	-	406,202,747
Trade and other receivables – net	5	-	-	8,446,339	8,446,339
Investment in bonds	7.2	19,390,804	-	-	19,390,804
		1,237,376,565	-	8,446,339	1,245,822,904
Financial Liabilities:					
Accounts payable and other current liabilities	11	-	-	1,856,747	1,856,747
Subscriptions payable	8.2	-	-	22,500,000	22,500,000
		-	-	24,356,747	24,356,747
December 31, 2024					
Financial Assets:					
Cash and cash equivalents	4.1	1,213,362,759	-	-	1,213,362,759
Trade and other receivables – net	5	-	-	5,369,066	5,369,066
Investment in bonds	7.2	18,521,880	-	-	18,521,880
		1,231,884,639	-	5,369,066	1,237,253,705
Financial Liabilities:					
Accounts payable and other current liabilities	11	-	-	9,069,393	9,069,393
Subscriptions payable	8.2	-	-	22,500,000	22,500,000
		-	-	31,569,393	31,569,393

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

21. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and total liabilities, excluding amounts due to related parties. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. Capital for the reporting periods under review is summarized below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Total liabilities, excluding subscriptions payable	7,549,290	17,165,705
Total equity	<u>8,389,747,099</u>	<u>8,389,402,913</u>
Debt-to-equity ratio	<u>0.001 : 1.00</u>	<u>0.002 : 1.00</u>

The Company's goal in capital management is to maintain a debt-to-equity ratio of not higher than 1:1.

As of December 31, 2025 and 2024, the Company is not subject to any externally imposed capital requirements.

22. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and on the succeeding page is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year required by the Bureau of Internal Revenue (BIR) under Revenue Regulations (RR) No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

(a) Output VAT

In 2025, the Company declared output VAT of P3,024,000 arising from management services rendered and collection of outstanding receivables amounting to P25,200,000. The tax bases are included as part of Revenues in the 2025 statement of income. The tax bases of the Company's management services are based on accrual method.

The outstanding VAT payable as of December 31, 2025 is P401,412.

(b) Input VAT

The movements in input VAT in 2025 are summarized below (amounts in PHP).

Balance at beginning of year	-
Goods other than for resale or manufacture	1,042,369
Purchases of domestic services	251,362
Applied against output VAT	<u>(1,293,731)</u>
Balance at end of year	<u><u>-</u></u>

(c) Taxes on Importation

The Company did not pay landed cost, tariff duties and import taxes as it did not have any importations in 2025.

(d) *Excise Tax*

The Company did not have any transactions in 2025 which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

In 2025, the Company paid DST amounting to P3,208 mainly arising from business permits and municipal fee transactions.

(f) *Taxes and Licenses*

The details of taxes and licenses is broken down as follows (amounts in PHP):

Business permits and municipal fees	193,919
Fringe benefit tax	120,034
DST	3,208
Miscellaneous	<u>49,089</u>
	<u>366,250</u>

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2025 are shown below (amounts in PHP).

Compensation	10,060,940
Final	6,708,217
Expanded	<u>711,728</u>
	<u>17,480,885</u>

The outstanding payable on these withholding taxes amounted to P1,650,341 as of December 31, 2025.

(h) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2025, the Company does not have any pending final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: March 31, 2026
2. Commission Identification Number: 845
3. BIR Tax Identification No.: 000-508-536-000
4. Exact name of registrant as specified in its charter **SOLID GROUP INC.**
5. Province, Country or other jurisdiction
of incorporation: Philippines
6. _____ (SEC Use Only)
Industry Classification Code
7. Address of principal office: Postal Code: 1231
2285 Don Chino Roces Avenue, Makati City,
Philippines
8. Telephone No: (632) 8843-1511
9. Former name, former address and former fiscal year,
if changed since last report: N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the
RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding

Common Stock, P1 par value	1,821,542,000 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [X] No []

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

Philippine Stock Exchange	Common

12. Indicate by check mark whether the registrant:

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

Yes [X]

No []

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

Yes [X]

No []

PART I. – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited consolidated financial statements of the Company and its subsidiaries for the three (3) months period ended March 31, 2026 are attached to this report.

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

Key Performance Indicators

The following key performance indicators are identified by the Company and included in the discussion of the results of operations and financial condition: revenue growth, asset turnover, operating expense ratio, earnings before interest, taxes, depreciation and amortization (EBITDA), earnings per share (EPS), current ratio and debt to equity ratio.

Key performance indicators for 2026 and 2025 are as follows:

	<u>2026</u>	<u>2025</u>
Revenue growth(decline)	18%	18%
Asset turnover	20%	17%
Operating expense ratio	22%	23%
EBITDA	P186 million	P166 million
EPS	P0.06	P0.06
Current ratio	8.75 :1	8.73 : 1
Debt to equity ratio	0.20 :1	0.21 : 1

Revenue growth (decline) is determined as follows: revenues for the current period less revenues for last period divided by the revenues of the previous period.

Asset turnover is computed based on the revenues (annualized) earned during the period divided by the average total assets.

Operating expense ratio is calculated as follows: operating expenses for the period divided by revenues for period.

EBITDA is determined by adding back interest expense, depreciation and amortization charges, to income from operations before income tax for the period.

Earnings per share (EPS) is computed based on the net income or loss for the period divided by the weighted average shares outstanding during the year.

Current ratio is computed as follows: total current assets as of end of the period divided by total current liabilities as of end of the period.

Debt to equity ratio is computed by dividing the total liabilities excluding amounts due to related parties as of end of the period by the total equity as of end of the period.

Revenue grew by 18% in the first quarter of 2026, a notable increase from the 1% growth seen in the same period last year mainly driven by higher revenues in Distribution/Retail the Property & Related Services and Logistics & Technical Solutions segments.

Asset turnover stood at 20% and 17% for the first quarters of 2026 and 2025, respectively.

Operating expense ratio was lower at 22% for the first quarter of 2026 as compared to 23% for the first quarter of 2025 mainly due to higher revenues reported for the period.

EBITDA rose to P186 million for the first quarter of 2026, up from P166 million during the same period in 2025. This remarkable growth was primarily driven by the revenue expansion in the Distribution/Retail and Logistics & Technical Solutions segments.

Earnings per share stood at P0.06 for the first quarters of 2026 and 2025 from earnings per share. There was no change for this account.

Current ratio was at 8.75:1 as of March 31, 2026, slightly higher than 8.73:1 as of December 31, 2025. The change was primarily attributable to movements in current liabilities resulting from the payment of trade and other payables during the period.

Debt-to-equity ratio stood at 0.20:1 as of March 31, 2026 and 0.21:1 as of December 31, 2025.

Results of Operations

Revenues reached P781 million in the first quarter of 2026 from P662 million for the same period in 2025 from improved revenues driven by continued expansion across core business segments, particularly distribution and retail, and logistics services as explained below.

Sales of goods increased by 29%, reaching P367 million in the first quarter of 2026, compared to P285 million in the same period of 2025, primarily attributed to higher sales in the distribution/retail segment.

Service revenue rose by 12% to P227 million in the first quarter of 2026, up from P204 million in the same period of 2025. The increase was primarily driven by heightened logistics activity, as well as improved performance in hotel operations.

Rental income grew by 10% to P165 million in the first quarter of 2026 from P151 million in the same period of 2025, primarily due to improved leasing activities in the property and related services segment.

Interest income was lower by 6% to P20 million for the first quarter of 2026 from P21 million for the same period in 2025 mainly due to lower interest rates on time deposit placements for the period.

Cost of sales, services, real estate sold and rentals increased by 19% to P497 million in the first quarter of 2026 from P419 million in the same period in 2025 as discussed below.

Cost of sales amounted to P282 million for the first quarter of 2026, a growth of 26% from P225 million for the same period of last year associated to increase in sales.

Cost of services reached P149 million for the first quarter of 2026 up from P140 million in the same period of 2025 mainly in relation to higher subcontracting costs attributed to the expansion of logistics activities and rental expense of the logistics and technical solutions segment.

Cost of rentals rose by 22% to P65 million in the first quarter of 2026, up from P53 million in the same period of 2025. This was primarily due to higher equipment cost and taxes and licenses of the property and related segments.

Gross profit went up to P283 million for the first quarter of 2026 from P243 million for the same period in 2025 predominantly because of higher gross profit from lease operations of Precos Inc. of the property & related services segment.

Other operating expenses (income) amounted to P18 million income for the first quarter of 2026 from P20 million for the same period of 2025 as explained below.

General and administrative expenses went up by 8% to P119 million for the first quarter of 2026 from P110 million for the same period of 2025 arising mostly from expansion of logistics activity leading to higher manpower cost and additional rental expenses for an additional warehouse leased by logistics & technical solution segment.

Selling and distribution costs rose by 20% to P50 million in the first quarter of 2026, up from P42 million in the same period of 2025. The increase was attributable to higher commission and selling & bank charges related to credit card transactions associated to higher sales of the distribution/retail segment.

Other operating income – net reached P18 million for the first quarter of 2026, a decrease of 11% from P20 million for the same period in 2025 attributable to lower income for both utilities charged to tenants and forfeited refundable deposit of the property & related services segment.

Operating profit grew by 19% reaching P131 million for the first quarter of 2026 compared to P110 million in the same period of 2025 significantly due to higher gross profit and other operating income as explained above.

Other income (charges) amounted to P18 million income for the first quarter of 2026 against P19 million for the same period in 2025 principally from the following:

Finance costs declined by 14% to P12 million for the first quarter of 2026 from P14 million in 2025 chiefly due to interest expense on interest-bearing loans of the property & related services segment.

Finance income diminished by 13% to P23 million in the first quarter of 2026 from P26 million in the same period last year. This was principally due to lower interest income from time deposits, resulting from reduced interest rates ranging from 3% to 5% in 2026 compared 5.25% to 5.8% in 2025.

Share in net profit of an associate amounted to P321 thousand representing its 30% interest in Starworld for the first quarter of 2026, compared to nil in the same period in 2025.

Other gains – net amounted to P7 million in the first quarter of 2026, slightly higher by 6% compared to P6.7 million in the same period last year. The marginal increase was mainly due to service income from bank guarantee under the property and related services segment.

Profit before tax was P150 million for the first quarter of 2026, an expansion of 16% from P130 million for the same period in 2025 largely due to higher operating profit as discussed above.

Tax expense surged by 46% to P37 million for the first quarter of 2026 against P25 million for the same period in 2025 from higher taxable income of the property & related services segment.

Net profit climbed by 8% to P113 million for the first quarter of 2026 as compared to P104 million in the same period of 2025 primarily due to higher operating profit for the period.

Net profit attributable to equity holders of the parent realized P112 million for the first quarter of 2026 against P101 million net profit in the same period of 2025 as discussed above.

Net profit attributable to non-controlling interests (NCI) amounted to P814 thousand and P3 million for the first quarters of 2026 and 2025, respectively. This represents minority share in net profit for the period.

Financial Position

Cash and cash equivalents declined by 5% to P2,453 million as of March 31, 2026 from P2,576 million as of December 31, 2025. The decrease was primarily attributable to cash used in investing activities, mainly for the acquisition of investment properties under PEZA of the property and related services segment.

Short-term placements jumped by 2% to P635 million as of March 31, 2026 from P622 million as of December 31, 2025 from additional placements in time deposits. There was no material change for this account.

Trade and other receivables slightly decreased by 2% to P564 million as of March 31, 2026 from P573 million as of December 31, 2025. The decline was primarily driven by collections of loan receivables under the investment and others segment, partially offset by collections of rental receivables in the property and related services segment. The Group's trade customers are generally well-established and financially stable companies, providing reasonable assurance on the collectibility of receivables. Nevertheless, management regularly reviews trade accounts to assess potential non-collection risks, and allowances are recognized for accounts considered doubtful of collection.

Advances to related parties was maintained at P2.6 million and P2.4 million as of March 31, 2026 and December 31, 2025, respectively. There was no material change for this account.

Merchandise inventories and supplies – net increased by 13% to P258 million as of March 31, 2026, compared with P227 million as of December 31, 2025 from purchase of medical equipment of the distribution/retail segment.

Real estate inventories amounted to P424 million for both periods. There was no change for this account.

Other current assets went down slightly to P537 million as of March 31, 2026 compared with P542 million as of December 31, 2025. There was no notable change for this account.

Total current assets reached P4,877 million as of March 31, 2026 from P4,970 million as of December 31, 2025 mainly from lower cash and cash equivalents as discussed above.

Non-current trade and other receivables was diminished to P496 million as of March 31, 2026 from P476 million as of December 31, 2025. There was no material change for this account.

Financial assets at fair value through other comprehensive income stood at P94 million as of March 31, 2026 and as of December 31, 2025. There was no change for this account.

Investment in associates amounted to P29.9 million as of March 31, 2026, slightly higher than the P29.6 million reported as of December 31, 2025. The balance is largely composed of a P28.0 million deposit made in connection with a planned but uncompleted increase in the authorized capital stock of Fekon Solid Motorcycle Manufacturing Corp. This investment has previously been affected by significant impairment losses, with a cumulative P60.0 million recognized in prior years following the reassessment of the associate's business outlook. In 2025, Solid Manila Corporation (SMC) disposed of a portion of its investment in Starworld, resulting in the Group's ownership interest decreasing from 50% to 30% and the loss of control over the investee. As a result, the remaining 30% interest is now accounted for as an investment in an associate.

Investment in bonds was P20 million as of March 31, 2026 and as of December 31, 2025 from investment made in 2021.

Property and equipment dropped to P1,594 million as of March 31, 2026 from P1,607 million as of December 31, 2025. There was no material change for this account.

Investment properties – net went up to P8,583 million as of March 31, 2026 from P8,384 million as of December 31, 2025. This account remained substantially unchanged during the period.

Rights-of-use (ROU) assets – net decreased to P2.5 million as of March 31, 2026 from P3.7 million as of December 31, 2025 primarily due to depreciation of ROU assets under PFRS 16, Leases.

Post-employment benefit assets - net was valued at P58 million as of March 31, 2026 and as of December 31, 2025. There was no change for this account.

Deferred tax assets - net amounted to P13 million as of March 31, 2026 and as of December 31, 2025. This account remained unchanged for the period.

Other non-current assets had a balance of P32 million as of March 31, 2026 and P31 million as of December 31, 2025. There were no significant movements in this account during the period.

Total non-current assets amounted to P10,925 million as of March 31, 2026 and P10,717 million as of December 31, 2025 as discussed above.

Total assets reached P15,802 million as of March 31, 2026 from P15,688 million as of December 31, 2025 as explained above.

Current portion of interest-bearing loans increased by 17% to P45 million as of March 31, 2026, compared to P39 million as of December 31, 2025. This increase resulted from the reclassification of a portion of the long-term loan in accordance with PAS 1, which requires that any portion of a loan maturing within the next 12 months be reclassified as a current liability.

Trade and other payables declined by 4% to P473 million as of March 31, 2026 against P494 million as of December 31, 2025 principally from lower non-trade and other payables.

Customers' deposits decreased by 33% at P16 million as of March 31, 2026 from P24 million as of December 31, 2025 from recognition of deposits from customers as actual sales under the distribution/retail segment.

Current lease liabilities dropped by 31% to P2.6 million as of March 31, 2026 from P3.8 million as of December 31, 2025 due to payments during the period.

Income tax payable more than doubled to P14 million as of March 31, 2026 from P6 million as of December 31, 2025, primarily attributable to the recognition of income tax expense for the period.

Total current liabilities slightly declined by 3% to P553 million as of March 31, 2026 from P569 million as of December 31, 2025 due to lower trade and other payables.

Interest-bearing loans declined slightly to P819 million as of March 31, 2026 from P835 million as of December 31, 2025, mainly due to partial principal repayments and the reclassification of P16 million to current portion in line with PAS 1. The loans were used to partially finance the construction of the now completed warehouse facility in Calamba, Laguna under the property and related services segment.

Non-current refundable deposits remained at P23 million as of March 31, 2026, the same as the balance reported on December 31, 2025. There was no change in this account during the period.

Non-current lease liabilities declined to nil as of March 31, 2026 compared to P60 thousand as of December 31, 2025, with no significant movement.

Post-employment benefit obligation stood at P32 million as of March 31, 2026 and as of December 31, 2025. This represents the unfunded retirement obligation of certain subsidiaries.

Deferred tax liabilities -net slipped to P1,223 million as of March 31, 2026 and P1,212 million as of December 31, 2025. There was no notable change for this account.

Total non-current liabilities amounted to P 2,098 million as of March 31, 2026 and P 2,104 million as of December 31, 2025. There was no material change for this account.

Total liabilities amounted to P2,651 million as of March 31, 2026 from P2,673 million as of December 31, 2025 as discussed above.

Capital stock stood at P2,030 million as of March 31, 2026 and December 31, 2025.

Additional paid-in capital was maintained at P4,641 million as of March 31, 2026 and as of December 31, 2025.

Treasury shares amounted to P115 million as of March 31, 2026 and as of December 31, 2025.

Revaluation reserves rose by 14% to P184 million as of March 31, 2026 from P161 million as of December 31, 2025 due to gain in currency exchange differences on translating financial statements of foreign operations.

Retained earnings increased to P6,359 million as of March 31, 2026 from P6,247 million as of December 31, 2025 as a result of net profit attributable to parent for the period.

Total equity attributable to Equity holders of Parent amounted to P13,101 million as of March 31, 2026 and P12,965 million as of December 31, 2025.

Non-controlling interests amounted to P49.9 million as of March 31, 2026 and P49.1 million as of December 31, 2025. There was no material change for this account.

Total equity amounted to P13,151 million as of March 31, 2026 from P13,014 million as of December 31, 2025.

i. Known Trends or Demands, Commitments, Events or Uncertainties that will impact Liquidity.

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will materially impact on its liquidity.

ii. Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of an obligation.

As discussed in Notes of the financial statements under Contingencies, certain subsidiaries of the Company are involved in litigation or proceedings, the outcome of which could individually or taken as a whole, not adversely affect the financial results, operations or prospects of the Company. Except of these contingencies, the Company is not aware of other events that will materially trigger direct or contingent financial obligation.

iii. Material Off-Balance Sheet Transactions, Arrangements, Obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company has no material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the period that is not included in the financial statements.

iv. Material Commitments for Capital Expenditures, the general purpose of the Commitment and Expected Sources of Funds

The Company estimates capital expenditures for 2026 to amount to approximately ₱770 million, which will be allocated primarily for acquisition of PEZA properties, various real estate development projects, renovation and upgrading of existing facilities, and acquisition of transportation equipment. These planned capital expenditures are expected to be financed principally through the Company's internally generated funds and available cash resources.

v. Known Trends, Events or Uncertainties that will impact Sales/Revenues/Income from Continuing Operations

None

vi. Significant elements of Income or Loss that did not arise from Continuing Operations

None

vii. Causes for any Material Changes from Period to Period

Precos Inc., a wholly-owned subsidiary of SGI, is engaged in real estate and related businesses. It entered into a Built-to-Specification Agreement in 2022 with a third-party lessee for the development of a warehouse on its Laguna property. In 2025, it completed the 10.5-hectare, LEED accredited distribution facility with a total investment of P3.0 billion. Commercial operations commenced on August 1, 2024 under a 15-year lease agreement with an option to renew for another 5 years with the lessee, an international logistics provider. In 2025, this project generated P273 million in leasing revenue from P113 million in 2024 while net profit rose P210 million in 2025 from P67 million in 2024 solidifying its position as a major contributor to the Company's financial performance. For 2026, it is expected to generate ₱193 million in revenue and ₱95 million in net profit. It has reinforced the Company's recurring income streams and supported stable revenue growth.

In 2025, Starworld reduced its authorized capital stock from ₱530.0 million to ₱5.3 million, resulting in a ₱209.9 million decrease in the Group's share in capital, which is presented in the 2025 consolidated statement of changes in equity. Subsequently, SMC disposed of its shares in Starworld, reducing the Group's ownership interest from 50% to 30% and resulting in loss of control. Accordingly, the retained 30% interest was accounted for as an investment in associate in 2025 and continues to be accounted for as such in 2026.

Based on the appraisal reports obtained in 2025, the Company reported fair value gains on investment property of P171 million as at year-end of 2025.

As of March 31, 2026 (Unaudited) vs December 31, 2025 (Audited)

Balance Sheet Items (as at March 31, 2026 vs. December 31, 2025)

(Increase or decrease of 5% or more in the financial statements)

Cash and cash equivalents – 5% decrease to P2,453 million from P2,576 million

Due to cash used in investing activities, mainly for the acquisition of investment properties under PEZA within the property and related services segment. As of March 31, 2026 and December 31, 2025, this account represented 16% of total assets.

Short-term placements – increase to P635 million from P622 million

Largely attributable to additional placements in time deposits with maturities ranging from 91 days to not more than one year. This account represented 4.0% of total assets in the comparative periods.

Trade and other receivables –P564 million from P573 million

Primarily driven by collection of loan receivables under the investment and others segment, tempered by growth in rental receivables of the property & related services segment. This represented 4% as a percentage of total assets in both periods.

Advances to related parties – P2.6 million from P2.4 million

There was no material change noted, with account comprising 0.02% as a percentage of total assets in both periods.

Merchandise inventories and supplies – net - 13% increase to P258 million from P227 million

Mainly due to the purchase of medical equipment of the distribution/retail segment. As of March 31, 2026 and as of December 31, 2025, as a percentage of total assets, this account represented 2% and 1% respectively.

Real estate inventories –P424 million in both periods

There was no movement in this account during the period, as no sales were recorded. It remained unchanged at 3% as a percentage of total assets in both periods.

Other current assets – 1% decrease to P537 million from P542 million

This account has no substantial change. This account stood at 3% as a percentage of total assets in both periods.

Non-current trade and other receivables – 4% increase to P496 million from P476 million

There was no material change for this account. As a percentage of total assets, this represented 3% as of March 31, 2026 and as of December 31, 2025.

Financial assets at fair value through other comprehensive income – P94 million in both periods

Remained unchanged for both periods presented. This account stood at 0.59% and 0.60% as a percentage of total assets for the first quarter of 2026 and 2025, respectively.

Investment in associates – 1% increase to P29.9 million from P29.6 million

There was no material movement for this account. In 2025, Solid Manila Corporation (SMC) disposed of a portion of its investment in Starworld, resulting in the Group's ownership interest decreasing from 50% to 30% and the loss of control over the investee. As a result, the remaining 30% interest is now accounted for as an investment in an associate. As a percentage of total assets, this account represented 0.19% as of March 31, 2026 and as of December 31, 2025.

Investment in bonds – P20 million in both periods

As a percentage of total assets, this represented 0.13% as of March 31, 2026 and as of December 31, 2025.

Property and equipment – 0.8% decrease to P1,594 million from P1,607 million

There was no material change for this account. As a percentage of total assets, this account represented 10% as of March 31, 2026 and as of December 31, 2025.

Investment properties – 2% increase to P8,583 million from P8,384 million

There was no material change for this account. As a percentage of total assets, this account stood at 54% as of March 31, 2026 and 53% as of December 31, 2025.

Right-of-Use (ROU) assets – 32% decrease to P2.5 million from P3.7 million

Solely from depreciation of ROU assets under PFRS 16, Leases. As of March 31, 2026 and as of December 31, 2025, this account stood at 0.02% as a percentage of total assets for the period ended March 31, 2026 and as of December 31, 2025.

Post-employment benefit asset – P58 million for both periods

No movement for this account. This represented 0.37% as a percentage of total assets as of March 31, 2026 and as of December 31, 2025.

Deferred tax assets – P12 million for both periods

No movement for this account. This account stood at 0.08% of total assets in both periods.

Other non-current assets – 4% increase to P32 million from P31 million

There was no significant change for this account. This represented 0.21% as a percentage of total assets as of March 31, 2026 and 0.20% as of December 31, 2025.

Interest-bearing loans – climbed 17% to P45 million from P39 million

Resulted from the reclassification of a portion of the long-term loan in accordance with PFRS 9, which requires that any portion of a loan maturing within the next 12 months be reclassified as current liability. This account stood at 0.29% as of March 31, 2026 and 0.25% as of December 31, 2025 as a percentage of total liabilities and equity

Trade and other payables - 4% decline to P473 million from P494 million

Principally from lower non-trade and other payables. This account represented 3% of total liabilities and equity for both periods.

Customers' deposits – dropped 33% to P16 million from P24 million

Mostly due to recognition of customers' deposits as actual sales of the distribution/retail segment. As of March 31, 2026 and as of December 31, 2025, this account comprised 0.11% and 0.16% of total liabilities and equity, respectively.

Current Lease Liabilities – dropped 31% to P2.6 million from P3.8 million

Due to payments during the period. This account stood at 0.02% as a percentage of total liabilities and equity for the period ended March 31, 2026 and for the year ended December 31, 2025.

Income tax payable – grew 116% to P14 million from P6 million

Mainly from regular corporate income tax expense for the period. This account was pegged at 0.09% and 0.04% of the total liabilities and equity as of March 31, 2026 and as of December 31, 2025, respectively.

Interest-bearing loans – 2% decline to P819 million from P835 million

Due to the reclassification of P16 million to the current portion in accordance with PAS 1, which requires liabilities maturing within the next 12 months to be presented as current liabilities. These loans were utilized to partially finance the construction of the now completed warehouse facility in Calamba, Laguna under the property and related services segment. This account accounted for 5% of total liabilities and equity for both periods.

Non-current refundable deposits – P23 million for both periods

This represented 0.15% as a percentage of the total liabilities and equity as of March 31, 2026 and as of December 31, 2025.

Non-current lease liabilities – decreased to nil from P60 thousand

As a percentage of total liabilities and equity, the account represented 0.004% as of December 31, 2025.

Post-employment benefit obligation – P32 million for both periods

No change. This account stood at 0.21% of the total liabilities and equity in both periods.

Deferred tax liabilities – declined by 1% to P1,223 P 1,212 million

Remained relatively unchanged. This account stood at 8% as a percentage of total liabilities and equity in both periods.

Capital stock – no change at P2,030 million

This account stood at 13% of total liabilities and equity as of March 31, 2026 and as of December 31, 2025.

Additional paid-in-capital – no change at 4,641 million

This account represented 29% and 30% of total liabilities and equity as of March 31, 2026 and as of December 31, 2025, respectively.

Treasury shares – no change at P115 million

This account represented 0.73% and 74% of total liabilities and equity as of March 31, 2026 and December 31, 2025, respectively.

Revaluation reserves –14% increase to P184 million from P161 million

Chiefly due to gain on currency exchange differences in translating financial statements of foreign operation. It stood at 1.17% and 1.03% of total liabilities and equity as of March 31, 2026 and as of December 31, 2025, respectively.

Retained earnings – increased to P6,359 million from P6,247 million

Mainly as a result of net profit attributable to parent during the period. This account remained at 40% of total liabilities and equity for both periods.

Income Statement Items (For the three months ended March 31, 2026 vs. March 31, 2025)

(Increase or decrease of 5% or more in the financial statements)

Sale of goods – climbed 29% to P367 million from P285 million

Primarily attributed to higher sales in the distribution/retail segment. As a percentage of total revenues, this account represented 47% for the first quarter ended March 31, 2026 and 43% for the first quarter ended March 31, 2025.

Service revenue – 12% increase to P227 million from P204 million

Primarily driven by heightened logistics activity as well as improved performance in the hotel operations. As a percentage of total revenues, this account represented 29% and 31% for the three months ended March 31, 2026 and 2025, respectively.

Rental income – 10% expansion to P165 million from P151 million

Due to improve leasing activities under the property and related services segment. As a percentage of total revenues, this account represented 21% and 23% for the three months ended March 31, 2026 and 2025, respectively.

Interest income – 6% decrease to P20 million from P21 million

Mainly due to lower interest rates on time deposit placements for the period. As a percentage of total revenues, this account represented 3% for the three months ended March 31, 2026 and 2025.

Cost of sales - 26% increase to P282 million from P225 million

Associated to increase in sales. As a percentage of total revenues, this account represented 36% and 34% for the three months ended March 31, 2026 and 2025, respectively.

Cost of services – 6% increase to P149 million from P140 million

Mainly in relation to higher subcontracting costs attributed to the expansion of logistics activities and rental expense of the logistics and technical solutions segment. This account stood at 19% and 21% for the three months ended March 31, 2026 and 2025, respectively, as a percentage of total revenues.

Cost of rentals – 22% increase to P65 million from P53 million

Primarily due to higher equipment cost and taxes and licenses under the property and related services segment. This account represented 8% for both periods as a percentage of total revenues.

Gross profit – Went up by 17% to P283 million from P243 million

Predominantly because of higher gross profit from leasing operation of Precos Inc. of the property & related services segment. As a percentage of total revenues, this account stood at 36% and 37% for the first quarter ended March 31, 2026 and March 31, 2025, respectively.

General and administrative expenses – 8% increase to P119 million from P110 million

Arising mostly from expansion of logistics activity leading to higher manpower cost and additional rental expenses for an additional warehouse rented by logistics & technical solution segment. As a percentage of total revenues, this account stood at 15% and 17% for the three months ended March 31, 2026 and 2025, respectively.

Selling and distribution costs –expanded 20% to P50 million from P42 million

Attributable to higher manpower cost and selling & bank charges related to credit card transactions associated to higher sales of the distribution/retail segment. As a percentage to total revenues, this account represented 6% both for the first quarter ended March 31, 2026 and 2025.

Other operating income –net - 11% decrease to P18 million from P20 million

Attributable to lower income for both utilities charged to tenants and forfeited refundable deposit of the property & related services segment. As a percentage to total revenues, this account represented 2% and 3% for the first quarter ended March 31, 2026 and 2025, respectively.

Operating profit – grew 19% to P131 million from P110 million

Associated with higher gross profit and other operating income. This account represented 17% as a percentage of total revenues for the three months ended March 31, 2026 and 2025.

Finance costs – lower by 14% to P12 million from P14 million

Chiefly due to interest expense on interest-bearing loans of the property & related services segment. This account represented 2% as a percentage of total revenues for both periods.

Finance income – diminished by 13% to P23 million from P26 million

Principally due to lower interest income from time deposits, resulting from reduced interest rates ranging from 3% to 5% in 2026 versus 5.25% to 5.8% in 2025. This account represented 3% and 4% as a percentage of total revenues for the first quarter ended March 31, 2026 and March 31, 2025, respectively.

Share in net profit of an associate – P321 thousand from nil

Representing 30% interest in Starworld for the first quarter of 2026, compared to nil in the same period in 2025. This account represented 0.04% as a percentage of total revenues for the first quarter ended March 31, 2026.

Other gains - net – amounted to P7 million from P6.7 million

Mainly due to service income from bank guarantee under the property and related services segment. This account stood at 1% in the first quarter of 2026 and the same period in 2025 as a percentage of total revenues.

Profit before tax – 16% improvement to P150 million from P130 million

Largely due to higher operating profit for the period. This account stood at 19% in the first quarter of 2026 and 20% versus the same period in 2025, as a percentage of total revenues.

Tax expense – surged 46% to P37 million from P25 million

Caused by higher taxable income from the property and related services segment. This account represented 5% in the first quarter ended March 31, 2026 and 4% in the previous year, based on total revenues.

Net profit – 8% increase to P113 million from P104 million

Mainly due to higher operating profit for the period. This account stood at 15% in the first quarter of 2025 and 16% against the same period in 2025 as a percentage of total revenues.

viii. Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations

There were no significant seasonality in the Company's business that materially affects financial condition or results of operations.

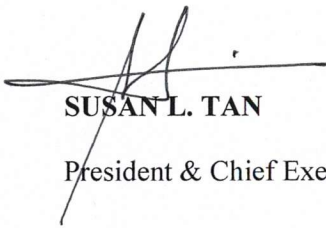
PART II –OTHER INFORMATION

On April 7, 2026, the Company advised that the Board of Directors approved the setting of the Annual Stockholder's Meeting for 2026 on June 25, 2026 at 2:00 p.m. to be held virtually or in absentia with record date to determine the stockholders entitled to notice of and vote during the meeting on May 29, 2026.

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.

SOLID GROUP INC.



SUSAN L. TAN
President & Chief Executive Officer



VINCENT S. LIM
SVP & Chief Financial Officer and Chief Risk Officer

May 20, 2026

Solid Group Inc. and Subsidiaries

Unaudited Consolidated Financial Statements as of March 31, 2026 and
for the Three Months Period Ended March 31, 2026 and March 31, 2025
(with Comparative Audited Consolidated Statements of Financial Position
as of December 31, 2025)

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2026 AND DECEMBER 31, 2025
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 2,453,675,290	P 2,576,872,713
Short-term placements	5	635,940,070	622,972,639
Trade and other receivables - net	6	564,497,709	573,510,605
Advances to related parties	25	2,661,937	2,423,879
Merchandise inventories and supplies - net	8	258,015,767	227,720,354
Real estate inventories - net	9	424,967,513	424,967,513
Other current assets	13	<u>537,649,940</u>	<u>542,350,538</u>
Total Current Assets		<u>4,877,408,226</u>	<u>4,970,818,241</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	496,435,862	476,137,491
Financial assets at fair value through other comprehensive income	7	94,000,000	94,000,000
Investments in associates - net	7	29,934,135	29,612,714
Investment in bonds	7	20,000,000	20,000,000
Property and equipment - net	11	1,594,494,332	1,607,135,801
Investment properties - net	12	8,583,610,928	8,384,066,730
Right-of-use asset - net	10	2,570,532	3,757,465
Post-employment benefit asset - net	21	58,563,150	58,563,150
Deferred tax assets - net	22	12,991,767	12,991,767
Other non-current assets - net	13	<u>32,460,290</u>	<u>31,075,752</u>
Total Non-current Assets		<u>10,925,060,996</u>	<u>10,717,340,870</u>
TOTAL ASSETS		<u>P 15,802,469,222</u>	<u>P 15,688,159,111</u>

	Notes	March 31, 2026	December 31, 2025
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans	14	45,937,500	39,375,000
Trade and other payables	15	473,855,890	494,656,791
Customers' deposits		16,625,284	24,760,297
Lease liabilities	10	2,661,241	3,838,746
Income tax payable		14,035,567	6,508,310
Total Current Liabilities		553,115,482	569,139,144
NON-CURRENT LIABILITIES			
Interest-bearing loans	14	819,218,750	835,625,000
Refundable deposits	16	23,014,249	23,014,249
Lease liabilities	10	-	60,232
Post-employment benefit obligation	21	32,690,533	32,690,533
Deferred tax liabilities - net	22	1,223,165,073	1,212,807,982
Total Non-current Liabilities		2,098,088,605	2,104,197,996
Total Liabilities		2,651,204,087	2,673,337,140
EQUITY			
Equity attributable to the			
Parent Company's stockholders			
Capital stock	23	2,030,975,000	2,030,975,000
Additional paid-in capital		4,641,701,922	4,641,701,922
Treasury shares - at cost	23	(115,614,380)	(115,614,380)
Revaluation reserves	23	184,353,464	161,289,723
Retained earnings	23	6,359,918,698	6,247,354,128
Total equity attributable to the			
Parent Company's stockholders		13,101,334,704	12,965,706,393
Non-controlling interests	23	49,930,432	49,115,578
Total Equity		13,151,265,136	13,014,821,971
TOTAL LIABILITIES AND EQUITY		P 15,802,469,222	P 15,688,159,111

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Amounts in Philippine Pesos)

	Notes	<u>March 31, 2026</u>	<u>March 31, 2025</u>
REVENUES			
Sale of goods	4, 25	P 367,585,034	P 285,659,405
Rendering of services	25, 26	227,905,931	204,157,639
Rentals	12, 25, 27	165,476,794	151,015,513
Interest	5, 6, 7, 25	<u>20,500,193</u>	<u>21,806,403</u>
		<u>781,467,952</u>	<u>662,638,960</u>
COSTS OF SALES, SERVICES, RENTALS AND REAL ESTATE SALES	17, 18		
Cost of sales		282,751,941	225,192,996
Cost of services		149,564,644	140,642,655
Cost of rentals		<u>65,500,472</u>	<u>53,712,090</u>
		<u>497,817,057</u>	<u>419,547,741</u>
GROSS PROFIT		<u>283,650,895</u>	<u>243,091,219</u>
OTHER OPERATING EXPENSES (INCOME)			
General and administrative expenses	18	119,438,463	110,834,910
Selling and distribution costs	18	50,742,994	42,118,737
Other operating expense (income) -	19	(18,517,993)	(20,854,083)
		<u>151,663,464</u>	<u>132,099,564</u>
OPERATING PROFIT (LOSS)		<u>131,987,431</u>	<u>110,991,655</u>
OTHER INCOME (CHARGES)			
Finance costs	20	(12,314,603)	(14,355,931)
Finance income	5, 6, 20	23,363,679	26,785,305
Share in net profit of an associate		321,422	-
Other gains (losses) - net	20	<u>7,108,580</u>	<u>6,726,336</u>
		<u>18,479,078</u>	<u>19,155,710</u>
PROFIT (LOSS) BEFORE TAX		150,466,509	130,147,365
TAX EXPENSE (INCOME)	22	<u>37,087,085</u>	<u>25,368,843</u>
NET PROFIT (LOSS)		<u>P 113,379,424</u>	<u>P 104,778,522</u>
Net Profit (Loss) attributable to the:			
Parent Company's stockholders	24	P 112,564,570	P 101,343,611
Non-controlling interests		<u>814,854</u>	<u>3,434,911</u>
		<u>P 113,379,424</u>	<u>P 104,778,522</u>
Earnings (Loss) per share attributable to the Parent Company's stockholders	24	<u>P 0.06</u>	<u>P 0.06</u>

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>March 31, 2026</u>	<u>March 31, 2025</u>
NET PROFIT (LOSS)		P 113,379,424	P 104,778,522
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified subsequently to profit or loss:			
Currency exchange differences on translating financial statements of foreign operations	23	<u>23,063,741</u>	(<u>7,245,210</u>)
TOTAL COMPREHENSIVE INCOME		<u>P 136,443,165</u>	<u>P 97,533,312</u>
Total comprehensive income (loss) attributable to:			
Parent Company's stockholders		P 135,628,311	P 94,098,401
Non-controlling interests		<u>814,854</u>	<u>3,434,911</u>
		<u>P 136,443,165</u>	<u>P 97,533,312</u>

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>March 31, 2026</u>	<u>March 31, 2025</u>
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S STOCKHOLDERS			
CAPITAL STOCK - P1 par value			
Authorized - 5,000,000,000 shares			
Issued - 2,030,975,000 shares			
Outstanding - 1,821,542,000 shares		<u>P 2,030,975,000</u>	<u>P 2,030,975,000</u>
ADDITIONAL PAID-IN CAPITAL		<u>4,641,701,922</u>	<u>4,641,701,922</u>
TREASURY SHARES - at cost			
Acquired at P0.5520 per share			
209,433,000 shares		<u>(115,614,380)</u>	<u>(115,614,380)</u>
REVALUATION RESERVES			
Balance at beginning of year			
As previously reported		161,289,723	182,941,686
Other comprehensive income (loss)		<u>23,063,741</u>	<u>(7,245,210)</u>
Balance at end of the period		<u>184,353,464</u>	<u>175,696,476</u>
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of year			
As previously reported		6,247,354,128	5,731,763,093
Profit (loss) for the period attributable to Parent Company's stockholders		<u>112,564,570</u>	<u>101,343,611</u>
Balance at end of the period		<u>6,359,918,698</u>	<u>5,833,106,704</u>
Total Equity Attributable to the Parent Company's stockholders		<u>13,101,334,704</u>	<u>12,565,865,722</u>
NON-CONTROLLING INTERESTS			
Balance at beginning of year		49,115,578	294,911,864
Profit (loss) for the period attributable to non-controlling interests		<u>814,854</u>	<u>3,434,911</u>
Balance at end of the period		<u>49,930,432</u>	<u>298,346,775</u>
TOTAL EQUITY		<u>P 13,151,265,136</u>	<u>P 12,864,212,497</u>

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>March 31, 2026</u>	<u>March 31, 2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		150,466,509	130,147,365
Adjustments for:			
Interest income	(	39,179,652)	(44,187,584)
Depreciation and amortization		24,229,011	22,380,849
Impairment losses (reversal) on trade and other receivables - net	(	-	(1,023,182)
Interest expense		12,220,008	14,164,104
Unrealized foreign currency losses (gains) - net		1,414	24,542
Loss (gain) on sale of property and equipment	(	357,593)	(5,357)
Share in net profit of an associate	(	321,421)	-
Provision (reversal of allowance) for inventory obsolescence – net	(	28,304,292)	-
Operating profit before working capital changes		118,753,984	121,500,737
Decrease (increase) in trade and other receivables		6,885,071	(84,863,085)
Decrease (increase) in merchandise inventories and supplies	(	2,151,449)	1,804,884
Decrease (increase) in advances to related parties	(	238,058)	-
Decrease (increase) in other current assets	(	3,992,277)	(3,685,528)
Decrease (increase) in other non-current assets	(	1,384,538)	(205,382)
Increase (decrease) in trade and other payables	(	20,800,902)	(57,990,317)
Increase (decrease) in customers' deposits	(	8,135,013)	6,179,551
Cash generated from (used in) operations		88,936,818	(17,259,140)
Interest received		22,414,110	16,064,719
Cash paid for income taxes	(	3,794,693)	(3,511,441)
Net Cash From (Used in) Operating Activities		107,556,235	(4,705,862)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	(	11,023,357)	(16,659,516)
Proceeds from disposal of property and equipment		1,140,670	-
Additional short-term placements	(	406,202,747)	(605,484,250)
Maturity of short-term placements		393,235,316	187,484,160
Interest received		14,943,567	17,904,945
Acquisition of investment properties	(	199,544,198)	(21,873,690)
Net Cash From (Used in) Investing Activities	(	207,450,749)	(438,628,351)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal paid on interest-bearing loans	(	9,843,750)	-
Repayment of lease liabilities	(	1,283,962)	(874,139)
Interest paid on interest-bearing loans	(	12,173,783)	(14,109,236)
Net Cash From (Used in) Financing Activities	(	23,301,495)	(14,983,375)
Effects of Foreign Exchange Rate Changes on Cash and Cash Equivalents	(	1,414)	(24,542)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(	123,197,423)	(458,342,130)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,576,872,713	3,077,901,933
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	P	2,453,675,290	P 2,619,559,803

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026, AND DECEMBER 31, 2025
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Group Background

Solid Group Inc. (SGI or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (“the Commission”) on October 16, 1933. SGI currently conducts business as an investment holding company. On September 4, 1996, SGI listed its shares of stock in the Philippine Stock Exchange (PSE).

The Parent Company holds effective ownership interests in the following subsidiaries (the Parent Company and the subsidiaries are collectively referred to herein as “the Group”) and associates:

Subsidiaries / Associates	Percentage of Ownership		Notes	Nature of Business
	2026	2025		
Subsidiaries:				
Avid Sales Corporation (Avid)	100	100		Distribution, wholesale and retail of home appliances and electronic products
Brilliant Reach Limited (BRL)	100	100	a	Investment holding company
Casa Bocobo Hotel, Inc. (CBHI)	100	100	b	Hotel operation
Green Sun Hotel Management Inc. (GSHMI)	100	100		Hotel and related businesses
Kita Corporation (Kita)	100	100		Leasing of real estate properties
My Solid Technologies & Devices Corporation (My Solid)	100	100		Sale of mobile phone, devices and accessories
MyApp Corporation (MyApp)	100	100	c	Investment holding company
Omni Solid Services, Inc. (OSSSI)	100	100		Logistics and assembly of consumer electronics products
Precos, Inc. (Precos)	100	100		Real estate
Solid Broadband Corporation (SBC)	100	100		Broadband, cable and satellite services
SolidService Electronics Corporation (SEC)	100	100		Repair services for audio and video products
Solid Group Technologies Corporation (SGTC)	100	100		Trading of prefabricated modular house and office units
Solid Manila Corporation (SMC)	100	100		Real estate
Solid Manila Finance, Inc. (SMFI)	100	100		Financing
Solid Video Corporation (SVC)	100	100		Trading of professional audio/video equipment
Zen Towers Corporation (ZTC)	100	100		Real estate
SVC Hong Kong Limited (SVC HK)	100	100	f	Trading of professional audio/video equipment
Skyworld Corporation (Skyworld)	75	75	b, d	Investment holding company
Associates:				
Fekon Solid Motorcycle Mfg. Corp. (Fekon)	31	31	7.3	Sale of motorcycle, motor parts and products
Starworld	30	39	b, d, e	Real estate

Notes:

- (a) *Incorporated and domiciled in the British Virgin Islands*
- (b) *Indirectly owned through SMC*
- (c) *Incorporated on October 23, 2014; has not yet started commercial operations as of December 31, 2025*
- (d) *Pre-operating or non-operating*
- (e) *Starworld ceased to be a subsidiary in 2025 and is classified as an associate thereafter. It is 40% owned by Skynworld and was 20% owned by SMC until 2024 (disposed in 2025).*
- (f) *Indirectly owned through SVC*

Additional information:

- (i) In October 2025, SMC disposed of its equity interest in Starworld. Details of the deconsolidation are presented in Note 23.5.
- (ii) In 2025, the Group's ownership interest in Fekon decreased from 44% to 31% following a dilution of the Group's shareholding arising from changes in Fekon's shareholdings during the year.
- (iii) SBC holds a provisional authority, granted by the National Telecommunications Commission, to use its legislative franchise under Republic Act (R.A.) No. 9116, *An Act Granting Solid Broadband Corporation a Franchise to Construct, Install, Establish, Operate and Maintain Telecommunications Systems throughout the Philippines* (see Note 26.2).
- (iv) SMFI is subject to the rules and regulations provided under R.A. No. 8556, *The Financing Group Act of 1998* (see Note 31).

1.2 Other Corporate Information

The registered office addresses and principal places of business of the Parent Company and its subsidiaries, except those listed below, are located at 2285 Don Chino Roces Avenue, Makati City. The registered office addresses and principal places of business of the other subsidiaries are as follows:

Avid, SMC and CBHI	- 1000 J. Bocobo cor. T.M. Kalaw Street, Ermita, Manila
BRL	- 2 nd Floor, Abbott Building, P.O. Box 933, Road Town, Tortola, British Virgin Islands
Kita	- N7175 Gil Puyat Ave. cor. Feati St., Clark Freeport Zone, Clarkfield, Pampanga
OSSI	- Solid St., LIIP, Mamplasan, Biñan, Laguna
SEC	- 145 G. Araneta Avenue, Brgy. Tatalon, Quezon City
SVC HK	- RM A301, 3/F Blk. A Sea View Est 2-8 Watson Rd, Causeway Bay, Hong Kong
ZTC	- 1111 Natividad A. Lopez St., Brgy. 659-A, District 5, Ermita, Manila

1.3 Approval for Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2025 (including the comparative consolidated financial statements as of December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Parent Company's Board of Directors (BOD) on May 11, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 *Basis of Preparation of Consolidated Financial Statements*

(a) *Statement of Compliance with Philippine Financial Reporting Standards*

The consolidated financial statements of the Group were prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by the relevant accounting frameworks for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents a consolidated statement of comprehensive income separately from the consolidated statement of income.

(c) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

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

2.2 *Adoption of New and Amended PFRS Accounting Standards*

(a) *Effective in 2026 that is Relevant to the Group*

PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(b) *Effective Subsequent to 2026 but not Adopted Early*

There are new standards and amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these

are expected to have significant impact on the Group's consolidated financial statements:

- (i) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how the Group recognizes and measures its financial condition, financial performance and cash flows.
- (ii) PFRS 19, *Subsidiaries Without Public Accountability: Disclosures* (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.
- (iii) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1.1, after the elimination of intercompany transactions.

Financial statements of entities in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

Subsidiaries are consolidated from the date the Group obtains control. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of controls. Accordingly, entities are deconsolidated from the date that control ceases (see Note 1.1).

The acquisition method is applied to account for acquired subsidiaries. On an acquisition-by-acquisition basis, the excess of the consideration transferred, the amount of any non-controlling interest (NCI) in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill.

Acquired investments in associates are initially measured using the acquisition method.

The Group's transactions with NCI that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners.

2.4 Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

The Group's financial assets include financial assets at amortized cost and at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Short-term Placements, Trade and Other Receivables (except Advances to suppliers and employees), Advances to Related Parties, Investment in Bonds, Refundable deposits (presented as part of Other Current Assets), Deposit to suppliers (presented as part of Other Current Assets) and Cash bond (presented as part of Other Non-current Assets).

Financial Assets at FVOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The Group has irrevocably designated equity instruments as at FVOCI on initial recognition.

The Group reclassifies financial assets only when it changes its business model for managing those financial assets. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL

involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcomes.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables, except for loans receivables with significant financing component, and advances to related parties. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets.

To calculate the ECL using a provision matrix, the Group uses its historical experience, external indicators and forward-looking information. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

For loans receivables, which is presented under Trade and Other Receivables account in the consolidated statement of financial position, the Group recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial asset, irrespective of the timing of the default. However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12-months after the end of the reporting period.

For debt instruments (i.e., investment in bonds) measured at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL is recognized. For a purchased or originated credit impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Group recognized a loss allowance for such losses at each reporting date.

The Group determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

(b) *Financial Liabilities*

Financial liabilities include Trade and Other Payables (excluding tax-related liabilities, unearned rentals, advances from customers, contract liability and reserve for warranty costs), Lease Liabilities, Advances from Related Parties, Interest-bearing Loans and Refundable Deposits.

2.5 *Merchandise Inventories and Supplies*

Inventories are valued at the lower of cost and net realizable value (NRV). The cost is determined using the moving average method.

2.6 *Real Estate Inventories*

Real estate inventories consist of land and land development costs and property development costs.

Subsequent to initial recognition, land and land development costs and property development costs are stated at the lower of cost and net realizable value. An item of land and land development cost is derecognized upon disposal or when no future economic benefits are expected to arise from the sale of the asset.

2.7 *Property and Equipment*

Property and equipment, except land, are carried at acquisition cost or construction cost less subsequent depreciation, amortization and any impairment losses. Land held for use in production or administration is stated at cost less any impairment losses. Construction in progress pertains to the accumulated costs of putting up the assets, additions or improvements including the applicable borrowing cost.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	10 to 25 years
Test, communication and other equipment	5 to 20 years
Machinery and equipment	5 to 10 years
Transportation equipment	5 years
Computer system	2 to 5 years
Furniture, fixtures and office equipment	2 to 5 years
Tools and equipment	2 to 3 years

Leasehold improvements are amortized over the estimated useful lives of the assets from two to 15 years or the terms of the relevant leases, whichever is shorter.

2.8 *Intangible Assets*

Intangible assets include non-proprietary club shares and computer software licenses, which are accounted for under the cost model.

The Group's non-proprietary club shares are assessed as having indefinite useful life.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Capitalized costs are amortized on a

straight-line basis over the estimated useful lives (ranging from three to ten years) as the lives of these intangible assets are considered finite. Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred. Development costs not meeting these criteria for capitalization are expensed as incurred.

Intangible assets are subject to impairment testing when indications exist, as described in Note 2.12.

2.9 Investment Properties

Investment properties are accounted for under the fair value model. They are revalued periodically and are included in the consolidated statement of financial position at fair value. Fair value is supported by market evidence and is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment property.

Investment properties, which consist mainly of land and improvements, and buildings and improvements under operating lease agreements, are initially measured at acquisition cost, including transaction costs.

Construction in progress pertains to the accumulated costs of putting up the assets, additions or improvements including the applicable borrowing cost.

Transfers from other accounts (such as Land and Land Development Costs and Property and Equipment) are made to investment properties when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers from investment properties are made when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For tax purposes, investment properties are carried at cost less accumulated depreciation computed on a straight-line basis over the estimated net useful lives of the assets ranging from 11 to 25 years.

2.10 Revenue and Expense Recognition

Revenue comprises revenue from sale of goods and real estate and the rendering of services measured by reference to the fair value of consideration received or receivable by the Group for the goods sold and services rendered, excluding value-added tax (VAT) and trade discounts.

The Group often enters into transactions involving the sale of goods and real estate and rendering of services. The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Group's contracts with customers have original expected duration of one year or less, except for real estate sales.

In addition, the following specific recognition criteria must also be met before revenue is recognized. Significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b):

- (a) *Rendering of services (other than commission income)* – Revenue, which primarily arises from service fees, room and events services, assembly and test lab services, warehousing and repair services, is recognized by the amount in which the Group has a right to invoice that corresponds directly with the value of services rendered that is completed over a period of time.
- (b) *Sale of goods* – Revenue, which primarily includes the sale of handsets, devices, accessories, equipment, appliances and modular houses, is recognized at a point in time. This is generally when the customer has taken an undisputed delivery of goods.
- (c) *Warranty and network support fee (shown as part of Rendering of Services)* – Revenue from warranty and network support fee is recognized over time upon actual rendering of in-warranty and out-of-warranty services to the customers. Revenue from network support, which is a fixed amount per month as indicated in the contract, is accrued at the end of each month.
- (d) *Sale of real estate*
 - (i) *Sale of real estate on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development.
 - (ii) *Sale of real estate on completed real estate properties* – Revenue from real estate sales is recognized at a point in time when the control over the real estate property is transferred to the buyer.
Payments received from buyers which do not meet the revenue recognition criteria are presented as Customers' Deposits in the consolidated statement of financial position.
- (e) *Commission income (shown as part of Rendering of Services)* – Commission income is recognized over time when the performance of contractually agreed tasks has been substantially rendered.
- (f) *Service charges and penalties* – Revenue from service charges and penalties is generally recognized over time when the service has been provided and when there is reasonable degree of certainty as to their collectability.
- (g) *Other revenues from utilities charged and common use service area (CUSA)* – Other revenues arising from utilities and CUSA charges related to leasing activities are recognized over time as the Group performs the contractually agreed task. Customers are invoiced monthly as work progresses, which are also due upon receipt by the customers.

The Group assesses its revenue agreement against the specific criteria in order to determine if it is acting as a principal or an agent [see Note 3.1(g)]. Billings from the common area, air conditioning, utilities and other dues are presented at gross amounts since the Group acts as a principal. Other revenues from electricity and water dues,

in which the Group acts as an agent, are presented in excess of actual charges and consumption.

Further, the Group provides a product warranty for a period of 15 months from the time of sale on its sales of goods related to hidden and manufacturer's defect. Under the terms of this warranty, customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under PAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*.

However, if the Group is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period.

In obtaining customer contracts, the Group incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Group uses the practical expedient in PFRS 15 and expenses such costs as incurred. The Group also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Group accounts for those costs in accordance with accounting policies related to those financial reporting standards.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized. All finance costs are reported in the consolidated statement of income on an accrual basis, except capitalized borrowing costs, if applicable, which are included as part of the cost of the related qualifying asset.

2.11 Leases

The Group accounts for its leases as follows:

(a) Group as a Lessee

Subsequent to initial recognition, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Further, the lease liability will be reduced for payments made and increased for interest. The lease liability is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) Group as a Lessor

Leases which do not transfer to the lessee substantially all the risks and rewards of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in the consolidated statement of income on a straight-line basis over the lease term.

2.12 Impairment of Non-financial Assets

The Group's property and equipment, investment in associates, intangible assets (presented under non-current assets), right-of-use assets and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. Except for impairment losses on goodwill, an impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

2.13 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory, and administered by an investment manager. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligation to pay further contributions after payment of the fixed contribution.

Termination benefits are payable when employment is terminated by the Group for authorized cause before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Short-term employee benefits are monetary and non-monetary benefits provided to current employees, which are expected to be settled 12 months after the end of the reporting period during which the employee services are rendered.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that significantly affect the amounts reported in the consolidated financial statements and related notes. 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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:

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option.

Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Determination of Timing of Satisfaction of Performance Obligations

(i) Rendering of Services

The Group determines that its revenue from rendering of services shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of the services as it performs.

In determining the best method of measuring the progress of the Group's rendering of services, management considers the output method under PFRS 15 because it directly measures the value of the services transferred to the customer.

(ii) Sale of Goods

The Group determines that its revenue from sale of goods shall be recognized at a point in time when the control of the goods has passed to the customer (i.e., generally when the customer has acknowledged delivery of the goods).

(iii) Sale of Real Estate

The Group exercises critical judgment in determining whether the performance obligation to deliver and transfer the control over the real estate properties (i.e., land and condominium building) to customers is satisfied over time or at a point in time.

In making this judgment, the Group considers the delivery to and acceptance by the buyer of the property as a transfer of control at specific point in time when control of the property transfers to the buyer. Further, the Group's enforceable right for payment becomes due upon transfer of control over the real estate property. The Group's management determines that its revenue from the sale of real estate inventories, which are completed and ready for use, shall be recognized at a point in time when the control has transferred to the customer (see Note 2.10).

(c) *Determination of ECL on Trade and Other Receivables, Investment in Bonds and Advances to Related Parties*

The Group uses a provision matrix to calculate ECL for trade and other receivables. The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

For loans receivables (presented under Trade and Other Receivables account), the allowance for impairment is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Group also uses an external benchmarking approach to calculate ECL for investment in bonds. The provision rates are derived from published credit ratings by external rating agencies. As referenced to these external credit benchmarks, the Group defines the credit ratings based on certain financial ratios and appropriately determines the equivalent internal credit ratings. Referenced probability of default is then derived from the latest annual global corporate default study published by the external rating agency. The Group makes an annual reassessment of the applicability and reliability of the reference rates used.

The Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Other portion of the Group's financial asset at amortized cost pertains to advances to related parties. In relation to this, the maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these advances to related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

The details about the ECL on the Group's trade and other receivables, investment in bonds and advances to related parties are disclosed in Notes 6, 7.2, 25.2, 28.2(b), 28.2(c) and 28.2(e).

(d) *Costing of Merchandise Inventories and Supplies*

The Group's inventory costing policies and procedures were based on a careful evaluation of present circumstances and facts affecting production operations. A review of the benchmarks set by management necessary for the determination of inventory costs and allocation is performed regularly. Actual data are compared to the related benchmarks and critical judgment is exercised to assess the reasonableness of the costing policies and procedures which are currently in place and to make the necessary revisions in light of current conditions.

(e) *Distinction Between Investment Properties, Owner-occupied Properties and Real Estate Inventories*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the properties but also to other assets used in the production or supply process. On the other hand, real estate inventories are properties intended to be sold in the normal course of business.

(f) *Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor*

The Group has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on the management's judgment, all of the Group's lease agreements were determined to be operating leases.

(g) *Evaluating Principal Versus Agent Consideration*

The Group exercises judgment to determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Group is a principal) or to arrange for the other party to provide those goods or services (i.e., the Group is an agent). Failure to make the right judgment will result in misstatement of revenues and expenses accounts. The Group assessed that it is only acting as an agent for utility transactions of its tenants under operating leases. The amount of utility revenues and utility expenses, which were set-off against each other amounted to P6 million and P7.6 million in 2026 and 2025, respectively, in the consolidated statements of income.

(h) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. Similarly, possible outflows of economic benefits to the Group that do not meet the recognition

criteria of a liability are considered contingent liabilities, hence, are not recognized in the consolidated financial statements.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

Presented below and on the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at the present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate.

In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

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).

Specifically for loans receivables, the Group's ECL calculations are outputs of complex models with a number of underlying assumptions which include: (1) the Group's criteria for assessing if there has been a significant increase in credit risk; and, (2) development of expected credit loss models, including the choice of inputs relating to macroeconomic variables.

Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Notes 6, 7.2, 25.2, 28.2(b), 28.2(c) and 28.2(e).

(c) Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument.

Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's financial assets at FVOCI and the amounts of fair value changes recognized on those assets are disclosed in Note 7.

(d) *Determination of Net Realizable Value of Merchandise Inventories and Supplies*

In determining the net realizable value of merchandise inventories and supplies, management takes into account the most reliable evidence available at the time the estimates are made.

The Group's core business is continuously subject to rapid technology changes which may cause inventory obsolescence. Moreover, future realization of the carrying amounts of inventories is affected by price changes in different market segments of electronic devices, modular houses, broadcast equipment and accessories (see Note 8). Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's merchandise inventories and supplies within the next reporting period.

(e) *Determination of Net Realizable Value of Real Estate Inventories*

The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of real estate inventories. The net realizable value for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions.

Net realizable value in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar property at the same stage of completion, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Management's assessment of net realizable value of properties under development requires the estimates of future cash flows to be derived from these properties. These estimates require judgment as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

The carrying amounts of the real estate inventories are disclosed in Note 9.

(f) *Estimation of Useful Lives of Right-of-Use Assets, Property and Equipment and Intangible Assets*

The Group estimates the useful lives of right-of-use assets, property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical/commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of right-of-use assets, property and equipment and intangible assets are analyzed in Notes 10.1, 11 and 13.1, respectively. Based on management's assessment as of March 31, 2026 there is no change in the estimated useful lives of property and equipment and intangible assets. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned above.

(g) *Fair Value Measurement of Investment Properties*

The Group's investment properties, which consist of parcels of land and buildings and improvements, are measured at fair value at the end of each reporting period. The determination of fair value is considered a key source of estimation uncertainty, as it involves the use of significant judgements and assumptions that are inherently subjective and sensitive to changes in market conditions.

The fair values of investment properties are determined by independent professional appraisers with appropriate qualifications and relevant experience, using valuation techniques and inputs as described in Note 30.4. Although independent appraisals are obtained, the valuation process requires management judgement in assessing the appropriateness of the assumptions used, including those relating to market prices of comparable properties, location, physical condition, replacement costs, depreciation, obsolescence, and the assessment of the properties' highest and best use.

For investment properties with valuations performed prior to or subsequent to the end of the reporting period, management evaluates whether significant events or changes in economic or market conditions have occurred during the intervening period that would indicate the need to adjust the reported fair values at year-end.

As fair value measurements are based on market-dependent assumptions, changes in these key assumptions, particularly those relating to market prices of comparable properties, construction and replacement costs, and depreciation and obsolescence factors, could result in a material adjustment to the carrying amounts of investment properties within the next financial year. Fair value gains or losses arising from changes in the fair value of investment properties are recognized in profit or loss and are disclosed in Note 12.

(h) *Determination of Realizable Amount of 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 assets to be utilized.

The carrying value of recognized deferred tax assets, which management assessed may be fully utilized in the coming years, as of March 31, 2026 is disclosed in Note 22.2. Certain deferred tax assets, however, were not recognized since management believes that there is no assurance that the related tax benefits will be realized in the coming years.

(i) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, certain non-financial assets were impaired in 2025 (see Notes 7.3 and 13). Consequently, the Group recognizes loss on impairment for these assets (see Note 18).

(j) *Estimation of Reserve for Warranty Costs*

The Group offers a warranty, for a period ranging from one to two years, for each consumer electronic product sold. Management estimates the related provision for future warranty costs based on a certain percentage of sales, as determined based on historical warranty claim information as well as recent trends that might suggest that past cost information may differ from expectations. Warranty costs also include the actual cost of materials used in repairing the electronic products.

The amounts of provision for warranty claims recognized and the outstanding balance of Reserve for warranty costs, which is presented as part of Trade and Other Payables in the consolidated statements of financial position, are disclosed in Note 15.

(k) *Valuation of Post-employment Defined Benefit*

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21.2 and include, among others, discount rates and expected rate of salary increases. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit asset and obligation in the next reporting period.

The amounts of the fair value of the retirement benefit asset and present value of retirement benefit obligation and the analysis of the movements in the fair value of the retirement benefit asset and present value of retirement benefit obligation, as well as the significant assumptions used in estimating such asset and obligation are presented in Note 21.2.

4. SEGMENT INFORMATION

4.1 *Business Segments*

Operating segments are reported in a manner consistent with the internal reporting provided to the Parent Company's BOD, its chief operating decision-maker. The BOD is responsible for allocating resources and assessing the performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and services. The Group's main operating businesses are organized and managed separately according to the nature of services and products provided and the different markets served, with each segment representing a strategic business unit as each of these services requires different technologies and resources as well as marketing approaches.

The Group's different business segments are presented as follows:

- (a) Distribution/Retail is involved in the sale of mobile phones and devices, home appliances and other electronic products, professional audio and video equipment, and prefabricated modular houses;
- (b) Property and related services are involved in the leasing, development and sale of industrial and other real estate properties and hotel and related businesses;
- (c) Logistics and technical solutions are presently engaged in the business of warehousing, distribution and electronic servicing; and,
- (d) Investment and others include investment holding companies, and those included in the business of financing and credit extension.

The measurement policies of the Group used for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements. In addition, corporate resources, which are not directly attributable to the business activities of any operating segment, are not allocated to a segment.

Segment assets are allocated based on their use or direct association with a specific segment and they include all operating assets used by each business segment and consist principally of operating cash, receivables, inventories, investment properties and property and equipment, net of allowances and provisions.

Similar to segment assets, segment liabilities include all operating liabilities used by each segment and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

Segment revenues, expenses and performance include sales and purchases between business segments; such sales and purchases are eliminated in the consolidation.

4.2 Analysis of Segment Information

The tables below and on the succeeding pages present certain asset and liability information regarding business segments as of March 31, 2026 and December 31, 2025 and the related revenue and profit information for each of the period ended March 31, 2026 and 2025 (amounts are in thousands).

<i>(Amounts in PHP)</i>	<u>Distribution/ Retail</u>	<u>Property and Related Services</u>	<u>Logistics and Technical Solutions</u>	<u>Investment and Others</u>	<u>Elimination</u>	<u>Total</u>
2026						
SEGMENT RESULTS						
Total Revenues	<u>385,506</u>	<u>173,959</u>	<u>219,651</u>	<u>38,784</u>	<u>(36,432)</u>	<u>781,468</u>
Net Profit (Loss)	<u>12,282</u>	<u>45,337</u>	<u>43,918</u>	<u>11,905</u>	<u>(63)</u>	<u>113,379</u>
SEGMENT ASSETS AND LIABILITIES						
Total assets	<u>932,105</u>	<u>12,024,462</u>	<u>811,311</u>	<u>9,356,275</u>	<u>(7,321,684)</u>	<u>15,802,469</u>
Total liabilities	<u>248,200</u>	<u>2,453,670</u>	<u>127,096</u>	<u>71,898</u>	<u>(249,660)</u>	<u>2,651,204</u>
 <i>(Amounts in PHP)</i>						
2025						
SEGMENT RESULTS						
Total Revenues	<u>273,168</u>	<u>172,234</u>	<u>206,823</u>	<u>44,867</u>	<u>(34,453)</u>	<u>662,639</u>
Net Profit (Loss)	<u>(14,433)</u>	<u>64,022</u>	<u>41,166</u>	<u>14,023</u>	<u>-</u>	<u>104,778</u>
SEGMENT ASSETS AND LIABILITIES						
Total assets	<u>937,189</u>	<u>12,225,420</u>	<u>763,600</u>	<u>9,322,555</u>	<u>(7,560,605)</u>	<u>15,688,159</u>
Total liabilities	<u>265,662</u>	<u>2,677,964</u>	<u>123,068</u>	<u>85,105</u>	<u>(478,462)</u>	<u>2,673,337</u>

There have been no significant changes from prior periods in the measurement methods used to determine reported segment information.

4.3 Disaggregation of Revenues from Contracts with Customers and Other Counterparties

When the Group prepares its investor presentations and when the Group management evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Note 4.2. The Group determines that the categories used in the investor presentations and financial reports used by the Group's management can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers and other counterparties (except for rentals accounted for under PFRS 16, *Leases*, included herein as additional information) into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected

by economic factors. A summary of additional disaggregation from the segment revenues and other unallocated income are shown below and on the succeeding page.

<i>(Amounts in thousand PHP)</i>	Segment Revenues (Sales to External Customers)				
	Point in time	Over time	Leases	Interest	Total
<u>March 31, 2026</u>					
Distribution/retail	357,559	18,588	9,359	-	385,506
Logistics and technical solutions	10,026	169,307	39,187	-	218,520
Property and related services	-	28,191	116,932	-	145,123
Investments and others	-	11,819	-	20,500	32,319
	<u>367,585</u>	<u>227,905</u>	<u>165,478</u>	<u>20,500</u>	<u>781,468</u>
<u>March 31, 2025</u>					
Distribution/retail	270,741	2,426	-	-	273,168
Logistics and technical solutions	14,918	156,266	34,986	-	206,170
Property and related services	-	28,344	116,030	-	144,374
Investments and others	-	17,122	-	21,806	38,928
	<u>285,659</u>	<u>204,158</u>	<u>151,016</u>	<u>21,806</u>	<u>662,639</u>

The Group's segment revenues (sales to external customers) include rendering of services, sale of goods, rentals and sale of real estate which are presented in the consolidated statements of income.

5. CASH AND CASH EQUIVALENTS AND SHORT-TERM PLACEMENTS

5.1 Cash and Cash Equivalents

Cash and cash equivalents include the following components as of March 31:

<i>(Amounts in PHP)</i>	<u>2026</u>	<u>2025</u>
Cash on hand and in banks	312,131,880	721,381,019
Cash equivalents	<u>2,141,543,410</u>	<u>1,855,491,694</u>
	<u>2,453,675,290</u>	<u>2,576,872,713</u>

Cash in banks generally earn interest based on daily bank deposit rates. Cash equivalents pertain to highly liquid short-term investment with maturity periods varying from one to 90 days and earn annual interests ranging from 3.00% to 5.00% and 5.25% to 5.80% in 2026 and 2025, respectively.

Interest earned from cash in banks and cash equivalents are presented as part of Interest under Revenues and as part of Finance income under Other Income (Charges) in the consolidated statements of income (see Note 20.2).

5.2 Short-term Placements

Short-term placements, which is presented separately in the consolidated statements of financial position, pertain to time deposits with maturity periods varying between 91 to 365 days and earns effective interests of 3.45% in 2026 and 5.00% in 2025. As of March 31, 2026 and December 31, 2025, short-term placements amounting to P636 million and P623.0 million, respectively.

Interest earned from short-term placements is presented as part of Interest under Revenues and as part of Finance income under Other Income (Charges) in the consolidated statements of income (see Note 20.2). The outstanding balance of related interest is presented as Interest receivable under Trade and Other Receivables in the consolidated statements of financial position (see Note 6).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

<i>(Amounts in PHP)</i>	Notes	2026	2025
Current:			
Trade receivables	6.1		
	26.1, 26.2	318,725,354	320,048,938
Rental receivables	6.5	217,862,537	202,884,079
Loans receivable	6.3	78,509,465	100,717,909
Advances to:			
Suppliers	6.2(a)	32,278,630	21,656,389
Employees	6.2(b)	5,495,624	2,635,692
Interest receivable	5.2, 7.2	3,919,964	8,813,159
Other receivables	6.6	18,920,103	26,287,806
		675,711,677	683,043,972
Allowance for impairment	6.7	(111,213,968)	(109,533,367)
		564,497,709	573,510,605
Non-current:			
Cash surrender value of investment in life insurance	6.4	496,435,862	476,137,491
Loans receivables	6.3		
		496,435,862	476,137,491
		1,060,933,571	1,049,648,096

All trade and other receivables are subject to credit risk exposure [see Note 28.2(b)]. The Group does not identify the specific concentration of credit risk with regard to trade and other receivables as the amounts recognized resemble a large number of receivables from various customers.

6.1 Trade Receivables

Trade receivables arise from the sale of goods and rendering of services to customers. Certain receivables from trade customers are covered by post-dated checks. Trade receivables are measured at amortized cost and have annual effective interest rates ranging from 3.00% to 6.00% in 2026 and 2025, depending on the payment terms.

Trade receivables which are expected to be settled beyond one year after the end of the reporting period are classified as non-current trade and other receivables.

Interest earned from real estate sales is presented as part of Finance income under Other Income (Charges) in the consolidated statements of income (see Note 20.2). There were no real estate sales in 2025.

Trade receivables from the sale of goods and services are usually due within 30 to 90 days, generally unsecured and do not bear interest.

6.2 Advances

(a) Suppliers

Generally, advances to suppliers include advance payments made to suppliers for future purchases of mobile phone units and accessories and for the purchases of pro-tapes, video and medical equipment, and spare parts.

Advances to suppliers that will be applied as payment for future purchase of merchandise inventories and supplies are classified and presented under Current Assets. On the other hand, advances to contractors and/or suppliers that will be applied as payment for future acquisition or construction of items of property and equipment, or acquisition and construction of investment property are classified and presented under the Non-Current Assets. The classification and presentation are based on the eventual usage or realization of the asset to which it was advanced for.

(b) Employees

Advances to employees represent unsecured, noninterest-bearing cash advances for business-related expenditures and are subject to liquidation.

6.3 Loans Receivables

Loans receivables pertain to appliances loans, business loans and car loans offered by the Group to its customers. Loans receivables that are expected to be settled beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as part of non-current trade and other receivables.

Interest income recognized on the Group's loans receivables amounted to P4.1 million and P2.8 million in 2026 and 2025, respectively, and are presented as part of Interest under Revenues in the consolidated statements of income. The effective interest rates on loans receivables ranging from 3.00% to 36.00% in 2026 and 2025. There was no outstanding interest on loans receivable as of March 31, 2026 and December 31, 2025.

6.4 Cash Surrender Value of Investment in Life Insurance

Cash surrender value of investment in life insurance pertains to insurance policies purchased by BRL for certain directors of the Parent Company. The beneficiary of this investment in life insurance is the Parent Company and accounted for under the cash surrender value method. Under this method, the initial cash surrender value of the

insurance policies is recognized immediately in the consolidated statements of financial position. Subsequently, any increase in cash surrender value is recognized as part of Finance income under Other Income (Charges) in the consolidated statements of income (see Note 20.2). In 2026 and 2025, the increase in cash surrender value amounted to P4.4 million and P4 million, respectively.

6.5 Rental Receivables

Rental receivables represent uncollected monthly receivables from a related party and third-party tenants of the Group. This includes rent receivables arising from the application of PFRS 16, which represent the difference between the cash basis rent income and the straight-line rent income of all outstanding lease contracts as of the end of the reporting periods.

6.6 Other Receivables

Other receivables include the following:

- amounts due from credit card companies for the sale of Closed Circuit Television (CCTV), which are collected the following day the receivables are recognized;
- testing fees and utility charges billed by the Group to its lessees;
- unsecured, noninterest-bearing cash advances made to Homeowners' Association for expenses incurred by the unit owners and related outstanding receivables; and,
- retention fees and other claims to government (i.e., Social Security System).

6.7 Allowance for Impairment

All of the Group's trade and other receivables have been assessed for impairment based on the ECL model. The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. Based on management's assessment of the ECL using the simplified approach, certain trade receivables were found to be impaired; hence, adequate amount of allowance for impairment have been recognized.

7. INVESTMENTS

7.1 Financial Assets at Fair Value Through Other Comprehensive Income

The Group has equity securities pertaining to its 33% equity ownership interest in the common stock of Sony Philippines, Inc. (SPI). This investment is related to the Joint Venture Agreement (JVA) executed in 1997 with Sony Corporation of Japan which has expired on May 8, 2005. On April 11, 2005, the Group received a formal notice of the expiry of the JVA. The Group and Sony Corporation have both agreed to pursue negotiations for an equitable settlement of all matters relating to the JVA and its expiration. The Group determined that the fair value of this investment is nil as of December 31, 2025, based on the absence of observable market transactions and recoverable economic benefits.

On the other hand, the fair values of the Group's investments in club shares amounting to P94.0 million, which represent proprietary membership club shares, as of December

31, 2025, have been determined based on quoted prices in less active markets due to lack of trading activities among its participants

The recognized fair value gains are presented as items that will not be reclassified subsequently to profit or loss under Other Comprehensive Income in the consolidated statements of comprehensive income.

7.2 Investment in Bonds

In 2021, the Group invested in held-to-collect corporate bonds, classified, and measured at amortized cost, amounting to P20.0 million, which bear fixed interest rate of 4.34% per annum and will mature on October 12, 2027. The amount of investment is presented as Investment in Bonds in the consolidated statements of financial position. There were no additional investments made in 2025 and 2024.

Interest income generated from investment in bonds amounting to P0.2 million in both 2026 and 2025 are presented as part of Interest under Revenues section of the consolidated statements of income. The outstanding balance of such interest is presented as part of Interest receivable under Trade and Other Receivables in the consolidated statements of financial position (see Note 6).

The Group's investment in bonds, which are subject to credit risk exposure [see Note 28.2(e)], has been reviewed for impairment. Based on such review, the management determines that no impairment loss is needed to be recognized in 2026 and 2025 as the bonds were in good credit standing as of March 31, 2026 and December 31, 2025.

7.3 Investments in Associates

Investments in associates amounted to P29.6 million as of December 31, 2025. The details of these investments are presented below and on the succeeding pages.

(a) Investment in Fekon

Fekon is a private company incorporated and domiciled in the Philippines. Fekon's primary purpose is to engage in the business of manufacturing, selling, distributing, marketing, trading and assembling of all kinds of goods such as but not limited to motorcycles, e-bicycles, motor parts and products, electronic devices and other electronic merchandise.

Fekon's registered office address and principal place of business is located at Block 7, Lot 8B, San Simon Industries Park, San Isidro, San Simon, Pampanga.

In 2022, the Group made additional deposits in the share of Fekon, totaling P11.5 million in relation to the planned increase in authorized capital stock of the latter. There were no additional deposits made in 2025 and 2024.

As of December 31, 2025, Fekon is still in the process of completing the documentary requirements for its application to increase its authorized capital stock with the Commission. Management believes that upon approval of the Commission, the Group will have a significant influence with 31% ownership interest over Fekon. Accordingly, the deposits are recorded as Investment in an Associate in the consolidated statements of financial position.

Initially, the Group's investment is measured at cost and subsequently, upon approval of the application with the Commission, will be measured using the equity method.

The summarized unaudited financial information for Fekon is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>
Current assets	151,596,315
Non-current assets	<u>7,050,893</u>
Total assets	<u>158,647,208</u>
Current liabilities	33,566,153
Non-current liabilities	<u>2,805,983</u>
Total liabilities	<u>36,372,136</u>
Revenues	<u>127,435,860</u>
Net loss during the year	<u>10,327,249</u>

Due to the downturn in Fekon business prospects, the Group recognized impairment loss relative to its investment amounting to P10.0 million in 2025 which is presented as Impairment loss on investments in an associate under Operating Expenses.

(b) Investment in Starworld

In 2025, the Group disposed of a portion of its equity interest in Starworld, resulting in a reduction in ownership from 50% to 30% and the loss of control over the investee. Accordingly, Starworld ceased to be consolidated from the date control was lost and is accounted for as an investment in an associate thereafter (see Note 23.5).

The retained 30% interest as measured at fair value amounting to P1.6 million at the date control was lost and is presented as part of Investment in Associates in the consolidated statements of financial position as of December 31, 2025.

The Group's loss of control over Starworld occurred after the associate's financial year end; hence, no share in net profit was recognized by the Group for the year ended December 31, 2025. Accordingly, management has assessed that such is not significant to the 2025 consolidated financial statements.

In the first quarter of 2026, the Group recognized share in net profit of an associate amounting to P321, 422 under equity method in the 2026 consolidated financial statements.

The summarized audited financial information for Starworld for the year ended October 31, 2025 is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>
Current assets	237,195,889
Non-current assets	<u>3,267,260</u>
Total assets	<u>240,463,149</u>
Current liabilities	213,287,826
Non-current liabilities	<u>1,658,421</u>
Total liabilities	<u>214,946,247</u>
Revenues	<u>-</u>
Net loss during the year	<u>15,361,020</u>

8. MERCHANDISE INVENTORIES AND SUPPLIES

Inventories at the end of 2026 and 2025 were stated at lower of cost or NRV. The details of inventories are shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2026</u>	<u>2025</u>
At cost:			
Merchandise inventories	17.1	90,654,878	61,593,643
Service parts, supplies and others		<u>28,575,858</u>	<u>28,421,184</u>
		<u>119,230,736</u>	<u>90,014,827</u>
At NRV:			
Merchandise inventories	17.1	161,270,294	188,495,718
Service parts, supplies and others		<u>-</u>	<u>-</u>
		<u>161,270,294</u>	<u>188,495,718</u>
Allowance for inventory obsolescence		<u>(22,485,894)</u>	<u>(50,790,191)</u>
		<u>138,785,031</u>	<u>137,705,527</u>
		<u>258,015,767</u>	<u>227,720,354</u>

The Group's inventories are primarily composed of appliances, handsets, devices, accessories, professional tapes, equipment, spare parts and modular houses.

The movements in the allowance for inventory obsolescence are below.

<i>(Amounts in PHP)</i>	<u>2026</u>	<u>2025</u>
Balance at beginning of year	50,790,191	63,265,556
Impairment losses	(28,304,297)	2,211,782
Reversal of allowance for inventory obsolescence	<u>-</u>	<u>(14,687,147)</u>
	<u>22,485,894</u>	<u>50,790,191</u>

The Group recognizes impairment losses on inventories when their net realizable value is assessed to be lower than cost due to uncertainty over their recoverability. In 2026 and 2025, certain inventories that had been previously written down were subsequently sold, providing objective evidence that the conditions which gave rise to the impairment no longer existed. Accordingly, reversals of inventory impairment were recognized to the extent of the original write-downs. The net impairment provisions and reversals are included as an adjustment to cost of sales in the consolidated statements of income (see Notes 17.1 and 18).

The Group has no outstanding purchase commitment for the acquisition of merchandise inventories and supplies as of March 31, 2026 and December 31, 2025.

An analysis of the cost of merchandise inventories charged to operations is presented in Note 17.1.

9. REAL ESTATE INVENTORIES

This account is composed of:

<i>(Amount in PHP)</i>	<u>Notes</u>	<u>2026</u>	<u>2025</u>
Land and land development costs	9.1	26,386,874	26,386,874
Property development costs	9.2	398,580,639	398,580,639
		<u>424,967,513</u>	<u>424,967,513</u>

9.1 Land and Land Development Costs

Management believes that the carrying values of these assets are lower than their realizable values considering present market rates; thus, no valuation allowance has been recognized in the financial statements.

9.2 Property Development Costs

The Group, through ZTC, has initiated the planning and construction of the Tri Towers condominium building. Construction was started by ZTC in 2005. The construction of Tower 1 and Tower 2 were completed in 2008 and 2012, respectively, and while the construction of Tower 3 has not yet started, it has already incurred expenses for the planning phase as of March 31, 2026.

Property development costs, at the end of each reporting periods, represent condominium units for sale, office tower units, construction in progress of land and Tower 3, office tower and parking units for which the Group has been granted a permit to sell by the Housing and Land Use Regulatory Board of the Philippines.

Based on management's assessment, the related asset remained recoverable as of the end of the reporting periods (see Note 27.2).

10. LEASES

The Group is a lessee under non-cancellable operating leases covering certain office spaces and store branches. The lease for these office spaces and store branches has a term of one to five years. Generally, termination of lease contracts shall be communicated to the lessee by the lessor prior to the termination or expiration of the lease contract. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statements of financial position as a right-of-use asset and a lease liability. Variable lease payments not based on an index or rate are excluded from the initial measurement of the lease liability and asset.

The Group classifies its right-of-use assets and lease liabilities as separate line items in the consolidated statements of financial position.

Leases generally restrict the use of the right-of-use assets to the Group, unless explicitly allowed for sublease. They are either non-cancellable or may only be terminated with a substantive fee. Some leases include options to purchase the underlying leased asset or extend the lease term. The Group is prohibited from selling or pledging the lease assets as collateral.

Under the lease agreements, the Group is responsible for maintaining the leased properties in good condition, ensuring they are returned in their original state at the lease end. Additionally, it must ensure the leased assets and cover related maintenance costs.

Refundable security deposits represent the lease deposits made for the lease of the Group's business spaces, both short and long-term lease agreements. Related security deposits for these leases amounted to P40.2 million and P39.6 million as of March 31, 2026 and December 31, 2025, respectively, and are presented as part of Other Current Assets and Other Non-current Assets in the consolidated statements of financial position (see Note 13). Refundable security deposits which are expected to be settled beyond one year after the end of the reporting period are classified as non-current assets.

10.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets, which pertain to office spaces and store branches, as of March 31, 2026 and December 31, 2025, including the movements during the reporting period are shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2026</u>	<u>2025</u>
Balance at beginning of year		3,757,465	3,004,500
Additions		-	6,490,863
Amortization	18	(1,186,933)	(5,737,898)
Balance at end of year		<u>2,570,532</u>	<u>3,757,465</u>

10.2 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as of March 31, 2026 and December 31, 2025 as follows:

<i>(Amounts in PHP)</i>	<u>2026</u>	<u>2025</u>
Current	2,661,241	3,838,746
Non-current	-	60,232
	<u>2,661,241</u>	<u>3,898,978</u>

The movements in the lease liabilities recognized in the consolidated statements of financial position as of March 31, 2026 and December 31, 2025 are as follows:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2026</u>	<u>2025</u>
Balance at beginning of year		3,898,978	3,907,873
Additional lease liabilities		-	6,435,863
Repayments of lease liabilities	10.4	(1,237,737)	(6,817,864)
Interest accretion	10.4	-	373,106
		<u>2,661,241</u>	<u>3,898,978</u>

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceed the expected overall cost.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Range of Remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
December 31, 2025					
Office space and store branches	7	3 months to 1.5 year	1 year	1	2

As of March 31, 2026 and December 31, 2025, the Group has no commitments for leases entered into which had not commenced.

10.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize lease liabilities for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The amount of expense relating to short-term leases for the period ended March 31, 2026 and 2025, is allocated in the consolidated statements of income as follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025
Cost of services	17.2	10,294,564	5,176,321
Cost of rental	17.3	54,000	54,000
General and administrative expenses		10,590,748	13,962,136
	18	20,939,312	19,192,457

10.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases, including interest, amounted to P1.2 million, P874 thousand in 2026 and 2025, respectively. Interest expense in relation to lease liabilities is presented as part of Finance costs under Other Income (Charges) in the consolidated statements of income (see Note 20.1).

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment losses of property and equipment at the beginning and end of 2026 and 2025 are shown below.

<i>(Amounts in PHP)</i>	Land	Buildings and Improvements	Machinery and Equipment	Furniture, Fixtures, and Office Equipment	Transportation Equipment	Test, Communication And Other Equipment	Computer System	Leasehold Improvement	Tools and Equipment	Construction in Progress	Total
March 31, 2026											
Cost	1,278,354,682	417,174,069	223,401,250	313,729,347	252,454,175	52,259,595	83,683,347	147,108,842	112,127,684	55,445,569	2,935,738,560
Accumulated depreciation and amortization	-	(274,586,051)	(192,194,548)	(273,420,435)	(218,049,691)	(44,612,552)	(74,607,979)	(135,943,333)	(92,797,228)	(14,346,250)	(1,291,865,567)
Accumulated impairment losses	-	(35,000,000)	-	(32,411)	-	-	-	-	-	14,346,250	(49,378,661)
Net carrying amount	<u>1,278,354,682</u>	<u>107,588,018</u>	<u>31,206,702</u>	<u>40,276,501</u>	<u>34,404,484</u>	<u>7,647,043</u>	<u>9,075,368</u>	<u>11,165,509</u>	<u>19,330,456</u>	<u>55,445,569</u>	<u>1,594,494,332</u>
December 31, 2025											
Cost	1,278,354,682	423,521,868	210,173,831	352,356,378	333,353,015	33,362,105	88,437,420	131,797,729	121,861,081	57,622,502	3,030,840,611
Accumulated depreciation and amortization	-	(268,867,190)	(190,757,418)	(320,715,014)	(284,964,049)	(24,041,808)	(78,628,859)	(119,363,362)	(101,367,110)	14,346,250	(1,374,358,560)
Accumulated impairment losses	-	(35,000,000)	-	-	-	-	-	-	-	(14,346,250)	(49,346,250)
Net carrying amount	<u>1,278,354,682</u>	<u>119,654,678</u>	<u>19,416,413</u>	<u>31,641,364</u>	<u>48,388,966</u>	<u>9,320,297</u>	<u>9,808,561</u>	<u>12,434,367</u>	<u>20,493,971</u>	<u>57,622,502</u>	<u>1,607,135,801</u>

Construction in progress pertains to the accumulation of costs incurred on building improvements being constructed in various properties of the Group. There were constructions completed in 2025. As a result, completed constructions were reclassified to specific items of property and equipment. In 2026 and 2025 no borrowing costs were capitalized.

The amount of depreciation and amortization computed on property and equipment is presented as part of the following accounts:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2026</u>	<u>2025</u>
Cost of services	17.2	8,574,513	10,227,968
Cost of rentals	17.3	6,921,963	4,812,884
General and administrative expenses		5,686,579	5,247,291
Selling and distribution cost		1,859,022	1,285,272
	18	<u>23,042,077</u>	<u>21,573,415</u>

As of March 31, 2026 and December 31, 2025, none of the Group's property and equipment were held as collateral for loans. Further, no impairment losses were recognized in 2026 and 2025 as the management believes that the carrying amount of property and equipment is recoverable in full.

There were no restrictions on titles and items of property and equipment as of March 31, 2026 and December 31, 2025.

12. INVESTMENT PROPERTIES

The Group's investment properties, accounted for under the fair value method, consist mainly of land and improvements, and buildings and improvements that are held under operating lease agreements. These properties earn rental income amounting to P165 million and P151 million in 2026 and 2025 respectively, and are presented as Rentals under Revenues in the consolidated statements of income. The Group also incurred direct costs such as real property taxes, depreciation and amortization and utilities, which are presented as part of Cost of Rentals in the consolidated statements of income (see Note 17.3).

The fair values of the Group's investment properties as of December 31, 2025 were based on appraisal reports issued in May 2026. Management obtains annual appraisal reports on its investment properties from independent appraisers (see Note 30.4).

The changes in the carrying amounts of investment property as of 2026 and 2025 as presented in the consolidated statements of financial position are summarized as follows:

<i>(Amounts in PHP)</i>	Land and Improvements	Building and Improvement	Construction in Progress	Total
2026:				
Balance at beginning of year	5,905,175,514	2,408,222,009	70,669,207	8,384,066,730
Additions	176,640,000	16,066,808	6,837,390	199,544,198
Fair value gains (losses) – net (see Note 19)	-	-	-	-
Reclassification	-	-	-	-
Balance at end of year	<u>6,081,815,514</u>	<u>2,424,288,818</u>	<u>77,506,597</u>	<u>8,583,610,928</u>
2025:				
Balance at beginning of year	5,601,997,151	2,353,512,353	86,171,773	8,041,681,277
Additions	-	138,496,618	33,090,577	171,587,195
Fair value gains (losses) – net (see Note 19)	303,030,663	(132,232,405)	-	170,798,258
Reclassification	<u>147,700</u>	<u>48,445,443</u>	<u>(48,593,143)</u>	<u>-</u>
Balance at end of the year	<u>5,905,175,714</u>	<u>2,408,222,009</u>	<u>70,669,207</u>	<u>8,384,066,730</u>

In 2025, the Group completed the construction of certain buildings, building improvements and land improvements.

In both 2026 and 2025, the Group received payment from an association managing an industrial park as compensation for damages to Group's property amounting to P1.3 million, which is presented under Other Operating Income in the consolidated statements of income (see Note 19).

Certain investment property is used as collateral on loan payable as of March 31, 2026 and December 31, 2025 (see Note 14).

13. OTHER ASSETS

The composition of these accounts is shown below.

<i>(Amounts in PHP)</i>	Notes	2026	2025
Current:			
Input VAT – net	13.3	322,443,122	327,634,680
Creditable withholding taxes		146,544,342	138,522,165
Refundable deposits	10	33,636,576	32,938,403
Prepayments	13.3	21,154,751	34,194,202
Deferred input VAT	13.3	7,632,261	5,626,844
Deferred costs	13.3	2,717,978	1,019,495
Others		3,520,910	2,414,742
		<u>537,649,940</u>	<u>542,350,538</u>

Non-current:			
Cash bond	13.2	15,635,346	15,635,346
Refundable deposits	10	6,607,938	6,612,370
Intangible assets – net	13.1	1,009,378	2,397,599
Others	13.3	9,207,6298	6,430,437
		<u>32,460,290</u>	<u>31,075,752</u>
		<u>570,110,231</u>	<u>542,426,290</u>

13.1 Intangible Assets

Intangible assets pertain to computer software licenses, which are accounted for under the cost model. The gross carrying amounts and accumulated amortization and impairment of intangible assets as of March 31, 2026 and December 31, 2025 is shown below.

Intangible assets are subject to annual impairment testing whenever there is an indication of impairment. Certain non-proprietary club shares were assessed to be impaired as determined by the management; hence, an adequate amount of allowance for impairment has been recognized in prior years. There were no impairment losses recognized in 2026 as the recoverable amount of intangible assets determined by management is higher than the carrying value.

Amortization charges are presented as part of Depreciation and amortization under General and Administrative Expenses in the consolidated statements of income (see Note 18).

As of December 31, 2025, the cost of the Group's fully amortized intangible assets amounted to P2.8 million.

There are no intangible assets that have been pledged as security for any liabilities. Further, there were no other contractual commitments entered into in 2025 related particularly for intangible assets.

13.2 Cash Bond

Cash bond represents payments made by the Group for its application for conversion of land (see Note 12). It also includes the deposits made with the Bureau of Customs for taxes and duties related to its importations.

As of December 31, 2025, the total amount is currently demandable; however, the Group does not expect to refund the cash bond within 12 months from the end of the reporting period.

13.3 Others

In 2025, certain input VAT of the Group was assessed by management to be impaired; hence, adequate amounts of allowance for impairment have been recognized.

Creditable withholding taxes (CWT) represent income taxes withheld at source and are creditable against future income tax payable. Management assessed the recoverability of CWT based on expected future taxable income and determined that the balance is fully recoverable as of March 31, 2026 and December 31, 2025. During the year, the Group

has utilized the portion of the CWT against its income tax payable. Accordingly, no impairment was recognized in the consolidated statements of financial position.

Prepayments pertain to prepaid insurance, prepaid taxes, prepaid rent, and prepayments for professional fees, import charges and others.

Deposits to suppliers represent the refundable amount paid by the Group to its suppliers for the distribution utilities provided to the Group. Deferred costs represent the cost of inventories which have not been charged to cost of sales pending the completion of the Group's certain projects.

Other current assets include deferred installation costs which pertain to the costs paid by the Group to its contractors for the installation of modular houses. Upon completion of installation, the cost is transferred to cost of sales. On the other hand, other non-current assets mostly pertain to land properties held by SMC which are subject to transfer to certain individuals under R.A. No. 6657, *Comprehensive Agrarian Reform Law of 1988*.

14. INTEREST-BEARING LOAN

The Group obtained long-term loans from a local bank to finance the construction of warehouse facility in Calamba, Laguna. The outstanding loans have a term of ten years with a two-year grace period. The loan bears interest ranging from 5.50% to 5.70% per annum in 2026 and 5.95% to 6.60% per annum in 2025 subject to quarterly interest rate repricing.

Pursuant to the terms of these loan agreements, the Group is required to comply with certain financial covenants. The Group is required to maintain a maximum debt-to-equity ratio of 3.00:1.00 starting December 31, 2023, and a minimum debt-service coverage ratio of 1.25:1.00 commencing January 1, 2026. As of March 31, 2026 and December 31, 2025, the Group has been compliant with the financial covenants.

The balances are presented in the consolidated statements of financial position as:

<i>(Amounts in PHP)</i>	2026	2025
Current	45,937,500	39,375,000
Non-current	819,218,750	835,625,000
	<u>865,156,250</u>	<u>875,000,000</u>

14.1 Bank Loans

Presented on the succeeding page are the details of the Group's bank loans.

<u>Dates Availed</u>	<u>Maturity Dates</u>	<u>Grace Period</u>	<u>Interest Rates</u>	<u>Outstanding balance</u> <i>(Amounts in PHP)</i>
Availed in 2023 –				
December 29, 2023	December 29, 2033	2 years	6.25%	105,000,000
Availed in 2024:				
February 8, 2024	December 29, 2033	1.9 years	6.75%	45,000,000
March 13, 2024	December 29, 2033	1.8 years	6.85%	40,000,000
April 15, 2024	December 29, 2033	1.8 years	6.85%	70,000,000
June 27, 2024	December 29, 2033	1.6 years	6.85%	240,000,000
October 27, 2024	December 29, 2033	1.3 years	6.25%	150,000,000
December 13, 2024	December 29, 2033	1.1 years	6.56%	100,000,000
December 19, 2024	December 29, 2033	1.1 years	6.58%	125,000,000

The loan is secured by a real estate mortgage for a total carrying amount of P1.2 billion on real estate property recorded as part of Investment Properties in the consolidated statements of financial position (see Note 12) and a suretyship agreement with one subsidiary.

15. TRADE AND OTHER PAYABLES

This account consists of:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2026</u>	<u>2025</u>
Trade payables		303,733,965	294,046,341
Non-trade payables		34,191,910	43,757,486
Refundable deposits	16, 25.1	39,872,332	40,318,381
Accrued expenses		33,929,033	31,257,713
Unearned rentals	16	16,687,066	18,330,697
Output VAT		13,032,848	13,929,124
Deferred output VAT		5,085,545	8,567,667
Advances from customers		8,639,851	8,254,228
Withholding taxes payable		6,945,224	6,808,075
Rentals payable		3,542,897	4,278,523
Reserve for warranty costs		3,493,444	3,497,615
Retention payable		1,175,791	299,540
Other payables		4,525,984	21,311,401
		<u>473,855,890</u>	<u>494,656,791</u>

Trade payables mainly represent obligations to various suppliers for the acquisition of goods, materials and supplies necessary for the Group's operations and productions.

Non-trade payables are the obligations arising from transactions that are not within the ordinary course of business which includes lessees' deposits for electricity, communication costs, gasoline expenses, professional fees and others.

The Group receives refundable deposits from various lessees. The long-term portion of the refundable deposits from various tenants is shown as a separate line item in the consolidated statements of financial position (see Note 16). Refundable deposits are remeasured at amortized cost using effective interest rates ranging from 5.45% to 6.53% in 2025 at the inception of the lease term.

Accrued expenses include amounts charged for rentals, outside services, salaries and other incidental operating expenses of the Group which are expected to be settled within the next reporting period.

Unearned rentals represent advance payments received from lessees.

Advances from customers pertain to the integration services in progress and customer deposit on sale of goods paid in advance to the Group.

Other payables primarily consist of payroll-related liabilities and due to government agencies for unpaid contributions for social security and other benefits of the Group's employees.

Management considers the carrying amounts of trade and other payables recognized in the consolidated statements of financial position to be reasonable approximation of their fair values.

16. REFUNDABLE DEPOSITS

The Group has refundable deposits received from tenants in connection with lease agreements. These refundable deposits are remeasured at amortized cost using the effective interest ranging from 5.45% to 6.53% at the inception of the lease terms.

As of March 31, 2026 and December 31, 2025, the outstanding balance of these refundable deposits amounted to P 62.8 million and P63.3 million. The current portion is presented under Trade and Other Payables, while the non-current portion is presented under Refundable Deposits in the consolidated statements of financial position.

17. COSTS OF SALES, SERVICES, RENTALS AND REAL ESTATE SALES

17.1 Cost of Sales

The details of this account are shown below.

<i>(Amounts in PHP)</i>	Notes	2026	2025
Merchandise inventories at beginning of year	8	250,089,361	386,424,801
Net purchases of merchandise inventories during the year	18	312,892,681	224,466,129
Goods available for sale		562,982,042	610,890,930
Merchandise inventories at end of year	8	(251,925,808)	(385,697,934)
Net provision (reversal) of allowance for inventory obsolescence	8	(28,304,293)	-
	18	282,751,941	225,192,996

17.2 Cost of Services

The following are the breakdown of direct costs and expenses from rendering of services:

<i>(Amounts in PHP)</i>	Notes	2026	2025
Subcontracting services		46,779,212	36,827,697
Equipment cost		3,984,317	2,819,467
Materials, supplies, and other consumables		18,373,280	19,592,413
Salaries and employee benefits	21.1	18,100,871	16,149,322
Service fees		12,108,957	17,668,299
Transportation and travel		12,108,222	12,182,159
Outside services		8,183,882	7,592,210
Rentals	10.3	10,294,564	5,176,321
Depreciation and amortization	10.1, 11	8,574,513	10,227,968
Food and beverage		2,436,296	2,115,983
Repairs and maintenance		2,942,333	4,271,210
Communication, light and water		2,165,021	2,118,745
Insurance		690,148	1,255,008
Taxes and licenses		138,767	39,297
Others		2,684,262	2,606,556
	18	149,564,644	140,642,655

17.3 Cost of Rentals

The details of this account are as follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025
Taxes and licenses		39,335,492	35,055,212
Depreciation and amortization	11	6,921,963	4,812,884
Utilities and communication		2,244,320	5,116,569
Outside services		8,088,838	3,083,477
Repairs and maintenance		1,489,482	2,874,217
Association dues		810,669	758,290
Salaries and employee benefits	21.1	272,565	303,315
Rentals	10.3	54,000	54,000
Equipment cost		4,512,257	-
Others		1,770,886	1,654,126
	18	65,500,472	53,712,090

Others primarily consist of franchise fees and insurance expenses.

18. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

<i>(Amounts in PHP)</i>	Notes	2026	2025
Net purchases of merchandise inventories	17.1, 25.1	312,892,681	224,466,128
Salaries and employee benefits	21.1, 21.2, 25.5	80,337,759	73,678,886
Subcontracting services		53,368,490	41,433,767
Changes in merchandise, finished goods and work-in-process inventories	17.1	(1,836,447)	726,867
Net provision (reversal) for Inventory obsolescence		(28,304,293)	-
Depreciation and amortization	10.1, 11, 13.1	24,229,011	22,380,849
Utilities and communication		23,635,559	23,862,721
Taxes and licenses	14	61,934,763	54,935,565
Rentals	10.3	20,939,312	19,192,457
Materials, supplies and other consumables		20,003,310	21,207,274
Outside services		25,001,707	17,799,936
Transportation and travel		16,804,890	17,946,255
Service fees		12,108,957	17,668,299
Repairs and maintenance		8,662,954	10,622,451
Selling and bank charges		8,288,368	6,294,023
Food and beverage		2,436,296	2,115,983
Equipment cost		3,984,317	-
Representation and entertainment		2,163,133	3,009,100
Installation cost		777,267	287,811
Insurance		3,286,896	3,543,017
Integration		-	2,819,467
Advertising and promotions		155,061	950,446
Warranty claims		238,640	2,080
Reversal on impairment on trade and other receivables - net		-	(1,023,182)
Miscellaneous		16,889,883	8,581,188
		667,998,514	572,501,388

These expenses are classified as follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025
Cost of sales	17.1	282,751,941	225,192,996
Cost of services	17.2	149,564,644	140,642,655
General and administrative expenses		119,438,463	110,834,910
Selling and distribution costs		50,742,994	42,118,737
Cost of rentals	17.3	65,500,472	53,712,090
Cost of real estate sales	17.4	-	-
		667,998,514	572,501,388

19. OTHER OPERATING INCOME

The breakdown of this account is as follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025
Income from utilities charged to tenants		6,026,650	7,636,576
Common usage service area	25.3	6,566,836	6,921,398
Compensation for damages	12	1,339,286	1,339,286
Service income from bank guarantee		-	1,676,338
Forfeited customer deposit		497,591	752,004
Supplier supports		4,012,276	1,531,104
Miscellaneous – net		75,354	997,377
		18,517,993	20,854,083

20. OTHER INCOME (CHARGES)

20.1 Finance Costs

This account consists of the following:

<i>(Amounts in PHP)</i>	Notes	2026	2025
Interest expense on:			
Interest-bearing loans	14	12,173,783	14,109,236
Lease liability	10.4	46,225	54,868
Foreign currency exchange losses		85,894	174,091
Miscellaneous		8,701	17,736
		12,314,603	14,355,931

20.2 Finance Income

This account consists of the following:

<i>(Amounts in PHP)</i>	Notes	2026	2025
Interest income from:			
Cash and cash equivalents and short-term placements	5	18,679,459	22,381,181
Increase in cash surrender value of investment in life insurance	6.4	4,440,620	4,008,623
Foreign currency exchange gains		243,600	78,791
Others		-	316,710
		23,363,679	26,785,305

20.3 Other Gains

The breakdown of this account is as follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025
Proceeds from insurance		2,380,750	6,258,000
Gain on sale of PPE	11	357,593	5,357
Service income from Bank guarantee		3,496,170	-
Miscellaneous		874,067	462,979
		7,108,580	6,726,336

21. EMPLOYEE BENEFITS

21.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are summarized below.

<i>(Amounts in PHP)</i>	Notes	2026	2025
Short-term benefits		80,337,759	73,678,886
Post-employment benefits	21.2, 25.5	-	-
	18	80,337,759	73,678,886

These expenses are classified in the consolidated statements of income as follows:

<i>(Amounts in PHP)</i>	Notes	2026	2025
General and administrative expenses		52,176,388	47,377,234
Cost of services	17.2	18,100,871	16,149,322
Selling and distribution costs		9,787,935	9,849,015
Cost of rentals	17.3	272,565	303,315
	18	80,337,759	73,678,886

21.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by an investment manager that is legally separated from the Group. The investment manager manages the fund in coordination with the Group's management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The Group's post-employment benefit plan provides retirement benefits ranging from 100% to 115% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) *Explanation of Amounts Presented in the Consolidated Financial Statements*

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented on the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2025.

The amounts of retirement benefit asset recognized in the consolidated statements of financial position are determined as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>
Fair value of plan assets	269,352,983
Present value of obligation	(143,239,403)
Changes in the effect of asset ceiling	<u>(67,550,430)</u>
	<u>58,563,150</u>

On the other hand, the retirement benefit obligation recognized by certain subsidiaries, which does not have an established post-employment benefit plan, amounted to P32.7 million as of December 31, 2025.

The movements in the fair value of plan assets of the Group are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>
Balance at beginning of year	265,661,419
Interest income	15,606,731
Benefits paid	(13,103,200)
Gain on plan assets (excluding amounts included in net interest)	1,710,844
Receivable from plan assets	<u>(522,811)</u>
Balance at end of year	<u>269,352,983</u>

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>
Balance at beginning of year	164,241,886
Current service costs	12,333,329
Interest costs	9,602,285
Remeasurements –	
Actuarial gains (losses) arising from:	
Experience adjustments	32,033,777
Changes in demographic assumptions	(15,740,451)
Changes in financial assumptions	(12,473,709)
Benefits paid	(13,103,200)
Gain on settlement of retirement benefit liability	<u>(963,981)</u>
Balance at end of year	<u>175,929,936</u>

The significant actuarial gains or losses in 2025 arising from the financial assumptions pertain to the effects of differences between the discount rates and salary projection rates used while the actuarial gains arising from experience adjustments pertain to the effects of differences between the previous actuarial assumptions and what has actually occurred, including the changes in those actuarial assumptions during the applicable reporting periods.

The plan assets consist of the following as of December 31 (see Note 25.6):

<i>(Amounts in PHP)</i>	<u>2025</u>
Debt securities:	
Philippines government bonds	242,126,520
Unit investment trust fund (UITF)	14,248,773
Corporate bonds	6,508,210
Mutual funds	-
Others	<u>6,469,480</u>
	<u>269,352,983</u>

The fair values of the debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). UITF is classified as Level 2 while other assets are classified as Level 3 in the fair value hierarchy.

The plan assets earned a net return of P17.3 million in 2025.

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts of post-employment benefit expense recognized in the consolidated statements of income and consolidated statements of comprehensive income in respect of the post-employment defined benefit plan are shown below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>
<i>Reported in consolidated statements of income:</i>		
Current service cost	21.1	12,333,329
Net interest income	20.3	<u>(6,004,446)</u>
		<u>6,328,883</u>
<i>Reported in consolidated statements of comprehensive income (loss):</i>		
Changes in the effect of asset ceiling		(67,550,430)
Actuarial gains (losses) arising from changes in:		
Experience adjustments		(32,033,777)
Financial assumptions		12,473,709
Demographic assumption		15,740,451
Remeasurements on plan assets (excluding amounts included in net interest)		1,710,844

23.3 (69,659,203)

Current service cost and past service cost are presented as part of Salaries and employee benefit under General and Administrative Expenses in the consolidated statements of income (see Note 18).

The net interest income is included in Other gains under Other Income (Charges) section in the consolidated statements of income (see Note 20.3). Amounts recognized in other comprehensive income, net of tax, were classified within items that will not be reclassified subsequently to profit or loss in the consolidated statements of comprehensive income.

For determination of the post-employment benefit obligation, the following actuarial assumptions were used:

	<u>2025</u>
Discount rates	6.30% - 6.49%
Salary increase rate	7.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working lives of employees before retirement at the age of 60 ranges from 14.0 to 25.0 years for males and 12.0 to 25.0 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan is generally concentrated on investment in debt securities, although the Group also invests in UITF.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries.

Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(iii) *Inflation Risk*

A significant proportion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and on the succeeding pages.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit asset as of December 31, 2025:

(Amounts in PHP)	Impact on Post-Employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
<u>December 31, 2025</u>			
Discount rate	+/- 0.5%	(16,573,190)	16,636,248
Salary increase rate	+/- 1.0%	17,637,168	(15,387,290)

The sensitivity analysis above is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Group through its Management Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the

retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Group actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolios, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of the plan assets as of December 31, 2025 are generally concentrated in government debt securities, although the Group also invests in UITF for liquidity purposes.

(iii) *Funding Arrangements and Expected Contributions*

The plan is currently overfunded by P93.4 million in 2025 based on the latest actuarial valuation. On the other hand, the Group is yet to determine how much and when to fund its retirement benefit obligation as of December 31, 2025.

The Group does not expect to make any contribution to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan is presented below:

<i>(Amounts in PHP)</i>	<u>2025</u>
Within one year	16,206,769
More than one year to 5 years	49,887,219
More than 5 years to 10 years	<u>120,470,320</u>
	<u>186,564,308</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 11.7 years.

22. TAXES

22.1 Registration with Philippine Economic Zone Authority (PEZA)

SMC is registered with the PEZA as an Ecozone Facilities Enterprise at the Laguna International Industrial Park – Special Economic Zone (LIIP – SEZ). As an Ecozone Facilities Enterprise, SMC shall lease its building in LIIP – SEZ to PEZA-registered export enterprises located therein. SMC is subject to 5% tax on gross income earned on such facilities in lieu of all national and local taxes.

On May 2, 2024, the BOD approved the application for the cancellation of SMC's PEZA registration. Subsequently, the application was approved by PEZA on June 28, 2024, pursuant to PEZA Resolution No. 24-173, subject to the submission of the required documents and clearances. Accordingly, the cancellation of the registration

as an Ecozone Facilities Enterprise has become effective, and SMC is no longer entitled to PEZA incentives, in accordance with applicable laws and regulations.

On March 17, 2026, SMC registered with the PEZA as an Ecozone Facilities Enterprise at the Carmelray Industrial Park 1 – Special Economic Zone. As an Ecozone Facilities Enterprise, SMC shall lease its building in CIP1-SEZ to PEZA-registered export enterprise therein. SMC is entitled to the following incentives: Income tax holiday for 5 years, followed by eligibility for the Special Corporate Income Tax (SCIT) incentive for 10 years, duty exemption and VAT exemption and zero rating for transactions directly and exclusively attributable to its registered project in accordance with applicable laws and regulations.

On July 1, 1998, the PEZA approved Starworld's registration as an Ecozone developer and operator of the CPIP – Special Economic Zone located at Bo. Parian, Calamba City. Under the terms of the registration and subject to certain requirements, Starworld shall be exempt from all national and local taxes and instead will be subject to the 5% preferential tax rate on gross income after allowable deductions.

22.2 Current and Deferred Taxes

The components of tax expense reported in the consolidated statements of income and consolidated statements of comprehensive income are as follows:

<i>(Amounts in PHP)</i>	2026	2025
<i>Reported in consolidated statements of income</i>		
Current tax expense:		
Regular corporate income tax (RCIT)		
at 25% / 20%	17,523,913	16,422,437
Final tax at 20% / 15%	6,715,169	7,986,676
Minimum corporate income tax (MCIT)		
at 2% in 2026 and 2025	2,490,912	959,730
	26,729,994	25,368,843
Application of excess MCIT		
Deferred tax expense arising from origination and reversal of temporary differences	10,357,091	-
	37,087,085	25,368,843

The net deferred tax assets of the Parent company and certain subsidiaries relate to the following:

<i>(Amounts in PHP)</i>	2026	2025
Deferred tax assets:		
Allowance for inventory obsolescence	6,974,743	6,974,743
Allowance for impairment on trade and other receivables	5,061,931	5,061,931
Provision for warranty claims	874,404	874,404
Accrued expenses	585,352	585,352
Retirement benefit obligation	1,266,378	1,266,378
Deferred rental income	44,724	44,724
Deferred income	-	-

	<u>14,807,532</u>	<u>14,807,532</u>
Deferred tax liabilities:		
Unrealized foreign currency loss	(1,695,451)	(1,695,451)
PFRS 16 adoption	<u>(120,314)</u>	<u>(120,314)</u>
	<u>(1,815,765)</u>	<u>(1,815,765)</u>
	<u>12,991,767</u>	<u>12,991,767</u>

The net deferred tax liabilities of the Parent Company and certain subsidiaries relates to the following:

<i>(Amounts in PHP)</i>	<u>2026</u>	<u>2025</u>
Deferred tax assets:		
Allowance for impairment on trade and other receivables	4,136,245	4,136,245
Unearned rent income	3,896,267	3,896,267
Impairment losses on property and equipment	3,586,563	3,586,563
Allowance for inventory obsolescence	968,353	968,353
Excess MCIT over RCIT	725,348	725,348
Impairment losses on trade and other receivables	269,173	269,173
Inventory losses due to obsolescence	238,418	238,418
Deferred rent income	68,663	68,663
Unamortized past service costs	51,432	51,432
NOLCO	14,450	14,450
Unrealized foreign currency loss (gain)	(3,579)	(3,579)
Accumulated amortization on right-of-use assets	-	-
Impairment losses on input VAT	<u>-</u>	<u>-</u>
<i>Balance carried forward</i>	<u>13,951,333</u>	<u>13,951,333</u>
Deferred tax liabilities:		
Fair value gains on investment properties – net	(948,896,036)	(948,896,036)
Accumulated depreciation on investment properties	(217,882,928)	(210,724,255)
Accrued rent income	(48,383,398)	(45,184,980)
Excess of fair value over cost of property	(12,211,529)	(12,211,529)
Post-employment benefit asset	(9,738,910)	(9,738,910)
Unrealized foreign currency gains	(3,605)	(3,605)
Amortization of lease liabilities	-	-
PFRS 16	<u>-</u>	<u>-</u>
	<u>(1,237,116,406)</u>	<u>(1,226,759,315)</u>
Deferred tax liabilities – net	<u>(1,223,165,073)</u>	<u>(1,212,807,982)</u>

Presented below are the details of NOLCO, which can be claimed as deductions from future taxable profit within three to five years from the year the tax loss was incurred. Specifically, NOLCO incurred in 2021 and 2020 can be claimed as a deduction from the gross income until 2026 and 2025, respectively, in accordance with R.A. No. 11494, *Bayanihan to Recover as One Act*. In 2022, the NOLCO carry-over period is reverted to three years from the year the tax loss was incurred. In 2025 the Group claimed as deduction the NOLCO amounting to P34.4 million (amounts in PHP).

Year	Amount	Applied Amount	Expired Amount	Remaining Balance	Valid
2025	71,551,697	-	-	71,551,697	2028
2024	66,488,289	-	-	66,488,289	2027
2023	58,202,069	(30,956,074)	-	27,245,995	2026
2022	30,654,231	-	(30,654,231)	-	2025
2021	138,523,393	(3,426,904)	-	135,096,489	2026
2020	166,054,076	(19,958,639)	(146,095,437)	-	2025
	531,473,755	(54,341,617)	(176,749,668)	300,382,470	

The Group is subject to MCIT which is computed at 2% in 2025 and 2024 and 1.5% in 2023 of gross income, as defined under the tax regulations or RCIT, whichever is higher. In 2025 and 2024, the Group claimed as deduction the MCIT amounting to P0.6 million and P0.2 million, respectively. The details of the Group's MCIT are presented below (amounts in PHP).

Year	Amount	Applied Amount	Expired Amount	Remaining Balance	Valid
2025	853,868	-	-	853,868	2028
2024	964,952	-	-	964,952	2027
2023	1,500,636	(234,946)	-	1,265,690	2026
2022	612,193	(612,193)	-	-	2025
	3,931,649	(847,139)	-	3,084,510	

The Group did not recognize the deferred tax assets on NOLCO, MCIT and other deductible temporary differences of certain subsidiaries as management has assessed that those subsidiaries may not be able to realize their related tax benefits within the prescribed availment period. The NOLCO, MCIT and other deductible temporary differences as of December 31 for which the related deferred tax assets have not been recognized by certain entities in the Group are shown below.

(Amounts in PHP)	2025	
	Amount	Tax Effect
NOLCO	153,344,700	38,336,175
Allowance for inventory obsolescence	41,855,589	10,463,897
Retirement benefit obligation	1,551,422	387,855
Unamortized past service cost	1,076,239	269,060
MCIT	912,367	912,367
Allowance for impairment of intangible assets	272,127	68,032
Unrealized foreign currency gains – net	167	42
	199,012,611	50,437,428

In 2026 and 2025, the Group opted to use itemized deductions in computing for its income tax due, except for certain subsidiaries which still opted to claim OSD in the current year.

23. EQUITY

23.1 Capital Stock

The Parent Company has a total authorized capital stock of P5.0 billion divided into 5,000,000,000 shares with P1 par value.

On June 18, 1996, the Commission issued an Order approving the Registration Statement covering the securities which comprised the Parent Company's entire authorized capital stock. On September 4, 1996, the Parent Company's shares were listed in the PSE and the trading of offer shares commenced.

The Parent Company offered to the public 665,000,000 shares at an offer price of P5.85 per share. The offer shares consist of 524,475,000 primary shares (new shares) and 140,525,000 secondary shares (existing shares).

As of March 31, 2026 and December 31, 2025, the Parent Company has issued shares of 2,030,975,000 (with P1 par value), of which, 468,787,704 are held by the public. There are 4,190 and 4,193 holders of the listed shares which closed at P1.34 and P1.27 per share as of the last trading days in 2026 and 2025, respectively.

23.2 Retained Earnings

The BOD approved the declaration of cash dividends in 2025 as follows:

Date of Declaration	Stockholders of Record as of	No. of Shares Outstanding	Amounts in PHP	
			Amount per Share	Total
June 26, 2025	July 15, 2025	1,821,542,000	0.10	182,154,200

The dividends were paid within the year of declaration and approval.

Retained earnings is restricted to the amount of P115.6 million as of March 31, 2026 and December 31, 2025, equivalent to the cost of 209,433,000 shares held in treasury.

23.3 Revaluation Reserves

The components of this account and its movements are as follows:

(Amounts in PHP)	Notes	2026	2025
Cumulative translation adjustments:			
Balance at beginning of year		161,289,723	182,941,686
Currency exchange differences on translating financial statements of foreign operations		23,063,741	(7,245,210)
Balance at end of year		184,353,464	175,696,476

23.4 Subsidiary with Material Non-controlling Interest

Noncontrolling interests (NCI) pertain to the equity ownership of minority stockholders in certain subsidiaries. In 2025, SMC disposed its shares of stock of Starworld, resulting in the Group's reduction of ownership interest from 50% to 30% and loss of control. Accordingly, the retained 30% interest is accounted for as an investment in an associate in 2025 (see Notes 1.1 and 7.3).

In 2025, Starworld reduced its authorized capital stock from P530.0 million to P5.3 million. Consequently, the share of the Group in Starworld's capital stock decreased by P209.9 million, which is presented in the 2025 consolidated statement of changes in equity. Subsequently, SMC disposed of its equity interest in Starworld, resulting in a reduction in ownership and the loss of control over the investee.

The corporate information of Starworld as well as the Parent Company's stockholding thereto, is provided in Note 1.1.

Management determined that the difference between the respective equity ownership of minority stockholders over the equity of the aforementioned subsidiaries and the amount of NCI recognized in the consolidated statements of financial position is not material to the consolidated financial statements.

23.5 Loss of Control Over Subsidiaries

As discussed in Notes 1 and 23.4, the Group sold its shares of stock in Starworld in 2025 and LIIP and Interstar in 2023. At the date of sale, the net carrying amount of these entities and the determination of the gain or loss on deconsolidation are as follows (amounts in PHP):

<u>Starworld</u>	
Cash and cash equivalents	229,710,582
Trade and other receivables – net	541,840
Advances to related parties	4,035,913
Other current assets	671,361
Property and equipment – net	2,744,449
Total current assets	<u>237,704,145</u>
Trade and other payables	210,287,826
Deferred tax liabilities – net	1,658,421
Total current liabilities	<u>211,946,247</u>
Net assets	25,757,898
Net assets – NCI	<u>(43,610,103)</u>
Share of the Parent Company in the net assets of Starworld	(17,852,205)
Retained interest	(1,590,000)
Consideration received	<u>(1,060,000)</u>
Gain in deconsolidation	<u><u>20,502,205</u></u>

24. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing net profit attributable to the Parent Company's stockholders by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividends declared, stock split and reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares. Currently, the Group

does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

Basic and diluted earnings for profit attributable to the Parent Company's stockholders are computed as follows:

<i>(Amounts in PHP, except share data)</i>	<u>2026</u>	<u>2025</u>
Net profit for the year attributable to the Parent Company's stockholders	<u>112,564,570</u>	<u>101,343,611</u>
Divided by weighted average shares outstanding:		
Number of shares issued	<u>2,030,975,000</u>	<u>2,030,975,000</u>
Treasury shares	<u>(209,433,000)</u>	<u>(209,433,000)</u>
	<u>1,821,542,000</u>	<u>1,821,542,000</u>
Earnings per share – basic and diluted	<u>0.06</u>	<u>0.06</u>

There were no outstanding convertible preferred shares and bonds or other stock equivalents as of March 31, 2026 and 2025 hence; diluted earnings per share is equal to the basic earnings per share.

25. RELATED PARTY TRANSACTIONS

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. Based on the requirement of the SEC Memorandum Circular 2019-10, *Rules on Material Related Party Transactions for Publicly Listed Companies*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with related parties are considered material. All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent director's vote is not secured; the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a one-year period that breaches the 10% materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

The Group's related parties include other companies owned by the Parent Company's majority stockholders and the Group's key management personnel as described below. The summary of the Group's significant transactions in 2025 with its related parties and the outstanding balances as of December 31, 2025 are as follows:

Related Party Category	Amount of Transaction		Outstanding
	Note	2025	Receivable (Payable) 2025
Related Parties Under			
Common Ownership:			
Lease of real property	25.1	10,098,273	122,913
Refundable deposits	25.1	(65,000)	(2,410,697)
Reversal of impairment losses	25.4		
Cash advances granted - net of allowance	25.2		2,203,313
Rendering of services	25.3	2,179,712	97,653
Sale of investment properties	25.4	-	-

Key Management Personnel –			
Compensation	25.7	60,922,813	-

None of the companies under the Group is a joint venture. The Parent Company is not subject to joint control. Related parties that exercise significant influence over the Parent Company are AA Commercial, Inc. and AV Value Holdings Corporation.

Unless otherwise stated, the Group's outstanding receivables from and payables to related parties arising from advances, sale and purchase of goods, management services and other services, are unsecured, noninterest-bearing and generally settled in cash within 12 months from the end of the reporting period.

Based on the management assessment, certain receivables were found to be impaired using the provision matrix; hence, adequate amount of allowance for impairment have been recognized as of December 31, 2025 (see Note 25.2).

25.1 Lease of Real Property

The Group leases its office space to TCL Sun Inc. (TCL), a related party under common ownership, with a lease term of five years with escalation rates. Revenues arising from these transactions are presented as part of Rentals under the Revenues of the consolidated statements of income.

Deposits received from the related parties for these lease agreements are refundable at the end of the lease term. The Group received additional deposits in connection with this lease agreement. The outstanding balance of refundable deposits are presented as part of Trade and Other Payables in the consolidated statements of financial position (see Note 15).

25.2 Advances to and from Related Parties

In the normal course of business, certain subsidiaries of the Group grant and obtain unsecured, noninterest-bearing cash advances to and from related parties under common ownership for working capital requirements and other purposes. As of March 31, 2026 and December 31, 2025, outstanding balances of these advances are presented as Advances to Related Parties in the consolidated statements of financial position.

In 2024, the Group granted insignificant amount of additional advances to its related party, which remains uncollected as of March 31, 2026. It is presented under Advances to Related Parties in the consolidated statements of financial position.

In 2024, Starworld recovered previously impaired advances from LIIP. The recovery of these amounts occurred as a result of the agreement where LIIP will pay Starworld in installments for 10 years.

25.3 Rendering of Services

In 2025, a certain subsidiary bills TCL service charges for common usage and service area and consumption of utilities. Charges arising from these transactions are presented as Common usage and service area and utilities charges as part of Other operating income under Other Operating Expense section of the consolidated statements of comprehensive income (see Note 19).

As of March 31, 2026 and December 31, 2025, there are no outstanding receivables arising from these transactions.

25.4 Key Management Personnel Compensation

These amounts are shown as part of Salaries and employee benefits under General and Administrative Expenses in the consolidated statements of income (see Notes 18 and 21.1).

25.5 Transactions with the Retirement Fund

The Group has established a formal multi-employer retirement plan which is administered by an investment manager, except for certain subsidiaries whose retirement fund remained unfunded as of December 31, 2025.

The retirement fund consists of corporate bonds, government securities and UITF with fair values totaling P269.4 million as of December 31, 2025. The retirement fund neither provides any guarantee nor surety for any obligation of the Group.

The details of the contributions of the Group and benefits paid out by the plan to employees are presented in Note 21.2.

26. SIGNIFICANT CONTRACTS AND AGREEMENTS

26.1 Memorandum of Understanding with SPI

On July 1, 2003, the Group entered into a Memorandum of Understanding (MOU) with SPI for network support for SPI. Under the MOU, SPI authorized the Group to perform in-warranty and out-of-warranty services to customers in the Philippines for a fee calculated as a percentage of SPI's annual sales.

In-warranty services shall be rendered free of charge to customers. The actual cost of replacement parts related to in-warranty services shall be shouldered by SPI. Network support fees are billed at a fixed rate per month. The agreement is effective unless revoked by any of the parties.

Network support fees and in-warranty service fees relating to SPI products amounted to P69.7 million in 2025 and are presented as part of Rendering of Services in the consolidated statements of income.

The outstanding balances arising from these transactions amounting to P5.8 as of December 31, 2025 are included as part of Trade receivables under the Trade and Other Receivables in the consolidated statements of financial position (see Note 6.1).

26.2 Management Agreement with Sky Cable Corporation

For continuity of services to subscribers, the Group and SkyCable Corporation (SkyCable) undertook to cooperate with each other and to execute further actions as may be necessary to carry out the purposes of the agreement on sale of assets pending the approval of the National Telecommunications Commission (NTC). The Management Agreement shall be automatically terminated on the date of the NTC's approval of the transfer of the assets in favor of SkyCable. As of December 31, 2025, the NTC approval has not yet been obtained.

The Group was given the overall power and responsibility to handle all aspects necessary to carry out the administration and operations of SkyCable and to accord the necessary additional authorizations, should the need arise.

Revenues arising from these transactions amounted to P4.3 million in 2025 is presented as part of Rendering of services under Revenues in the consolidated statements of income. The outstanding receivable amounted to P9.9 million as of December 31, 2025 is included as part of Trade receivables under Trade and Other Receivables in the consolidated statements of financial position (see Note 6.1).

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

27.1 Operating Lease Commitments – Group as Lessor

Certain subsidiaries are lessors under various non-cancellable operating lease agreements covering certain real estate properties. These leases have terms ranging from one to 15 years, with renewal options, and include annual escalation rates ranging from 5% to 10%. These subsidiaries receive fixed monthly payments.

The Group is subject to risks associated with the rights it retains in the properties it leases, such as alterations made by the lessee that may impair the value of the leased properties. To manage the exposure on such risks, the Group exercises strict control over the fit-out process and no alterations are allowed to be made without prior approval of the Group. The Group also requires security deposits and advance rentals equivalent to at least three months of rent. Moreover, the Group retains its right to inspect the leased properties during the lease term. In case of expiration of lease term or early termination due to the default of the lessee, the Group is entitled to the improvements installed on the leased properties without an obligation to reimburse the lessee for the costs of improvements.

The future minimum lease receivables under these non-cancellable operating leases as of December 31 are presented on the succeeding page.

<i>(Amounts in PHP)</i>	<u>2025</u>
Within one year	364,932,629
After one year but not more than two years	355,356,472
After two years but not more than three years	305,303,729
After three years but not more than four years	281,453,492
After four years but not more than five years	283,716,506
More than five years	<u>2,621,010,237</u>
	<u>4,211,773,065</u>

The total rent income recognized from these transactions, including rent income resulting from the application of the straight-line basis of revenue recognition for the reporting periods, are presented as Rentals under Revenues section of the consolidated statements of income. There was no contingent rent (i.e., variable rent considerations) related to these operating leases.

27.2 Purchase Commitments

In 2007, the Group has entered into several construction contracts with various subcontractors for the construction of Tri-Towers condominium building. The construction of Tower 1 and Tower 2 were completed in 2008 and 2012, respectively, while the construction of Tower 3 has not yet started, yet it has incurred expenses for the planning phase as of March 31, 2026 (see Note 9.2).

27.3 Deficiency Tax Assessments

Certain subsidiaries have outstanding deficiency tax assessments with the BIR and outstanding tax cases filed with the Court of Tax Appeals (CTA) covering the taxable years 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2022 relating to transactions in the ordinary course of business. Pursuant to the Group's policy of addressing such actions in line with prudent business practice, the Group has engaged external tax counsel and advisors in relation to these matters.

As of December 31, 2025, the majority of these deficiency tax assessments and tax cases are paid, under protest, while the remaining assessment and cases are pending resolutions. Based on management's assessment, supported by legal advice, it is not probable that an outflow of economic benefits will be required in respect of these matters. Accordingly, no provision was recognized as of December 31, 2025. Management does not expect the final resolution of these tax matters to have a material impact on the Group's consolidated financial statement.

27.4 Others

The Group has unused credit facilities amounting to P1.3 billion in 2025.

There are other commitments, guarantees, litigations and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As of December 31, 2025, management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Group's consolidated financial statements.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 29. The main types of risks are market risk, credit risk, liquidity risk and operational risk.

The Group's risk management is coordinated with the Parent Company's BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate continuous returns.

The Group does not 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 are described below and on the succeeding pages.

28.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's foreign currency denominated trade and other receivables and trade and other payables, which are primarily denominated in USD and Hong Kong Dollar (HKD). The Group also holds USD-denominated and HKD-denominated cash and cash equivalents.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate are as follows:

(Amounts in PHP)	2026		2025	
	USD	HKD	USD	HKD
Financial assets	252,691,587	4,961,147	210,873,073	14,287,280
Financial liabilities	(1,020,674)	-	-	-
Short-term exposure	251,670,913	4,961,147	210,873,073	14,287,280

The following table illustrates the sensitivity of the Group's profit before tax in 2026 and 2025 with respect to changes in the exchange rates of Philippine peso against foreign currencies. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months prior to the end of the reporting period at a 99% confidence level.

(Amounts in PHP)	2026		2025	
	Reasonably Possible Change in Rate	Effect in Profit Before Tax	Reasonably Possible Change in Rate	Effect in Profit Before Tax
PHP – USD	8.84%	22,251,187	6.10%	12,869,987
PHP – HKD	9.00%	446,464	6.11%	873,195
		22,697,651		13,743,182

If the Philippine peso had strengthened against the USD and HKD, with all other variables held constant, the Group's profit before tax would have been lower by P22.6 million and P13.7 million in 2026 and 2025 respectively. Conversely, if the Philippine peso had weakened against the USD and HKD by the same percentage, with all variables held constant, profit before tax and equity would have been higher in 2026 and 2025 by the same amount.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be a reasonable estimation of the Group's currency risk.

(b) *Interest Rate Risk*

As of March 31, 2026 and December 31, 2025, the Group is exposed to changes in market interest rates through its cash and cash equivalents, short-term placements, loans receivables and interest-bearing loans which are subject to variable interest rates. All other financial assets and financial liabilities have fixed rates or are noninterest-bearing.

The sensitivity of profit or loss before tax are based on a reasonably possible change in interest rates of +/-2.48% in 2026, +/-1.76% in 2025 for Philippine peso. On the other hand, the Group's exposure to foreign currency interest rates is insignificant. These changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at each reporting date, with the effect estimated from the beginning of the year. All other variables are held constant.

The changes in percentages would affect profit or loss before tax by +/-P55.1 million and +/-P72.5 million in 2026 and 2025, respectively.

(c) *Other Price Risk*

The Group's market price risk arises from its investments carried at fair value (i.e., financial assets measured at FVOCI). The Group manages exposure to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

28.2 Credit Risk

Credit risk is the risk that the counterparties may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting loans and selling goods and services to customers including related parties, placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of real estate sales, advance payments are received to mitigate credit risk.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position and in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

<i>(Amounts in PHP)</i>	Notes	2026	2025
Cash and cash equivalents	5.1	2,453,675,290	2,576,872,713
Short-term placements	5.2	635,940,070	622,972,639
Trade and other receivables – net*	6	1,023,159,317	1,025,356,015
Investment in bonds	7.2	20,000,000	20,000,000
Refundable deposits**	13	40,244,514	39,550,773
Advances to related parties	25.2	2,661,937	2,423,879
Cash bond**	13	15,635,346	15,635,346
		4,191,316,474	4,302,811,365

* Except for Advances to suppliers and employees

** Presented as part of Other Assets

The Group's management considers that all the above financial assets that are not impaired or past due at the end of each reporting period are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and short-term placements as described below and on the succeeding pages.

(a) Cash and Cash Equivalents and Short-term Placements

The credit risk for cash and cash equivalents and short-term placements in the consolidated statements of financial position is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Included in the cash and cash equivalents are cash in banks and cash equivalent with maturities of less than three months, and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

With respect to other receivables from third parties, management assessed that these financial assets have a low probability of default since the Group can apply the related payables to these counterparties in case it defaults.

For loans receivable, the Group is not exposed to significant credit risk to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about borrower default rates, management considers the credit quality of loans receivables that are not past due or impaired in assessing the credit risk. Further, the Group holds collateral against loans and other receivables in the form of personal guaranty, chattel mortgage and other forms of security. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are generally updated annually.

To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Group also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the key economic value factors, which includes gross domestic product, inflation and consumer price index, affecting credit risk and ECL for the loan portfolio.

On that basis, the loss allowance as of December 31, 2025 was determined based on months past due, for trade and other receivables (except advances to suppliers and employees, interest receivables and cash surrender value of investment in life insurance) are presented below.

<i>(Amounts in PHP)</i>	Not more than 60 days	More than 60 days but not more than 90 days	More than 90 days but not more than 120 days	More than 120 days	Total
December 31, 2025					
Expected loss rate	0.26%	13.49%	15.63%	85.71%	
Gross carrying amount	480,347,029	16,117,806	36,268,580	117,205,317	649,938,732
Loss allowance	1,233,619	2,174,292	5,668,779	100,456,677	109,533,367

(c) *Advances to Related Parties*

For intercompany receivables that are repayable on demand, the ECL is based on the assumption that repayment of the receivables is demanded at the reporting date. The management determines the probability of collection upon demand. If a related party is unable to make repayment, the management considers the manner of recovery (i.e., sustained operations, availability of liquid and illiquid asset, etc.) to measure the ECL.

(d) *Refundable and Other Deposits*

With respect to refundable and other deposits, management assessed that these financial assets have a low probability of default since these relate to reputable power and water distribution companies (i.e., with high quality external credit rating). Moreover, the Group has operating lease contracts as lessee with the counterparty lessors, wherein the Group can refund by the end of the term or can apply to future lease payments in case of defaults.

(e) *Investment in Bonds*

Investment in bonds measured at amortized cost are considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers “low credit risk” for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

No impairment loss on investment in bonds has been recognized in 2026 and 2025 since the bonds are in good credit standing as of March 31, 2026 and December 31, 2025.

(f) *Cash Bond*

With respect to cash bond, management assessed that this financial asset has low probability of default since this relates to refundable deposits made by the Group for its application for conversion of land.

28.3 Liquidity Risk

Liquidity risk is the risk that cash may not be available to meet operating requirements and to pay obligations when due at a reasonable cost. Prudent liquidity risk management requires maintaining sufficient cash and credit facilities at reasonable cost to satisfy current requirements whenever the need arises. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly. The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group further mitigates liquidity risk by requiring tenants to issue post-dated checks (PDCs) covering rental payments in advance in accordance with the lease terms. This arrangement enhances the predictability of cash inflows and supports the Group's ability to meet operating expenditures and scheduled debt service obligations on a timely basis.

As of March 31, 2026 and December 31, 2025, the Group's financial liabilities [except for lease liabilities (see Note 10.2)] have contractual maturities, which are presented below.

	Current		Non-current
	Within 6 months	6 to 12 Months	1 to 5 Years and More
<i>(Amounts in PHP)</i>			
2026			
Trade and other payables	415,445,927		
Refundable deposits			23,014,249
Interest-bearing loans	48,587,275	53,992,870	1,078,192,634
	<u>464,033,202</u>	<u>53,992,870</u>	<u>1,101,206,883</u>
2025			
Trade and other payables	413,957,984	-	-
Refundable deposits	-	-	23,014,249
Interest-bearing loans	48,601,509	48,100,938	1,108,294,909
	<u>462,559,493</u>	<u>48,100,938</u>	<u>1,131,309,158</u>

The contractual maturities reflect the gross cash flows, which may differ with the carrying values of the financial liabilities at the end of the reporting period.

28.4 Operational Risk

The Group's exposure to significant operational risk relates to SMFI's secondary license to operate as a financing company under R.A. No. 8556 (see Note 1.2). Also, SMFI is under the regulation of the Commission. Management is aware that the Group will always have operational risk but seeks to minimize the probability and impact of such in its operations and consolidated financial statements.

The Group manages this risk through applicable controls, process and procedures, including effective organization structure. Internal controls ensure compliance with laws and regulations, including R.A. No. 8556 and SEC regulations, and the overall protection of SMFI's resources.

SMFI, as a financing company, is subject to, but not limited to, the following regulatory requirements under the implementing rules and regulations of the provisions of R.A. No. 8556:

- (a) Total investment in real estate and in shares of stock in a real estate development corporation shall not exceed 25% of its net worth;
- (b) More than 50% of the funds are invested in financing company activities;
- (c) Total credit extended to its directors, officers, and stockholders shall not exceed 15% of its net worth; and,
- (d) Total credit extended to any person, company, corporation or firm shall not exceed 30% of its net worth.

As of March 31, 2026 and December 31, 2025, the Group is compliant with the foregoing requirements.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

29.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

(Amounts in PHP)	Notes	2026		2025	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial assets					
At amortized cost:					
Cash and cash equivalents	5.1	2,453,675,290	2,453,675,290	2,576,872,713	2,576,872,713
Short-term placements	5.2	635,940,070	635,940,070	622,972,639	622,972,639
Trade and other receivables – net	6	1,023,159,317	1,023,159,317	1,025,356,015	1,025,356,015
Investment in bonds	7.2	20,000,000	20,000,000	20,000,000	19,930,804
Refundable deposits	13	40,244,514	40,244,514	39,550,773	39,550,773
Advances to related parties	25.4	2,661,937	2,661,937	2,423,879	2,423,879
Cash bond	13	15,635,346	15,635,346	15,635,346	15,635,346
		<u>4,191,316,474</u>	<u>4,191,316,474</u>	<u>4,302,811,365</u>	<u>4,302,742,169</u>
Financial assets at FVOCI	7.1	<u>94,000,000</u>	<u>94,000,000</u>	<u>94,000,000</u>	<u>94,000,000</u>
		<u>4,285,316,474</u>	<u>4,285,316,474</u>	<u>4,396,811,365</u>	<u>4,396,742,169</u>
Financial liabilities					
At amortized cost					
Interest-bearing loans	14	865,156,250	865,156,250	875,000,000	817,425,000
Trade and other payables	15	415,445,927	415,445,927	413,957,984	413,957,984
Refundable deposits	16	23,014,249	23,014,249	23,014,249	23,014,249
Lease liabilities	10.2	2,661,241	2,661,241	3,898,978	3,898,978
		<u>1,306,277,667</u>	<u>1,306,277,667</u>	<u>1,315,871,211</u>	<u>1,258,296,211</u>

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 28.

29.2 Offsetting of Financial Instruments

The Group has not set off financial instruments as of December 31, 2025 and 2024 and it does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) may have the option to settle all such amounts on a net basis in the event of default of the other party through approval by the respective BODs and stockholders of both parties.

The financial assets presented as part of Advances to Related Parties can be offset by the amount of outstanding Advances from Related Parties, if any, in the consolidated statements of financial position (see Note 25.2).

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, certain agreements between the Group and counterparties allows for net settlement of the relevant financial assets and financial liabilities when both parties elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however,

each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

30. FAIR VALUE MEASUREMENTS AND DISCLOSURES

30.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities, and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the financial asset or financial liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

30.2 Financial Instruments Measured at Fair Value

The Group's financial assets at FVOCI include proprietary golf club shares which are categorized within Level 2 as their prices are not derived from an active market due to lack of trading activities among market participants at the end or close to the end of the reporting period. As of March 31, 2026 and December 31, 2025, the Group's financial assets at FVOCI measured at fair value amounted to P94.0 million, respectively (see Note 7.1).

The Group has no financial liabilities measured at fair value as of March 31, 2026 and December 31, 2025. Also, there were neither transfers between Levels 1 and 3 nor changes in the carrying amount of Level 2 instruments in both years.

30.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The tables below summarize the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed.

<i>(Amounts in PHP)</i>	<i>Notes</i>	<i>Level 1</i>	<i>Level 3</i>	<i>Total</i>
2026				
Financial Assets				
<i>At amortized cost:</i>				
Cash and cash equivalents	5.1	2,453,675,290	-	2,453,675,290
Short-term placements	5.2	635,940,070	-	635,940,070
Trade and other receivables – net	6	-	1,023,159,317	1,023,159,317
Investment in bonds	7.2	20,000,000	-	20,000,000
Refundable deposits	13	-	40,244,514	40,244,514
Advances to related parties	25.4	-	2,661,937	2,661,937
Cash bond	13	-	15,635,346	15,635,346
		3,109,615,360	1,081,701,114	4,191,316,474
Financial Liabilities				
<i>At amortized cost:</i>				
Interest-bearing loans	14	-	865,156,250	865,156,250
Trade and other payables	15	-	415,445,927	415,445,927
Refundable deposits	16	-	23,014,249	23,014,249
Lease liabilities	10.2	-	2,661,241	2,661,241
		-	1,306,277,667	1,306,277,667
2025				
Financial Assets				
<i>At amortized cost:</i>				
Cash and cash equivalents	5.1	2,576,872,713	-	2,576,872,713
Short-term placements	5.2	622,972,639	-	622,972,639
Trade and other receivables – net	6	-	1,025,356,015	1,025,356,015
Investment in bonds	7.2	19,930,804	-	19,930,804
Refundable deposits	13	-	39,550,773	39,550,773
Advances to related parties	25.4	-	2,423,879	2,423,879
Cash bond	13	-	15,635,346	15,635,346
		3,219,776,156	1,082,966,013	4,302,742,169
Financial Liabilities				
<i>At amortized cost:</i>				
Interest-bearing loans	14	-	817,425,000	817,425,000
Trade and other payables	15	-	413,957,984	413,957,984
Refundable deposits	16	-	23,014,249	23,014,249
Lease liabilities	10.2	-	3,898,978	3,898,978
		-	1,258,296,211	1,258,296,211

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. Further, management considers that the carrying amounts of these

financial instruments approximate their fair values as the effect of discounting is insignificant.

30.4 Fair Value Measurements of Non-financial Assets

The fair value of the Group's investment properties is determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraisers in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair value of these non-financial assets was determined based on the following approaches (see Note 12):

(a) Fair Value Measurement for Land and Improvements

The Level 2 fair value of land and improvements amounted to P5,905.2 million as of December 31, 2025 and was derived through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

(b) Fair Value Measurement for Building and Building Improvements

The Level 3 fair value of the buildings and improvements amounted to P2,408.2 million as of December 31, 2025, respectively, and was derived through appraisals by independent valuation specialists using cost approach that reflects the current replacement cost in accordance with the prevailing market prices for materials, equipment, labor, contractor's overhead, profit, fees and all other construction costs of the properties. As the value of the properties is not readily observable as to the current market information, the independent appraiser adjusted the valuation based on the useful life and depreciation over time, accounting for wear and tear.

Significant unobservable inputs for these Level 3 measurements include replacement and construction costs, depreciation and obsolescence factors, and assumptions relating to remaining useful lives. Changes in these inputs would result in a corresponding increase or decrease in the fair values of the properties.

(c) Fair Value Measurement for Construction in Progress

The Level 3 fair value of the construction in progress amounted to P70.7 million as of December 31, 2025. These fair values were determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's

profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees.

These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

The discount rates and terminal capitalization rates used in the valuation were determined with reference to published risk free rates and relevant risk premium rates at the date of valuation.

There has been no change to the valuation techniques used by the Group during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2025.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and total liabilities, excluding amounts advanced from related parties. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position. The Group's goal in capital management is to maintain a debt-to-equity structure ratio of not higher than 1:1 on a monthly basis.

The computation of the Group's debt-to-equity ratio is presented below.

<i>(Amounts in PHP)</i>	<u>2026</u>	<u>2025</u>
Total liabilities	2,651,204,087	2,673,337,140
Total equity	<u>13,151,265,136</u>	<u>13,014,821,971</u>
	<u>0.20 : 1.00</u>	<u>0.21 : 1.00</u>

As of March 31, 2026 and December 31, 2025, the Group is not subject to any externally imposed capital requirements, except for SMFI. Under Section 6 of R.A. No. 8556, SMFI is subject to an externally imposed capital requirement of a minimum of P10.0 million paid-up capital. SMFI is in compliance with the minimum paid-up capital requirement as of March 31, 2026 and December 31, 2025.

Solid Group Inc. and Subsidiaries
Schedule of Financial Soundness Indicators

RATIO		FORMULA		Unaudited for the period ended March 31, 2026		Audited as of December 31, 2025	
Current ratio		Current Assets		4,877,408,226	8.82	4,970,818,241	8.73
		Current Liabilities		553,115,482		569,139,144	
Acid Test ratio		Quick Assets (Cash & Cash Equivalents + Short term Placements + Trade Receivables)		3,654,113,069	6.61	3,773,355,957	6.63
		Current Liabilities		553,115,482		569,139,144	
Solvency ratio		Total Liabilities		2,651,204,087	0.17	2,673,337,140	0.17
		Total Assets		15,802,469,222		15,688,159,111	
Debt to Equity ratio		Total Liabilities (excluding advances from related parties)		2,651,204,087	0.20	2,673,337,140	0.21
		Total Equity		13,151,265,136		13,014,821,971	
Gearing ratio		Financial Debt		865,156,250	0.07	875,000,000	0.07
		Total Equity		13,151,265,136		13,014,821,971	
Asset to Equity ratio		Total Assets		15,802,469,222	1.20	15,688,159,111	1.21
		Total Equity		13,151,265,136		13,014,821,971	
RATIO		FORMULA		Unaudited for the period ended March 31, 2026		Unaudited for the period ended March 31, 2025	
Interest Coverage ratio		EBIT (Earnings before interest and tax)		162,686,517	13.31	144,311,469	10.19
		Interest Expense		12,220,008		14,164,104	
Operating Margin		Operating Profit (Loss)		131,987,431	16.89%	110,991,655	16.75%
		Total Revenues		781,467,952		662,638,960	
Net Profit Margin		Net Profit (Loss) after Tax		113,379,424	14.51%	104,778,522	15.81%
		Total Revenues		781,467,952		662,638,960	
Return on Total Assets		Net Profit (Loss) after Tax (annualized)		453,517,696	2.88%	419,114,088	2.70%
		Average Total Assets		15,745,314,167		15,526,699,518	
Return on Equity		Net Profit (Loss) after Tax (annualized)		453,517,696	3.45%	419,114,088	3.26%
		Total Equity		13,151,265,136		12,864,212,497	

SOLID GROUP INC. & SUBSIDIARIES
AGING OF TRADE AND OTHER RECEIVABLES
MARCH 31, 2026

	<u>Current</u>	<u>1-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91 days & over</u>	<u>TOTAL</u>
TRADE RECEIVABLES	106,041,203	75,185,750	26,114,303	22,138,101	89,245,997	318,725,354
LOANS RECEIVABLES	78,040,661	-	-	-	468,804	78,509,465
DEPOSIT TO SUPPLIERS	3,337,553	6,698,286	999,951	501,721	20,741,119	32,278,630
RECEIVABLE FROM OFFICERS AND EMPLOYEES	1,585,221	659,202	500,749	898,558	1,851,894	5,495,624
RENTAL RECEIVABLES	209,233,749	5,799,372	2,225,330	85,941	518,145	217,862,537
INTEREST RECEIVABLES	3,919,964	-	-	-	-	3,919,964
OTHER RECEIVABLES	3,030,719	4,885,161	574,355	1,560,023	8,869,845	18,920,103
TOTAL	405,189,070	93,227,771	30,414,688	25,184,344	121,695,804	675,711,677
ALLOWANCE FOR IMPAIRMENT						(111,213,968)
TRADE AND OTHER RECEIVABLES, NET						564,497,709