



A BROWN COMPANY, INC.

(a company incorporated under the laws of the Republic of the Philippines)

**Shelf Registration in the Philippines of
Fixed Rate Bonds in the aggregate principal amount of
₱12,000,000,000.00**

**To be offered within a period of five (5) years
at an Issue Price of 100% of Face Value**

**To be listed and traded on the
Philippine Dealing & Exchange Corp.**

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

This Prospectus is dated June 18, 2026

A BROWN COMPANY, INC.
Xavier Estates Masterson Avenue
Upper Balulang, Cagayan de Oro City, 9000
Telephone number (02) 8631 8890 / (02) 8633-3135 / (08) 8323-3425
<https://www.abrown.ph>

This Prospectus (the “**Prospectus**” and, as the context may require, the term includes the relevant Offer Supplement) relates to the shelf registration and offer and sale in the Philippines within the Shelf Period, as defined below (each an “**Offer**”), of Philippine Peso-denominated fixed rate bonds with an aggregate principal amount of Twelve Billion Pesos (₱12,000,000,000.00) (the “**Bonds**”) by A Brown Company, Inc. (“**ABCI**”, the “**Company**” or the “**Issuer**”), a corporation duly organized and existing under the laws of the Philippines. The Bonds will be issued at face value (the “**Issue Price**”) and listed and traded through the Philippine Dealing & Exchange Corp. (“**PDEX**”).

The Bonds shall be offered and sold in tranches within a period of five (5) years from the effective date of the Registration Statement, subject to applicable regulations (the “**Shelf Period**”). The offer and sale of the Bonds, including the terms and conditions for each tranche, shall be at the sole discretion of the Company. The specific terms of the Bonds for each tranche will be determined by the Company considering its requirements and the prevailing market conditions and shall be provided in a supplement to be circulated at the time of the offer of the relevant tranche (the “**Offer Supplement**”).

For each Offer of the Bonds, the Issuer shall distribute an Offer Supplement containing the terms of the Offer and the Bonds to be issued in respect of such Offer, along with this Prospectus (as the same may be updated at the time of the relevant Offer). The relevant Offer Supplement will contain the final terms for an Offer of the Bonds and must be read in conjunction with this Prospectus and other Bond Agreements (as defined in the relevant Offer Supplement). Full information on the Issuer and such offer of the Bonds is only available through this Prospectus, the relevant Offer Supplement, and the other Bond Agreements. All information contained in this Prospectus is deemed incorporated by reference in an Offer Supplement. In the event of any inconsistency between this Prospectus and the Offer Supplement, the more recent and more specific information provided between the two shall prevail. The Bonds will be issued in one or more series for each tranche of the Offer.

The use of proceeds for each tranche of the Bonds will be set out in the relevant Offer Supplement.

The Bonds are being offered for subscription solely in the Philippines.

The initial tranche of the Bonds shall consist of Three Billion Pesos (₱3,000,000,000.00) fixed rate bonds with an oversubscription option of up to Two Billion (₱2,000,000,000.00) fixed rate bonds (the “**Initial Tranche**”). Please refer to the Offer Supplement dated June 18, 2026.

On April 28, 2026, the Board of Directors of the Company (the “**Board of Directors**”) authorized the sale and offer of the Bonds under such terms and conditions as the management of ABCI may deem advantageous to it. On May 8, 2026 the Company filed an application with the Securities and Exchange Commission (“**SEC**”) to register the Bonds under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) (“**SRC**”). The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the initial tranche of the Bonds. Any subsequent offering under the relevant rules requires the issuance of a permit to offer the relevant Bonds, which permit shall be issued provided that the Issuer is able to comply with all the requirements under the SRC and the implementing rules and regulations of the SRC and of the SEC, and the submission by the Company of relevant updates and amendments to the Registration Statement. As a listed company, ABCI regularly disseminates such updates and information in its disclosures to the SEC and The Philippine Stock Exchange, Inc. (“**PSE**”). After the Company’s securities are listed on the PDEX, it shall likewise make the same disclosures to PDEX.

The Company will apply for the listing of the Bonds in the PDEX. However, there is no assurance that such a listing will be achieved either before or after the relevant issue date of the Bonds being offered at a particular time or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing will be subject to the Company’s execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings, and payments on an ongoing basis.

It is expected that the Bonds will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. (“**PDTC**”), which will be appointed as the registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Registry of Bondholders.

The Issuer will likewise appoint, in respect of each tranche of the Bonds, a financial institution having the necessary license who will discharge the obligations of a Trustee under the Trust Agreement to be executed between the Issuer and such Trustee.

The Bonds will be offered to the public through underwriters that may be engaged by the Company for each tranche of the Bonds (the “**Underwriters**”). The Underwriters may appoint other underwriters (such as sub-underwriters) and selling agents to assist in the sale and distribution of the Bonds to the public.

The Company reserves the right to withdraw any offer and sale of the Bonds at any time prior to the execution of the Underwriting Agreement and before the commencement of the Offer Period, and the Underwriters reserve the right to reject any application to purchase the Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Bonds sought by such purchaser. If an offer of the Bonds is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PDEX. The Underwriters, any participating underwriter, co-manager, and selling agent for any offer of the Bonds may acquire for their own account a portion of the Bonds.

The Bonds will be registered and offered exclusively in the Philippines. The distribution of this Prospectus, the relevant Offer Supplement, and the offer and sale of the Bonds may, in certain jurisdictions, be restricted by law. This Prospectus and the relevant Offer Supplement does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction. The Company and the Underwriters require persons into whose possession this Prospectus or the relevant Offer Supplement comes to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally, and to observe all such restrictions. Each investor in the Bonds must comply with all laws applicable to it and must obtain the necessary consent, approvals or permission for its purchase or subsequent offer and sale of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject. None of the Company, the Underwriters, any participating underwriter, co-manager, and selling agent will have any responsibility therefor.

The price of securities, such as the Bonds, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Bonds described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several risk factors relating to the Company's business and operations, risks relating to the Philippines, and risks relating to the Bonds, as set out in the section “*Risk Factors*” found on page 25 of this Prospectus, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities.

Unless otherwise stated, the information contained in this Prospectus and the relevant Offer Supplement has been supplied by the Company. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Prospectus and the relevant Offer Supplement is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus and the relevant Offer Supplement misleading in any material respect.

The Underwriters have exercised the required due diligence in ascertaining that all material representations contained in this Prospectus and the relevant Offer Supplement, and any amendment or supplement thereto, are true and correct and that no material information was omitted, which was

necessary in order to make the statements contained in said documents not misleading in any material respect.

Subject to the obligation of the Underwriters under applicable laws and regulations to conduct due diligence on the Issuer, no representation or warranty, express or implied, is made or given, or is to be made or to be given, by the Underwriters, the Trustee or the Registrar and Paying Agent or their respective affiliates or legal advisers as to the accuracy, completeness or sufficiency of the information contained in this Prospectus and the relevant Offer Supplement, and nothing contained in this Prospectus and the relevant Offer Supplement is, or shall be relied upon as, a promise, representation or warranty by the Underwriters, the Trustee, the Registrar and Paying Agent or their respective affiliates or legal advisers.

Market data and certain industry forecasts used throughout this Prospectus and, as applicable, the relevant Offer Supplement, were obtained from internal surveys, market research, publicly available information, and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts, and market research, while believed to be reliable, have not been independently verified. The Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in this Prospectus and the relevant Offer Supplement in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

This Prospectus and the relevant Offer Supplement is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Underwriters, the Trustee, the Registrar and Paying Agent or their respective affiliates or legal advisers that any recipient of this Prospectus or the relevant Offer Supplement should purchase the Bonds. Each person contemplating an investment in the Bonds should make his own investigation and analysis of the creditworthiness of ABCI and his own determination of the suitability of any such investment.

No dealer, salesman or any other person or group of persons has been authorized by the Company and the Underwriters to give any information or to make any representation concerning the Bonds other than as contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or any of the Underwriters.

Unless otherwise indicated, all information in the Prospectus and the relevant Offer Supplement is as of the date hereof. Neither the delivery of this Prospectus or the relevant Offer Supplement nor any sale made pursuant to this Prospectus and the relevant Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Any reproduction or distribution of this Prospectus and the relevant Offer Supplement, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer is prohibited.

The Company owns land as identified in the section on "*Description of Property*" on page 87. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. For further discussion, please refer to section on "*Regulations*" on page 140.

PRESENTATION OF FINANCIAL INFORMATION

The Company's financial statements are reported in Philippine Pesos and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") Accounting Standards issued by the Financial Reporting Standards Council of the Philippines.

The financial information included in this Prospectus has been derived from the Company's financial statements. Unless otherwise indicated, financial information relating to the Company in this Prospectus is stated in accordance with PFRS Accounting Standards.

Figures in this Prospectus and the relevant Offer Supplement have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

The Company's fiscal year begins on January 1 and ends on December 31 of each year. SyCip Gorres Velayo & Co ("**SGV**") has audited the Issuer's financial statements as of and for the years ended December 31, 2023, 2024 and 2025 in accordance with Philippine Standards on Auditing ("**PSA**").

For more information, please refer to its audited financial statements as of and for the years ended December 31, 2023, 2024 and 2025 as included in this Prospectus.

This Prospectus includes presentation of certain financial measures such as EBITDA. EBITDA is not a measure of performance under PFRS Accounting Standards, and investors should not consider EBIT or EBITDA in isolation or as alternatives to net income as an indicator of the Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS Accounting Standards. Because there are various EBITDA calculation methods, the Company's presentation of this measure may not be comparable to similarly titled measures used by other companies.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

A BROWN COMPANY, INC.

By:



PAUL FRANCIS B. JUAT
President

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) SS.

SUBSCRIBED AND SWORN to before me this JUN 18 2026 in MAKATI CITY,
affiant exhibiting to me his PASSPORT NO. P0991991B expiring on 10 MARCH 2029 as
competent evidence of identity.

Doc No.: 390 ;
Page No.: 79 ;
Book No.: VI ;
Series of 2026.



VIVIEN ROSE C. DE GUZMAN
Appointment No. M-318
Notary Public for Makati City
Until December 31, 2026
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MCLE No. VIII-0026215/April 7, 2025

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS.....	8
DEFINITION OF TERMS	10
EXECUTIVE SUMMARY	16
TERMS OF THE OFFER	19
DESCRIPTION OF THE OFFER BONDS.....	20
RISK FACTORS	25
DETERMINATION OF OFFER PRICE.....	46
CAPITALIZATION	47
USE OF PROCEEDS.....	48
PLAN OF DISTRIBUTION	49
THE COMPANY	51
DESCRIPTION OF PROPERTY	87
MANAGEMENT.....	88
OWNERSHIP AND CAPITALIZATION.....	100
MARKET PRICE OF AND DIVIDENDS ON THE EQUITY AND RELATED SHAREHOLDER MATTERS	105
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	109
LEGAL PROCEEDINGS	110
SELECTED FINANCIAL INFORMATION AND OTHER DATA	111
MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION.....	115
INDEPENDENT AUDITORS.....	137
LEGAL MATTERS	139
REGULATIONS.....	140
PHILIPPINE TAXATION.....	181
APPENDIX	186

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors which may cause actual results, performance or achievements of ABCI to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

The words “believe”, “expect”, “anticipate”, “estimate”, “project”, “may”, “plan”, “intend”, “will”, “shall”, “should”, “would” and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Issuer are the opinions, beliefs and intentions of the management of ABCI as to such matters at the date of this Prospectus, although the Issuer can give no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section “*Risk Factors*” and elsewhere, important factors that could cause actual results to differ materially from the expectation of the Issuer. All subsequent written and oral forward-looking statements attributable to either the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by cautionary statements. Such forward-looking statements are based on assumptions regarding the present and future business strategies and the environment in which ABCI will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the ability of ABCI to successfully implement its strategies;
- the ability of ABCI to anticipate and respond to consumer trends;
- changes in availability of raw materials used in the production processes of ABCI and its subsidiaries (the “**ABCI Group**”);
- the ability of the ABCI Group to successfully manage its growth;
- the condition and changes in the Philippines, Asian or global economies;
- any future political instability in the Philippines, Asia or other regions;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. Dollar and other currencies;
- changes in government regulations, including tax laws, or licensing requirements in the Philippines; and
- competition in the power and utilities, real estate and agribusiness industries in the Philippines.

Additional factors that could cause actual results, performance or achievements of ABCI to differ materially include, but are not limited to, those disclosed under “*Risk Factors*” and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. ABCI and the Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations of ABCI with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In light of these risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events

and circumstances discussed in this Prospectus might not occur in the way ABCI expects, or at all. ABCI's actual results could differ substantially from those anticipated in ABCI forward-looking statements. Investors should not place undue reliance on any forward-looking information.

DEFINITION OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below.

ABCEI	:	ABC Energy, Inc. (formerly Palm Thermal Consolidated Holdings Corp.)
ABERDI	:	A Brown Energy and Resources Development, Inc.
ABWCI	:	AB Bulk Water Company, Inc.
Accudata	:	Accudata Analytical Labs Corporation
Applicable Interest Rate	:	Shall have the meaning ascribed to it in the relevant Offer Supplement
Applicable Law	:	Any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority
Application to Purchase	:	The application form accomplished and submitted by an Applicant for the purchase of a specified amount of the Bonds, together with all the other requirements set forth in such application form.
ASELCO	:	Agusan del Sur Electric Cooperative Inc.
ATWC	:	Alternergy Tanay Wind Corporation
AWPC	:	Alabat Wind Power Corporation
BAC	:	Bonsai Agri Corporation
BIR	:	Bureau of Internal Revenue of the Philippines
BCL	:	Blaze Capital Limited
Board of Directors or Board	:	Board of Directors of ABCI
BOI	:	Board of Investments
BOMT	:	Build-Operate-Maintain and Transfer
Bond Agreements	:	Collectively, the Underwriting Agreement, the Trust Agreement and the Registry and Paying Agency Agreement
BOT	:	Build-Operate and Transfer
Bonds	:	Fixed rate bonds with an aggregate principal amount of Twelve Billion Pesos (₱12,000,000,000.00) to be issued by the Company during the Shelf Period.
BSP	:	Bangko Sentral ng Pilipinas
BUSECO	:	Bukidnon Second Electric Cooperative Inc.
BVI	:	British Virgin Island

Clean Air Act	:	The Philippine Clean Air Act of 1999
Clean Water Act	:	The Philippine Clean Water Act of 2004
CMEPA	:	Capital Markets Efficiency Promotion Act
COC	:	Certificate of Compliance
Company, Issuer or ABCI	:	A Brown Company, Inc.
COWD	:	Cagayan de Oro Water District
CPO	:	Crude Palm Oil
CPR	:	Certificate of Product Registration issued by the FDA
CREATE	:	Corporate Recovery and Tax Incentives for Enterprises Act
DA	:	Department of Agriculture of the Philippines
DAR	:	Department of Agrarian Reform of the Philippines
DENR	:	Department of Environment and Natural Resources of the Philippines
DHSUD	:	Department of Human Settlements and Urban Development of the Philippines
DOE	:	Department of Energy of the Philippines
DOLE	:	Department of Labor and Employment of the Philippines
DOH	:	Department of Health of the Philippines, including the FDA
DTI	:	Department of Trade and Industry of the Philippines
E-Beam	:	Electron Beam
EBITDA	:	Earnings before interest, taxes, depreciation and amortizations computed as the sum of Income before income tax, Depreciation, and Interest expense.
ECC	:	Environmental Compliance Certificate
EIS	:	Environmental Impact Statement
Eligible Investors	:	Philippine and non-Philippine citizens residing in the Philippines or corporations or judicial entities organized and existing under Philippine law.
EMB	:	Environmental Management Bureau
EMF	:	Environmental Monitoring Fund
EMP	:	Environmental Management Plan

EOPT	:	Ease of Paying Taxes Act
EPIRA	:	Electric Power Industry Reform Act of 2001
EPNS	:	Energy Projects of National Significance
ERC	:	Energy Regulatory Commission of the Philippines
ESS	:	Energy Storage System
EWRP	:	East-West Rail Project
EWRTC	:	East West Rail Transit Corporation
FDA	:	The Food and Drug Administration of the Philippines
FDDC Act	:	The Philippine Foods, Drugs and Devices, and Cosmetics Act, as amended by the Food and Drug Administration Act of 2009
FFB	:	Fresh fruit bunches
FPP		Floating Power Plant
Government	:	the Government of the Republic of the Philippines
Grid Code	:	The Philippine Grid Code
Group	:	At any time, the Company and its subsidiaries at such time.
HLPC	:	Hydro Link Projects Corp.
HUDCC	:	Housing and Urban Development Coordinating Council of the Philippines
Initial Tranche	:	The initial tranche of the Bonds consisting of ₱3,000,000,000.00 fixed rate bonds with an oversubscription option of up to ₱2,000,000,000.00 fixed rate bonds.
IPP	:	Independent Power Producer
IPPA	:	Independent Power Producer Administrator
IRR	:	Implementing Rules and Regulations
ISI	:	Irradiation Solutions, Inc.
Joint Lead Underwriters and Joint Bookrunners		PNB Capital and Investment Corporation and Land Bank of the Philippines
LGU	:	Local Government Unit
LTO	:	License to Operate
MCPI	:	Masinloc Consolidated Power, Inc.
MLD	:	Million liters per day

MFPC	:	Manolo Fortich Power Corporation
MW	:	Mega-watt
MWh	:	Mega-watt hour
NC	:	Nakeen Corporation
NCR	:	National Capital Region of the Philippines
NEA	:	National Electrification Administration
NEDA	:	National Economic Development Authority of the Philippines
NGCP	:	National Grid Corporation of the Philippines
NPC	:	National Power Corporation of the Philippines
NRC	:	Northmin Renewables Corp.
NTP	:	Notice to Proceed
Offer Bonds	:	Shall have the meaning ascribed to it in the relevant Offer Supplement
OCSP	:	Open and Competitive Selection Process
Offer Supplement	:	The document which sets out the terms and conditions for each tranche of the Bonds
PBI	:	Peakpower Bukidnon Inc.
PCC	:	Philippine Competition Commission of the Philippines
PCPC	:	Palm Concepcion Power Corporation
PDTC	:	The Philippine Depository & Trust Corp.
PDEx	:	The Philippine Dealing & Exchange Corp.
PEI	:	Peakpower Energy, Inc.
Peso or ₱ or PHP	:	Philippine Peso, the lawful currency of the Republic of the Philippines
PFF Act	:	Philippine Food Fortification Act of 2000
PFRS Accounting Standards	:	Philippine Financial Reporting Standards Accounting Standards
Philippines	:	Republic of the Philippines
PIFITA	:	Passive Income and Financial Intermediary Taxation Act
PNR	:	Philippine National Railways

PPTA	:	Power Purchase and Transfer Agreement
PRC	:	Product Recall Committee
Price Act	:	Republic Act No. 7851, otherwise known as the Price Act
PRO	:	Product Recall Order
Prospectus	:	The prospectus dated June 18, 2026 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Bonds within the Shelf Period. As the context may require, the term includes the Offer Supplement.
PSA	:	Philippines Standards on Auditing
PSALM	:	Power Sector Assets and Liabilities Management Corporation
PSE	:	The Philippine Stock Exchange, Inc.
PSFI	:	Peakpower San Francisco, Inc.
PSI	:	Peakpower SOCCSARGEN, Inc.
RBD	:	Refined, Bleached and Deodorized
RCOA	:	Retail Competition and Open Access
Registration Statement	:	The registration statement filed with the SEC in connection with the offer and sale to the public of the Bonds
RESCs	:	Renewable Energy Service Contracts
RES License	:	Retail Electricity Supplier License
Revised Corporation Code	:	Republic Act No. 11032, otherwise known as the Revised Corporation Code of the Philippines
Revised Omnibus Guidelines	:	DOE Department Circular No. DC2024-06-0018 entitled “Revised Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers”
Sanitation Code	:	Code on Sanitation of the Philippines
SEC	:	Securities and Exchange Commission of the Philippines
SGAC	:	Surigao Greens Agri Corp.
SHDI	:	Simple Homes Development, Inc.
Shelf Period	:	A period of five (5) years from the date of effectivity of the Registration Statement for the Bonds, during which the Bonds may be offered and sold to the public
Shelf Registration	:	The shelf registration of the Bonds in accordance with the provisions of the SRC

SOCOTECO II	:	South Cotabato II Electric Cooperative Inc.
SRC	:	Republic Act No. 8799 or the Securities Regulation Code of the Philippines, as amended from time to time, and including the rules and regulations issued thereunder
SSS	:	Social Security System of the Philippines
S&P	:	Standard & Poor Ratings Group
Tax Code	:	The Philippine National Internal Revenue Code of 1997, as amended
TPA	:	Third-Party Access
TRAIN	:	Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion
Transition Development Plan	:	The program for managing the transmission system through efficient planning for the expansion, upgrading, rehabilitation, repair and maintenance, to be formulated by DOE and implemented by the TRANSCO pursuant to the EPIRA
Underwriters	:	Underwriters that may be engaged by the Company for each tranche of the Offer
Underwriting Agreement	:	The Underwriting Agreement that the Company will enter into with Underwriters for each tranche of the Offer, and its annexes and attachments, as may be modified, supplemented or amended from time to time.
VAT	:	Value-added tax
VEC	:	Vires Energy Corporation
WESM	:	Philippine Wholesale Electricity Spot Market

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and audited financial statements, including notes thereto, found in the appendices of this Prospectus.

Prospective investors should read this entire Prospectus fully and carefully, including the section on “Risk Factors”. In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.

Brief Background on the Company

A Brown Company, Inc. was incorporated and registered with the Securities and Exchange Commission (SEC) on December 21, 1966. The Company is primarily engaged in real estate development, which accounts for 84.67% of its total revenues in 2025. ABCI's real estate projects are located in Cagayan de Oro City and Initao in Misamis Oriental, Bukidnon, Butuan City in Agusan del Norte, and Tanay, Rizal.

Real estate is the core businesses of ABCI. Its flagship development is Xavier Estates in Cagayan de Oro City, a master-planned residential township. The Company's real estate projects are generally developed as mixed-use, nature-oriented, integrated, and master-planned communities. In recent years, the Company has expanded its real estate projects to cover economic and socialized housing developments to serve a broad market segment.

The Company's shares of stock are listed and are currently traded on the Main Board of the Philippine Stock Exchange (“PSE”) under the ticker symbol “BRN”.

In addition to real estate, the company has diversified business interests in agribusiness and public utilities, and strategic investments in the power generation sector. These businesses provide complementary revenue streams and support the Company's long-term growth and income stability.

Strengths and Strategies

Strengths

The principal strengths of ABCI include the following:

- Established real estate player with a solid track record and captured niche market in Mindanao for high-end customers
- Large Landbank in Marketable Locations
- Diversified interests across stable growth and high impact industries contributing steady stream of dividends
- Positioned to benefit from healthy recovery outlook on the Philippines real estate industry
- Stable financial performance and resilient profitability track record
- Visionary leadership with extensive experience in real estate, energy, and project development

For a full discussion on the Company's competitive strengths, see page 59 of this Prospectus.

Strategies of ABCI

The principal strategies of ABCI include the following:

- Target the full spectrum of the real estate market from high end to economic and socialized housing segments
- Maintain focus on healthy, environment-friendly and low-density community concepts
- Continue land banking to support pipeline projects
- Increase the sales network by additional accreditation of partner realties.
- Expand its power generation portfolio through development of greenfield power projects.

- Further diversification in strategic and high impact industries

For a full discussion on the Company's strategies, see page 61 of this Prospectus.

Risks of Investing

Prospective investors should also consider the following risks of investing in the Bonds:

- Macroeconomic risks, including the current and immediate political and economic factors in the Philippines and the experience of the country with natural catastrophes, as a principal risk for investing in general;
- Risks relating to ABCI, its subsidiaries and their business and operations; and
- The absence of a liquid secondary market and volatility of the Bonds and other risks relating to the Offer.

For a more detailed discussion, see "Risk Factors" on page 25.

Use of Proceeds

The intended use of proceeds for each offer of the Bonds being offered shall be set out in the relevant Offer Supplement under "Use of Proceeds".

Offer Supplement

For each tranche of the Offer, the Company shall distribute a supplement (the "Offer Supplement") which shall be disclosed to the public through the filing with the SEC and the PDEx, and made available for download from the website of ABCI, specifically in <https://www.abrown.ph>

The Company will provide a copy of the Prospectus together with the Offer Supplement for each tranche.

The Offer Supplement shall contain the following information:

- (a) description of each Offer, timetable, offer size of the specific offering, the applicable interest rate and the mode of settlement of the offering;
- (b) capital structure of the Company after the offering;
- (c) any changes to the risk factors and tax consequences of the offering;
- (d) description of the specific distribution and underwriting arrangements; and
- (e) amount and use of proceeds.

Plan of Distribution

ABCI plans to issue the Bonds to institutional and retail investors through a public offering to be conducted through the Underwriters (for a more detailed discussion, see the relevant Offer Supplement).

Timetable

The indicative timetable of the Shelf Registration is expected to be as follows:

Particulars	Dates
Filing of the Initial Registration Statement with the SEC	May 8, 2026
Receipt of SEC Pre-Effective Approval	June 18, 2026
Shelf Registration Period	Five years from effective date of the Registration Statement

After the Registration Statement of the Company for the Bonds becomes effective, the Company will secure a permit to sell from the SEC for each tranche of the Offer.

TERMS OF THE OFFER

A discussion containing the “Summary of the Offer” shall be set out in the relevant Offer Supplement. However, any such summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus and such Offer Supplement, including, but not limited to, the discussion on the “Description of the Offer Bonds” and “Plan of Distribution,” and agreements executed in connection with a particular offer of Bonds as a whole. Such overview may not contain all of the information that prospective investors should consider before deciding to invest in the Bonds. Accordingly, any decision by a prospective investor to invest in the Bonds should be based on a consideration of this Prospectus, the relevant Offer Supplement, and agreements executed in connection with a particular offer of Bonds as a whole.

DESCRIPTION OF THE OFFER BONDS

The detailed terms and conditions of a particular tranche of the Bonds shall be set out in the relevant Offer Supplement under “Description of the Offer Bonds”.

SUMMARY OF FINANCIAL INFORMATION

The summary historical consolidated statement of financial position data as of December 31, 2025 and 2024 and summary historical consolidated statement of comprehensive income for the years ended December 31, 2025, 2024 and 2023, set forth below have been derived from, and should be read in conjunction with, the audited consolidated financial statements and, including the notes thereto, included in Appendix A of this Prospectus. SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited, has audited the consolidated financial statements in accordance with Philippine Standards on Auditing.

The Group's investments in associates in the Power and Utilities segment are accounted for using the equity method. Under the equity method, the investments in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statements of comprehensive income outside operating profit as Other Income ('Equity in net earnings of associates')

For the years ended December 31, 2025, 2024, and 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31		
	2025	2024	2023
ASSETS			
Current Assets			
Cash	₱1,122,083,245	₱677,964,213	₱118,082,483
Receivables	1,728,484,686	955,284,846	366,814,874
Contract assets	423,316,466	131,239,842	494,203,019
Receivables from related parties	-	50,894,936	50,894,936
Real estate inventories	5,204,729,275	4,057,995,302	3,571,105,773
Other inventories	43,423,215	48,750,406	116,293,063
Other current assets	1,439,832,601	1,272,275,513	693,028,502
Total Current Assets	₱9,961,869,488	7,194,405,058	5,410,422,650
Noncurrent Assets			
Contract assets - net of current portion	1,515,250,459	1,542,267,524	1,375,188,278
Equity instruments at fair value through other comprehensive income (EIFVOCI)	585,443,479	428,856,522	362,386,957
Investments in associates	434,508,380	1,839,745,991	1,821,756,979
Investment properties	681,242,683	631,838,036	455,941,317
Property, plant and equipment	1,570,606,390	1,715,734,159	1,472,098,680
Deferred tax assets - net	978,688	-	-
Other noncurrent assets	1,329,222,567	735,687,707	811,706,849
Total Noncurrent Assets	6,117,252,646	6,894,129,939	6,299,079,060
TOTAL ASSETS	₱16,079,122,134	₱14,088,534,997	₱11,709,501,710
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	₱2,384,670,480	₱1,315,630,677	₱1,160,270,667
Short-term debt	799,948,000	972,187,000	745,414,000
Current portion of long-term debt	662,323,879	602,633,723	480,838,826
Contract liabilities	409,573,844	481,762,306	319,515,433

Income tax payable	3,846,645	-	-
Total Current Liabilities	4,260,362,848	3,372,213,706	2,706,038,926
Noncurrent Liabilities			
Long-term debt - net of current portion	2,076,868,331	1,741,220,033	1,398,737,070
Retirement benefit obligation	93,946,421	84,475,120	76,982,380
Deferred tax liabilities - net	537,702,743	490,298,012	455,771,239
Lease liability - net of current portion	6,974,790	-	-
Total Noncurrent Liabilities	2,715,492,285	2,315,993,165	1,931,490,689
Total Liabilities	6,975,855,133	5,688,206,871	4,637,529,615

(Forward)

	December 31		
	2025	2024	2023
Equity Attributable to Equity Holders of the Parent Company			
Capital stock			
Common stock	₱2,477,668,925	₱2,477,668,925	₱2,477,668,925
Preferred stock	27,637,650	27,637,650	13,264,900
Additional paid-in capital	3,331,502,966	3,331,502,966	1,931,178,758
Retained earnings	3,285,492,345	2,694,454,515	2,834,608,536
Fair value reserve of EIFVOCI	151,372,686	(5,214,271)	(71,683,836)
Remeasurement loss on retirement benefit obligation - net of tax	(19,742,738)	(20,218,050)	(21,570,632)
Remeasurement loss on defined benefit plan of an associate	-	(2,165,918)	(1,221,512)
Cumulative translation adjustment	(10,131,649)	(8,155,192)	4,878,649
Treasury shares - common	(140,255,859)	(94,932,275)	(94,932,275)
	9,103,544,326	8,400,578,350	7,072,191,513
Noncontrolling interest	(277,325)	(250,224)	(219,418)
Total Equity	9,103,267,001	8,400,328,126	7,071,972,095
TOTAL LIABILITIES AND EQUITY	₱16,079,122,134	₱14,088,534,997	₱11,709,501,710

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE			
Real estate sales	₱1,601,018,375	₱1,527,959,172	₱1,454,786,129
Sale of agricultural goods	259,251,928	250,550,825	142,563,286
Water service	30,711,129	29,462,585	27,433,584
	1,890,981,432	1,807,972,582	1,624,782,999
COSTS OF SALES AND SERVICE			
Cost of real estate sales	709,256,270	681,546,593	559,113,808
Cost of agricultural goods sold	221,667,519	242,092,717	122,358,936
Cost of water service revenue	16,543,116	12,045,256	16,660,359
	947,466,905	935,684,566	698,133,103
GROSS PROFIT	943,514,527	872,288,016	926,649,896
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	581,953,562	497,573,983	513,907,600
OTHER INCOME (EXPENSES)			
Gain on sale of investment in an associate	1,842,653,585	—	—

	Years Ended December 31		
	2025	2024	2023
Impairment loss	(854,737,252)	(45,928,044)	(26,733,469)
Capital gains tax on sale of investment	(348,344,999)	—	—
Equity in net earnings of associates	240,584,503	140,933,418	339,947,514
Provision for expected credit loss	(202,966,770)	—	(828,304)
Interest expense	(197,190,942)	(127,661,586)	(67,121,886)
Other income	85,445,046	108,256,466	41,808,568
INCOME BEFORE INCOME TAX	927,004,136	450,314,287	699,814,719
PROVISION FOR INCOME TAX			
Current	37,262,076	18,219,312	6,250,555
Deferred	23,029,642	97,986,385	147,087,524
	60,291,718	116,205,697	153,338,079
NET INCOME	₱866,712,418	₱334,108,590	₱546,476,640

(Forward)

	Years Ended December 31		
	2025	2024	2023
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustment	₱(1,976,457)	₱(13,033,841)	(1,674,818)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of EIFVOCI	156,586,957	66,469,565	61,356,522
Remeasurement gain (loss) on defined benefit plan - net of tax effect	475,312	1,352,582	(112,236)
Equity in other comprehensive income (loss) of an associate	673,408	(944,406)	(1,081,972)
	155,759,220	53,843,900	58,487,496
TOTAL COMPREHENSIVE INCOME	₱1,022,471,638	₱387,952,490	₱604,964,136
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱866,739,519	₱334,139,396	₱546,514,853
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	₱866,712,418	₱334,108,590	₱546,476,640
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱1,022,498,739	₱387,983,296	₱605,002,349
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	₱1,022,471,638	₱387,952,490	₱604,964,136
Basic/Diluted Earnings per Share	₱0.28	₱0.06	₱0.20

See accompanying Notes to Consolidated Financial Statements.

NON-PFRS FINANCIAL MEASURES

The following table shows EBITDA as derived from the Group's net income for the period:

	Year ended 31 December		
	2025	2024	2023
	(in millions of Peso ₱)		
	(Audited)		
Net income attributable to equity holders of the parent	866.74	334.14	546.51
Non-controlling interests	-0.03	-0.03	-0.04
Provision for income tax	60.29	116.21	153.34
Income before income tax	927.00	450.32	699.81
Add (Deduct):			
Depreciation and amortization	139.35	62.69	71.65
Interest expenses	197.19	127.66	67.12
EBITDA⁽¹⁾	1,263.54	640.67	838.58

Notes:

(1) *EBITDA is not a uniformly or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. The Group presents EBITDA because it believes it to be an important supplemental measure of its performance and liquidity and believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in its industry.*

The EBITDA figures are not, however, readily comparable to other companies' EBITDA figures, as they are calculated differently and must be read in conjunction with the related additional explanations. EBITDA has limitations as an analytical tool and potential investors should not consider it in isolation or as a substitute for analysis of its results as reported under PFRS Accounting Standards. Some of the limitations concerning EBITDA are:

- *EBITDA does not reflect the Group's cash expenditures or future requirements for capital expenditures or contractual commitments;*
- *EBITDA does not reflect changes in, or cash requirements for, the Group's working capital needs;*
- *EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;*
- *Although depreciation and amortisation are non-cash charges, the assets being depreciated or amortised will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and*
- *Other companies in the industry may calculate EBITDA differently than the Group does, limiting its usefulness as a comparative measure.*

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of its business. The Group compensates for these limitations by relying primarily on its PFRS Accounting Standards results and using EBITDA only supplementally.

RISK FACTORS

General Risk Warning

An investment in the Bonds involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of the Bonds. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the business, financial condition, and results of operations and cause the market price of the Bonds to decline. All or part of an investment in the Bonds could be lost. Investors deal in a range of investments each of which may carry a different level of risk.

The means by which we intend to address the risk factors discussed herein are principally presented under “The Company” beginning on page 51, “Management’s Discussion and Analysis of Results of Operations and Financial Condition” beginning on page 115, and “Management” on page 88 of this Prospectus.

The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to our business, results of operations, financial condition, and prospects

Prudence Required

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study on the trading of these securities before commencing any trading activity. Investors may request publicly-available information on the Bonds and ABCI from the SEC, PDEx, and PSE.

Professional Advice

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high-risk securities.

Risk Factors

This Prospectus contains forward-looking statements that involve risks and uncertainties. ABCI adopts what it considers conservative financial and operational controls and policies to manage its business risks. The actual results may differ significantly from the results discussed in the forward-looking statements. See section “Forward-Looking Statements” of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of ABCI, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

Investors should carefully consider all the information contained in this Prospectus including the risk factors described below, before deciding to invest in the Bonds. The business, financial condition and results of operations of the Company could be materially and adversely affected by any of these risk factors.

RISKS RELATING TO THE GROUP

ABCI’s businesses are affected by regulations in the Philippines

The businesses and operations of the ABCI Group are subject to a number of national and local laws, rules, and regulations governing several different industries in the Philippines. The political and

regulatory landscape is continually evolving, and the ABCI Group is required to continuously assess and ensure it is up to date with the demands of regulatory compliance. These laws and regulations require the Company to obtain and maintain several approvals, licenses, and permits from various entities such as the DHSUD, the DENR, the Energy Regulatory Commission (the “**ERC**”), and the Philippine Food and Drug Administration (“**FDA**”), among others. Additionally, the Company may need to apply for more approvals, licenses, and permits and renew such approvals, licenses, and permits that may expire from time to time. In addition, there is no assurance that the Company will not be subject to new licensing requirements in the future or that it will be able to obtain and/or maintain such approvals, licenses or permits in a timely manner, or at all, or that it will not become subject to any regulatory action on account of not having obtained or renewed such approvals, licenses, and permits.

For example, the real estate industry is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the DAR so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company’s expense.

The power and utilities investments of the Group is also subject to extensive regulation, including the EPIRA. The enactment and implementation of any such bills or amendments to the EPIRA or other changes to Philippine laws and regulations relevant to the power industry, could have a material adverse effect on the business, financial condition, and results of operations of the Group, or on the rules and regulations governing the power industry, which could materially reduce sales and profitability.

There can be no assurance that future laws, regulations and/or standards will not have a material adverse effect on the Company. In particular, the enactment and implementation of any such bills or amendments to the National Internal Revenue Code of 1997, as amended (the “**Philippine Tax Code**”), or other changes to Philippine laws and regulations relevant to the power and utilities investments, the real estate business, and the agri-business, could increase the Company’s costs and have a material adverse effect on the business, financial condition, and results of operations of ABCI.

On January 29, 2021, Republic Act No. 11521 was enacted which introduced amendments to the Anti-Money Laundering Act of 2001 (“**AMLA**”). Among the amendments is the inclusion of real estate developers as Covered Persons subject to verification and reporting requirements under the AMLA. Compliance with these requirements may entail additional cost and delay in the marketing and sales of our real estate business.

Compliance with and renewal of licenses, permits and other authorizations

The ABCI Group is required to maintain licenses, permits, and other authorizations for the operations of its businesses, including business permits and permits concerning, for example, health and safety, and environmental standards. These licenses, permits, and other authorizations contain various requirements that must be complied with to keep the same valid. If the Group fails to meet the terms and conditions of any of our licenses, permits or other authorizations necessary for operations, these operations may be suspended or terminated.

While the Company believes, to the best of its knowledge, that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has an established compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner, there is no assurance that changes in laws, rules or regulations or the interpretation thereof by relevant government agencies, will not result in the Company having to incur substantial additional costs or capital expenditures.

The measures implemented by ABCI to comply with laws and regulations may also be deemed insufficient by Governmental Authorities. If the Company fails to comply or is deemed to be non-compliant with any applicable laws or regulations, the Group may be subject to penalties, which could disrupt its operations and have a material adverse effect on its business and results of operations. Potential liabilities for such non-compliance with the legal requirements or violations of prescribed standards and limits under these laws include administrative, civil, and criminal proceedings by

Governmental Authorities, as well as civil proceedings by environmental groups and other individuals, that could limit or affect its operations such as orders for the suspension and/or revocation of permits or licenses or suspension and/or closure of operations. There can be no assurance that the Company will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings, the costs of which could be material. In the event that the Company becomes involved in any future litigation or other proceedings or is subject to any adverse rulings or decisions, such events may materially and adversely affect its business, financial condition, and results of operations.

There can be no assurance that the Group will continue to be able to renew the necessary licenses, permits, and other authorizations as necessary or that such licenses, permits, and other authorizations will not be revoked. If the Company is unable to obtain or renew them or are only able to do so on unfavourable terms, this could have an adverse effect on the Company's business, financial condition, and results of operations.

Exposure to safety, health and environmental costs and liabilities

The businesses of the Group span several industries and are subject to a variety of laws, rules and regulations that impose limitations, prohibitions, and standards with respect to health and safety, as well as the use, discharge, emission, treatment, release, disposal, and management of regulated materials and waste, and hazardous substances. Safety, health and environmental laws and regulations in the Philippines have become increasingly stringent and it is possible that these laws and regulations will become significantly stricter in the future. The adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations as well as any costs related to fines and penalties.

Furthermore, if the measures implemented by the Group to comply with these laws and regulations are not deemed sufficient by Governmental Authorities, compliance costs may significantly exceed estimates. If the Group fails to meet safety, health, and environmental requirements, it may be subject to administrative, civil, and criminal proceedings by Governmental Authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties, as well as orders that could limit or halt its operations. There is no assurance that the Group will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health, and environmental matters in the future, the costs of which could be material. Environmental compliance and remediation costs at sites on which its facilities are located and related litigation and other proceedings could materially and adversely affect the cash flow, results of operations, and financial condition of ABCI.

Increases and changes in applicable taxes, taxation laws and tax incentives

The businesses and operations of ABCI are subject to various taxes, including value-added tax ("**VAT**"), excise taxes, duties and tariffs in the Philippines and in other countries where it conducts its businesses. An increase in prices due to additional taxes may affect demand for its products in the Philippines.

For example, the second package of the tax reform program, also known as the Corporate Recovery and Tax Incentives for Enterprises ("**CREATE**"), was passed by both the House of Representatives and Senate of the Philippines on February 3, 2021, and signed into law by the President of the Philippines on March 26, 2021 as Republic Act No. 11534 ("**CREATE Law**"). The CREATE Law took effect on April 11, 2021, 15 days after its publication in a newspaper of general circulation last March 27, 2021. In approving the CREATE Law, the President of the Philippines vetoed certain provisions including, among others, provisions relating to tax incentive entitlement of domestic market enterprises with an investment capital of ₱500 million and domestic market enterprises engaged in activities that are classified as "critical" to a special corporate income tax. The CREATE Law lowers the corporate income tax and provides for rationalization of fiscal incentives that may be granted by investment promotion agencies (such as the Authority of the Freeport Area of Bataan) to qualified registered business enterprises. Under the CREATE Law, the corporate income tax rate for domestic corporations and resident foreign corporations shall be reduced to 25% effective July 1, 2020 and effective on January 1, 2021 for non-resident foreign corporations; domestic corporations, resident foreign corporations no

longer have an option to be taxed at 15% on gross income; and the rate of the minimum corporate income tax (“**MCIT**”) is lowered to 1% from July 1, 2020 to June 30, 2023.

In addition, on May 29, 2025, Republic Act No. 12214, otherwise known as the Capital Markets Efficiency Promotion Act or “**CMEPA**”, was signed into law. Under the CMEPA, passive income of a domestic corporation are taxed as follows: (a) a final tax of twenty percent (20%) is imposed upon the amount of interest, yield, or other monetary benefit earned or received from any currency bank deposit, deposit substitute, trust fund, or other similar arrangements; (b) income derived by a depository bank under the expanded foreign currency deposit system from foreign currency transactions with non-residents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the BSP to transact business with foreign currency deposit system units and other depository banks under the expanded foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of the Department of Finance, upon recommendation by the Monetary Board to be subject to the regular income tax payable by banks: provided, however, that interest income from foreign currency loans granted by such depository banks under said expanded system to residents other than offshore banking units in the Philippines or other depository banks under the expanded system shall be subject to a final tax at the rate of ten percent (10%); (c) a final tax at the rate of fifteen percent (15%) is imposed upon the net capital gains realized during the taxable year from the sale, exchange, or other modes of disposition of shares of stock of a domestic or foreign corporation that are not traded in a local or foreign stock exchange; and (d) a final tax of twenty percent (20%) is imposed on royalties earned as passive income.

Increases in tax, changes in the applicable tax regime or other taxes and incentives to which the Group is subject, or the imposition of new taxes on its operations or products, including those which may result from ongoing tax reforms by the Government may, (i) if passed on to the consumers by way of upward price adjustments, reduce sales, (ii) if prices remain unchanged, reduce margins, or (iii) if additional taxes are not fully passed on to the consumers, have both of the foregoing effects. Thus, as with other Philippine companies engaged in similar businesses, these increases and changes may materially and adversely affect the Company’s business, financial condition, and results of operations.

Availability of financing

As of December 31, 2025, the noncurrent liabilities of the Group included long-term debt (net of current portion) of ₱2,077 million while current liabilities of the Company included accounts and other payables of ₱2,385 million, short-term debt of ₱800 million, current portion of long-term debt of ₱662 million, and contract liabilities of ₱410 million.

ABCI may not be able to obtain financing or capital on terms acceptable to it or at all which could adversely impact the execution of its expansion plans and the Group may not be able to fulfil its debt obligations. The Group may need to obtain external debt and equity financing, through public or private financing. The continued access to debt and equity financing as sources of funding for new projects and for refinancing maturing debt is subject to many factors, including: (i) Philippine regulations limiting bank exposure to a single borrower or related group of borrowers; (ii) the compliance with existing debt covenants; (iii) the ability of the Group to service new debt; and (iv) market perceptions of the Company and its businesses. Political instability, an economic downturn, social unrest, or changes in the Philippine regulatory environment could also increase the cost of borrowing or restrict its ability to obtain debt financing.

Loss of key personnel

Any loss of key personnel, inability to replace such personnel, and failure to train and retain replacement personnel could materially and adversely affect the ability of the Group to provide products and services to its customers. Continued resignation of trained personnel could also result in the Group incurring additional expenses in hiring and training replacement personnel in a competitive job market, and it may take time for these new personnel to reach the level of technical skill and expertise of the personnel being replaced.

ABCI has relied and will continue to rely significantly on the continued individual and collective contributions of its senior management team. If any key personnel are unable or unwilling to continue

in their present positions, the Group may not be able to replace them easily, and its business may be significantly disrupted. Any of the foregoing could have a material adverse effect on the businesses of the Group.

Uninsured losses

The Group may not be fully insured against, and insurance may not be available for, unexpected losses caused by natural disasters, breakdowns, or other events that could affect its businesses. Any unexpected losses caused by such events against which it is not fully insured could have a material adverse effect on its businesses, financial condition, and results of operations. It could suffer a decline in production, receive adverse publicity, and be forced to invest significant resources in addressing such losses. Such events could materially and adversely affect its financial condition and results of operations. The Company maintains insurance policies for its businesses in accordance with prevailing industry standards and practice and believes that its insurance coverage is in accordance with its business exposure. The Group's insurance coverage includes, but not limited to the following: Fire/Lightning, Earthquake Fire & Earthquake Shock, Typhoon, and other natural disasters; and Robbery/Hold-up, Riot/Strike/Malicious Damage, Spontaneous Combustion, Landslide & Subsidence.

Related Party Transactions

The Company, certain subsidiaries and their shareholders, and associates in the normal course of business, enter into transactions with one another. To safeguard the interests of the Company as well as the minority shareholders and other stakeholders, all related party transactions must be done on an arm's length basis. Transactions with related parties are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates. While all past related party transactions have been conducted at arm's length on commercially reasonable terms, these related party transactions may involve conflicts of interest, which, although not contrary to law, may be detrimental to the Company. The failure of the Company's related parties to act on fair and equitable terms may adversely affect the Company's business and results of operation.

In compliance with SEC Memorandum Circular No. 10, series of 2019, the Company adopted a Policy on Material Related Party Transactions which was unanimously approved by the Board of Directors on 25 October 2019 (the "**Material RPT Policy**"). In addition, material related party transactions that amount to 10% or higher of the Company's total assets shall be subject to the review of the Related Party Transaction Committee and the approval by at least 2/3 of the Board of Directors, with at least a majority of independent directors voting to approve the transaction.

On January 23, 2013, the BIR issued Revenue Regulation No. 2-2013 on Transfer Pricing Guidelines (the "**Transfer Pricing Guidelines**") which adheres to the arm's length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines. The Transfer Pricing Guidelines are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR Transfer Pricing Guidelines define related parties as two or more enterprises where one enterprise participates directly or indirectly in the management, control or capital of the other; or if the same persons participate directly or indirectly in the management, control or capital of the enterprises. The arm's length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party such that if two related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm's length. In such a case, the BIR can make the necessary adjustments to the taxable profits of the related parties so as to reflect the true value that would otherwise be derived on an arm's length basis. In compliance with the BIR Revenue Regulation Nos. 19-2020 and 34-2020, we ensure the timely submission of the BIR Form No. 1709 as an attachment to our annual income tax return. There is no assurance that the BIR will view our transactions with our related parties as arm's length on the basis of the Transfer Pricing Guidelines. There can be no assurance that our related party transactions, if questioned, will not have an adverse effect on our business or results of operations.

On-going and possible future legal/administrative proceedings

The Company may, from time to time, be involved in disputes with various parties in the operations of its businesses, including those relating to commercial or contractual matters, and may be subject to investigations by regulatory and administrative bodies. Management believes, that none of its pending cases will materially affect the Company's financial position and results of operation.

In addition, the Company and its subsidiaries may also have disagreements with regulatory bodies in the course of operations, which may subject the Company to administrative proceedings and decisions that may result in penalties or other liabilities. Any of these outcomes could materially and adversely affect the Company's business, financial condition, and results of operations.

RISKS RELATING TO ABCI'S REAL ESTATE BUSINESS

The real estate business is a highly competitive industry

The Company is primarily engaged in the business of horizontal real estate development that range from high-end and middle-income residential developments to economic and socialized housing segments. ABCI targets the full spectrum of the real estate market and responds to the demands of the market and will sustain the niche for the middle-middle, upper-middle and premium markets.

In the event the Company's competitors are able to secure better locations or develop, market and sell more attractive properties than the Company, or if the Company is unable to properly gauge the market for its properties, then the Company's results of operations and prospects may be negatively impacted.

Some competitors may also have substantially greater financial and other resources, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets.

The Company believes that with its strong local presence and familiarity and the customers' recognition of the value appreciation potentials of its projects, it will be able to compete in the price segments it operates in.

The Company may not be able to acquire new or additional land for new projects

ABCI is subject to significant competition in connection with the acquisition of land for residential real estate projects in Cagayan de Oro City and Initao in Misamis Oriental, Cainta, Rizal; Valencia City, Bukidnon; and Butuan City, Agusan del Norte. The Company competes with its competitors to secure suitable sites for development.

The Company's future growth and development are dependent, in part, on their ability to acquire or enter into agreements to develop additional tracts of land suitable for the types of residential real estate projects they have developed over the years. As the Company and its competitors attempt to locate sites for development, ABCI may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to them, particularly parcels of land located in areas surrounding urban areas throughout the Philippines. The Company may also have difficulty in attracting land owners to enter into joint venture agreements with them that will provide the Company with reasonable returns. In addition, pending negotiations with third parties to acquire additional land for the Company's projects may not be successful that may hamper its land banking activities and future inventory. In the event the Company is unable to acquire suitable land at acceptable prices, or at all, or to enter into agreements with joint venture partners to develop suitable land with reasonable returns, or at all, the Company's growth prospects could be limited and its business, financial condition and results of operations could be adversely affected.

Nevertheless, the Company believes it has an extensive landbank in Northern Mindanao, Bukidnon, Caraga Region and Rizal of 898 hectares and intends to acquire additional raw land for future developments.

The real estate industry in the Philippines is capital intensive

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant capital expenditures to complete existing projects and commence construction on new developments. To illustrate, in 2025, 2024, and 2023, the Company spent ₱1,690 million, ₱1,292 million, and ₱849 million, respectively, for development and construction costs in relation to the development of land and construction of housing units.

The Company has funded a significant portion of its capital expenditure requirements through a combination of internally generated funds from its revenues and investments, through its capital raising activities by tapping into the capital markets, and through bank financing. There can be no assurance that the Company will be able to continue funding its capital expenditure requirements internally, or that it will be able to externally obtain sufficient funds at acceptable rates to fund its capital expenditure budgets. Failure to obtain the requisite funds could delay or prevent the completion of the Company's on-going projects or any new projects, and such delay or failure to complete could materially and adversely affect the Company's business, financial condition and results of operations.

Substantial sales cancellations may have a material adverse effect on the Company

The Company is subject to Republic Act No. 6552 or the Realty Installment Buyer Act (the "**Maceda Law**"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without a right of refund. See "*Regulatory and Environmental Matters*."

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations.

The following table summarizes the Company's historical default rate for the last five (5) years:

Year	Default Rate
2025	11%
2024	9%
2023	3%
2022	3%
2021	6%

In case of default, the Company can immediately repossess the property on the 8th month from date of default and then resell the property on the same month. Sales cancellations does not have a major impact on the Company's operations as The Company is able to resell the property upon repossession.

The Company may not be able to successfully manage its land bank

The Company has an extensive landbank in Northern Mindanao, Bukidnon, Caraga Region and Tanay, Rizal of more than 898 hectares and intends to acquire additional raw land for future developments. The Company must continue with land acquisitions to replenish inventory for future land developments. As consumer demand for residential real estate decreases the risks for the land acquisition increases. The market value of land, subdivision lots and housing inventories can also fluctuate significantly as a result of changing market conditions.

In the event of any significant change in economic, political, security or market conditions, the Company may have to sell its products at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its statement of financial position, as well as reduce the amount of property

available for sale. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

The Company might be at risk of being exposed to housing price bubbles

With the aggressiveness in the real estate sector developments in the country, a steep rise in property prices was observed. A housing price bubble occurs when demand for property suddenly decreases when the supply on real estate property increases. The rapid upsurge in asset prices might result in an eventual decline in prices as markets recalibrate.

Extensive construction of condominium and housing units and other factors could lead to the risk of formation of asset bubbles in real estate. The Philippine residential housing industry is cyclical and sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing.

When the Philippines underwent financial and political crises in the past, demand for real estate dropped and consequently led to an oversupply in the market and reduced demand for new residential projects. The global financial crises, which resulted in a general slowdown of the global economy, likewise, led to a decline in property sales in the Philippines.

If changes in the Philippine property market or the Philippine economy cause a decrease in revenues from the sale of properties, significant expenditures associated with investment in real estate, such as real estate taxes, maintenance costs and debt payments, generally cannot be correspondingly reduced and therefore could materially and adversely affect the Company's business, financial condition and results of operations.

In addition, housing price bubbles may also happen when speculative investing, which is ubiquitous in China, Hong Kong, and Singapore, is apparent. To counter that, the demand registered in the local sector is backed by demands from end-users rather than speculative buyers. This, in turn, diminishes the probability of having asset price bubbles since real estate properties are not bought as investments but for residential purposes.

To mitigate this risk, the Company continues to adopt prudent financial and operational controls and policies within the context of the prevailing business, economic and political environments. The Company likewise continues to undertake risk management initiatives and constant monitoring of key economic and market indicators.

Titles over land owned by the Company may be contested by third parties

The Philippines has adopted a system of land titling and registration that is intended to conclusively confirm land ownership and to be binding on all persons (including the Government). However, it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases in the Philippines in which third parties have produced false or forged title certificates over land.

In the event a significant number of similar third-party claims are brought against the Company in the future or any such claims involves land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

The Company may not be able to complete its projects within budget or on time

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm the Company's reputation as a property developer or lead to cost overruns or loss of or delay in recognizing revenues and lower margins. This may also

result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year.

Other factors that could adversely affect the time and the costs involved in completing the development and construction of the Company's projects include:

- pandemics, natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, unemployment rate, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- delays in completion of its prior projects, which would create shortages of contractors and skilled labor;
- imposition of lockdowns by the Government, changes in laws or in Government priorities;
- timing of commencement of the projects;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials and equipment;
- labor disputes with contractors and subcontractors;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- other unforeseen problems or circumstances.

If a property project is not completed on time, the purchasers of pre-sold units within the project may also be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may be entitled to terminate their presale agreements and claim damages. There can be no assurance that the Company will not experience any significant delays in completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays.

The Company relies on banks and the HDMF for end-buyers financing

Buyers of the Company's housing units secure financing from HDMF or from domestic banks. Documentation, loan application, and loan approval may take longer than expected and the Company's customers may not be able to timely secure financing for their purchase which may delay revenue and income recognition for the Company.

The Company offers an in-house financing program of up to seven (7) years to allow buyers to acquire the housing unit pending the loan approval by the HDMF or the bank. The Company's in-house financing has adopted risk assessments and methodology in line with criteria of the HDMF among others, to ensure creditworthiness of its buyers.

Liquidity Risk

The Company is exposed to liquidity risk with respect to its buyers who avail of the Company's in-house financing pending loan approval by the HDMF or domestic banks. Under such arrangements, the Company effectively extends short-term financing to buyers while awaiting the take-out of the loan by HDMF or the relevant bank.

Any delays in loan processing, failure of buyers to secure loan approval, or tightening of credit standards by HDMF or domestic banks may extend the period during which the Company's funds remain tied up in receivables.

In the event a significant number of buyers are unable to obtain financing or if loan take-outs are delayed, the Company may experience slower conversion of receivables into cash, which could affect its ability to generate funds for its development and operational expenses.

Although the Company seeks to mitigate this risk by adopting risk assessments and methodology in line with HDMF's criteria to ensure credit worthiness of buyers, there can be no assurance that such measures will fully mitigate liquidity constraints arising from delays or failures in securing end-buyer financing.

The Philippines' housing market is highly regulated

In November 2025, a bill has been introduced and is currently pending before the House of Representatives which seeks to prohibit the conversion of irrigated and irrigable agricultural lands and amend certain provisions of the Local Government Code to impose stricter conditions before land conversion can be undertaken. If enacted into law, such restrictions on land conversion may limit the supply of land available for residential or mixed-use development. As a result, the implementation of the Company's projects may be delayed, and the acquisition cost of land suitable for development may increase. The increase in land acquisition costs or delays in securing developable land may adversely affect the Company's project timelines and development costs.

Meanwhile, Presidential Decree No. 957, as amended, ("**P.D. 957**") and B.P. 220 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. P.D. 957 and B.P. 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. Pursuant to Republic Act No. 11201, the HUDCC and the HLURB were consolidated to create the DHSUD. Simultaneously, the HLURB was reconstituted into the HSAC. The functions of the HUDCC and the planning and regulatory functions of HLURB were transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB. DHSUD is the administrative agency of the Government which, together with LGUs, enforces these decrees and has jurisdiction to regulate the real estate trade and business. Regulations applicable to the Company's operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities;
- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks; and
- house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will be in accordance with the Company's planned timing for the relevant project and will not be later revoked. Any non-receipt or delay in receipt of approvals could affect the Company's ability to complete projects on time or at all.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. Project permits and any license to sell may be suspended, cancelled or revoked by the DHSUD based on its own findings or upon complaint from an interested party and there can be no assurance that the Group will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have a material adverse effect on its financial condition and results of operations.

The Company is in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits, and approvals are anticipated and obtained in a timely manner. We believe we have an established compliance culture and have processes in place to manage adherence to laws and regulations.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations

In general, developers of real estate projects are required to submit project descriptions to regional offices of the DENR. For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed EIA may be required and the developer will be required to obtain an ECC to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

The loss of certain tax exemptions and incentives will increase the Company's tax liability

The Company benefits from provisions under Philippine law and regulations which exempt from the 12% VAT sales of real property utilized for socialized housing as defined by Republic Act No. 7279 and sale of residential lots and other residential dwellings with a gross selling price of ₱3.6 million or less.

There is no assurance relevant laws or regulations will not be amended or modified to remove the foregoing VAT exemption. If VAT exemptions are removed, the Company's selling prices for certain subdivision lots and housing and condominium units may increase, which increase could adversely affect the Company's sales. Because taxes such as VAT are expected to have indirect effects on the Company's results of operations by affecting general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Construction defects and other building-related claims

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of fifteen (15) years from the date of completion of the house. The Company may also be held responsible for hidden (*i.e.*, latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, the Building Code, which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

To ensure that the construction of houses is built to specification, the Company's quality control and monitoring group inspects the houses and provides immediate feedback to the Construction group to

address. The independence of the Quality Control team with the Sales and Marketing team was set-up to rectify defects and complaints reported.

The Certificate of Acceptance Form is signed by customers before move-in to ensure that they are satisfied with the quality of the houses.

Reliance on overseas Filipino Workers and expatriate Filipinos.

A significant portion of the demand for the Company's residential real estate projects is from overseas Filipino workers ("**OFWs**") and expatriate Filipinos, which exposes the Company to risks relating to the performance of the economies as well as heightened geopolitical tensions of the countries where these potential customers are based. The Company relies on OFWs and expatriate Filipinos to generate a significant portion of the demand for their residential projects. Approximately 23% and 24% of the Company's real estate sales in 2025 and 2024, respectively, are attributed to sales to OFWs. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFWs or a reduction in the purchasing power of expatriate Filipinos. These include a downturn in the economic performance of the countries and regions where a significant number of potential customers are located, such as the Middle East, Singapore, Japan, Italy and the United Kingdom, a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines, the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East, and restrictions imposed by other countries on the entry or the continued employment of foreign workers. Any of these events could adversely affect demand for the Company's residential real estate projects from OFWs and expatriate Filipinos, which could have a material adverse effect on the Company's business, financial condition and results of operations.

RISKS RELATING TO POWER AND UTILITIES BUSINESS

Divestment and Investment in Power Business

To accelerate the Company's green energy initiatives, it has undertaken strategic transactions involving the divestment of its interest in PCPC and the acquisition, through its subsidiary ABC Energy Inc. ("**ABCEI**"), of a 40% equity interest in Alternergy Tanay Wind Corporation ("**ATWC**") and Alabat Wind Power Corporation ("**AWPC**"), which are developing wind power projects. The investment in AWPC and ATWC has been approved by the Philippine Competition Commission ("**PCC**") on 5 March 2026, as evidenced by a PCC certification issued on 9 March 2026.

In 2025, 2024, and 2023, the Company received dividends from PCPC and PEI amounting to ₱236 million, ₱122 million, and ₱255.7 million, respectively. The Company's divestment of its interest in PCPC reduces its exposure to this existing operating power generation asset. Accordingly, future returns from the power generation sector will largely depend in part on the successful development and operation of the wind power projects being undertaken by ATWC and AWPC. Any delay in the project implementation, cost overruns, operational challenges, or adverse regulatory or market developments affecting the renewable energy sector may adversely affect the financial performance of these projects and the Company's expected returns.

If the investments in ATWC and AWPC fail to perform as anticipated, or if the expected benefits from the divestment of PCPC are not realized, the Company's financial condition, results of operations, and prospects may be adversely affected.

Non-controlling Interest in Associates

The Company has a non-controlling interest in Peakpower Energy, Inc. ("**PEI**") of 20% and its investments in ATWC and AWPC of 40% in each company also represent minority equity interests. As a result, the Company may have limited ability to influence the management, operations, and strategic decisions of these entities. The performance of PEI, ATWC and AWPC will depend on various factors, including the timely development, construction, and commissioning of their wind power projects, the availability of project financing, the ability to secure and maintain regulatory approvals and permits, the completion of grid interconnection facilities, and prevailing market and regulatory conditions affecting the power generation industry.

ABCI will have no direct involvement in the operations of ATWC and AWPC and its participation in these companies is limited to its representation in the board of directors of these companies and as a minority shareholder.

Project risks inherent in the development of greenfield power projects and expansion projects

The development of greenfield power projects and expansion of existing power plants involve substantial risks that could give rise to delays, cost overruns, or unsatisfactory construction or development in the projects. Such risks include the inability to secure adequate financing, inability to negotiate acceptable offtake agreements, and unforeseen engineering and environmental problems, among others. Any such delays, cost overruns, unsatisfactory construction or development could have a material adverse effect on the business, financial condition, results of operation as well as future growth prospects of ATWC and AWPC.

Project risks could emanate from various sources such as poor project planning, execution and contractor/ subcontractor issues. If not addressed in a timely manner, these issues may negatively impact the project which would ultimately affect PEI, ATWC, or AWPC's financial condition and results of operations, such as revenue loss resulting from delay in commercial operations. Further, any delay in the receipt of the relevant permits will also delay the completion of a project. Any of these project risks could have a material adverse effect on the business, financial condition, results of operations, and future growth prospects of these companies.

Operating and other risks leading to network failures, equipment breakdowns, planned or unplanned outages.

Power generation is vulnerable to human error in operation, equipment failure, catastrophic events, natural disasters, sabotage, terrorist attacks or other events which can cause service interruptions, network failures, breakdowns or unplanned outages. There is no assurance that accidents will not occur with the ATWC, AWPC, and PEI power plants or that the preventative measures taken will be fully effective in all cases, particularly in relation to external events that are not within its control.

ATWC, AWPC, and PEI's income and cash flows will be adversely affected by any disruption of operations of its plants due to any of the foregoing risks. Any unplanned plant shutdowns for an extended period of time will have a material adverse effect on the ability of these companies to sell power and their results of operations could suffer.

Insurance coverage for generation plants

The power plants of ATWC, AWPC, and PEI secure the necessary insurance for their respective power plants, the terms of which are reviewed regularly and cover industrial all risks, business interruption, marine cargo insurance, sabotage and terrorism, physical material loss or damage caused by natural disasters, breakdowns or other events that could affect the facilities and processes used by its businesses.

In addition, there is no assurance that ATWC, AWPC, and PEI will be able to renew these policies on similar or otherwise acceptable terms, or at all, or that they will not experience a material increase in the premiums payable under their insurance policies. If ATWC, AWPC, or PEI's plants were to incur a serious uninsured loss, a loss that significantly exceeded the limits of its insurance policies or any unexpected losses against which these subsidiaries are not fully insured, this could have a material adverse effect on their businesses, financial condition, and results of operations.

Dependence on the existence of transmission infrastructure

The transmission infrastructure in the Philippines continues to experience constraints on the amount of electricity that can be delivered from power plants to customers, including congestion within regional grids and limitations in available transmission capacity. Historically, there was limited interconnectivity

between the Luzon–Visayas grids and no direct interconnection with the Mindanao grid, which further constrained the optimal transfer of electricity across the country.

In January 2024, the Mindanao–Visayas interconnection project began full commercial operations. This project significantly strengthens the transmission backbone by physically interconnecting the Luzon, Visayas, and Mindanao grids for the first time, enabling power sharing across regions and supporting improved grid stability and reliability.

Notwithstanding this development, transmission constraints may still arise due to bottlenecks within each grid, limited interconnection transfer capacity, and delays in the expansion and reinforcement of transmission infrastructure. The DOE is mandated by law to prepare a Transmission Development Plan to be implemented by NGCP which aims to address projected infrastructure limitations and interconnectivity of sub-grids, which helps in mitigating this risk.

If these transmission constraints continue, the ability of AWTC, AWPC, and PEI to supply electricity will be adversely affected. This could have a material adverse effect on the business and revenue growth of PCPC and PEI from the sale of power.

ERC Regulation of electricity rates of distribution utilities

The imposition of more stringent regulations and similar measures by the ERC could have a material adverse effect on the business, financial conditions, and results of operations of AWTC, AWPC, and PEI. The inability of these companies to predict, influence or respond appropriately to changes in law or regulatory schemes, including any inability or delay in obtaining expected or contracted increases in electricity tariff rates or tariff adjustments for increased expenses, or any inability or delay in obtaining or renewing permits for any facilities, could adversely impact the Company's results of operations and cash flow. Changes in laws or regulations or changes in the application or interpretation of laws or regulations, could adversely affect the Company's business, including, but not limited to: adverse changes in tax law; changes in the timing of tariff increases or in the calculation of tariff incentives; other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business; or other changes that have retroactive effect and/or take account of revenues previously received and expose additional compliance costs or interfere with the Company's existing financial and business planning

In May 2019, the Supreme Court issued a ruling in respect of the following: Resolution No. 13, Series of 2015, entitled "A Resolution Directing All Distribution Utilities to Conduct a Competitive Selection Process in the Procurement of their Supply to the Captive Market" ("**CSP Guidelines**"); and Resolution No. 1, Series of 2016, entitled "A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015" ("**ERC Clarificatory Resolution**"). The CSP Guidelines and the ERC Clarificatory Resolution were issued by the ERC to implement the CSP, pursuant to the DOE's Department Circular No. DC2015-06-0008 mandating all distribution utilities to undergo CSP in securing power supply agreements.

In its decision, the Supreme Court, acting on a petition filed by certain entities, declared as void the first paragraph of Section 4 of the CSP Guidelines and the ERC Clarificatory Resolution. Consequently, all PSAs filed with the ERC on or after June 30, 2015 were directed to comply with the CSP in accordance with prevailing rules and regulations. The power purchase cost resulting from the CSP (the "**CSP Power Purchase Cost**") would be the generation cost which the relevant distribution utility may pass on to its customers commencing on June 30, 2015. In a resolution dated July 23, 2019, the Supreme Court denied with finality all motions for reconsideration filed by various parties.

On 1 March 2023, ERC issued an Order to PSFI and ASELCO which was received on 31 May 2023. Among others, the order required the parties to stop the implementation of the Power Purchase and Transfer Agreement ("**PPTA**") between the parties since it failed to comply with the 2018 CSP Rules. PSFI and ASELCO filed a Petition for Certiorari and Prohibition on July 28, 2023 before the Supreme Court to challenge the ERC order.

On 1 March 2023, ERC also issued an Order to PBI and BUSECO which was received on 6 September 2023. Among others, the order required the parties to stop the implementation of the PPTA between the parties since it failed to comply with the 2018 CSP Rules. PBI and BUSECO filed a Motion for Reconsideration before the ERC on September 21, 2023.

In addition, a request for confirmation has been filed with the Department of Energy (“DOE”) last September 26, 2023 seeking confirmation that by reason of the Build–Operate and Transfer (“BOT”) component of the Peakpower contracts, these contracts should be exempt from the CSP requirement under the 2018 CSP Rules.

Due to the pending cases concerning the Peakpower contracts (*See: Recent Developments - ERC Orders for Peakpower companies*), the Company may not receive dividends from PEI in the short term.

On 30 October 2024, the Supreme Court reversed and set aside the orders issued by the ERC on 11 September 2019 and 1 March 2023, which dismissed the application filed by ASELCO and petitioner PSFI for the approval of their second PPTA for alleged failure to comply with the CSP requirements of the DOE. Consequently, the 28 April 2016 application by PFSI and ASELCO for a second PPTA covering the additional Wartsilla 12V32 generating unit was granted.

The ERC in the exercise of its regulatory powers may also impose fines, penalties, or sanctions on PEI in appropriate cases. Any such fines, penalties, sanctions or restriction on the ability of distribution utilities and/or generation companies to pass on such costs or any intervention in such rates could have a material adverse effect on the business, financial conditions, and results of operations of PEI.

Regulatory Risks on the Power and Utilities Business

The business of AWTC, AWPC, and PEI are subject to extensive government regulation, particularly for greenfield power plants, expansion projects, and retail supply business. To conduct businesses, AWTC, AWPC, and PEI must obtain various licenses, permits, and approvals. Even when such required licenses, permits, and approvals are obtained, their operations are subject to continued review under the applicable regulations, and the interpretation or implementation of such regulations is subject to change.

Policy and regulatory changes, technological developments and market and economic responses relating to climate change may also affect AWTC, AWPC, and PEI's business and the markets in which it operates. If they fail to comply with all applicable regulations or if the regulations governing its business or their implementation change, they may incur increased costs or be subject to penalties, which could disrupt its operations and have a material adverse effect on its business and results of operations.

RISKS RELATING TO ABCI'S AGRIBUSINESS

The Company's business may be affected by any program developed or supported by the Department of Agriculture of the Philippines

The Company's revenue from its agri-business comes primarily from the sale of agricultural products. Any agricultural program of the DA develops for the farmers of the country or a particular area may affect the Company. In the event that the Government is unable to effectively implement its programs, this may result in a slowdown of the Company's agri-business as farmers might not have the required resources to produce the crops to be used by the Company.

The Company taps external growers to supply FFB. To boost its mill operational capacity, the Company has invested in SGAC to operate another palm oil mill in Brgy. Tambis, Barobo, Surigao del Sur and has also been tapping external growers to supply additional FFB.

The Company's business and operations may be affected by any changes in the preferences or purchasing power of consumers

The Company's ability to increase or maintain sales is dependent on the public's continued acceptance of its products. Changes in demographic, social or health proclivity may alter the demand for the Company's products.

Any adverse downturn in the Philippine economy may cause consumers to opt for cheaper or more affordable products or options.

Crude palm oil is the primary product, distributed via bulk sales to industrial feed mills and other commercial entities.

Risk of Natural Calamities

The Company's revenues in its agri-business are highly dependent on the weather conditions in the Philippines. Severe drought or flooding in a particular agricultural region will significantly affect the productivity of farmers and the availability of the supply of crops to be used for the Company's products.

In order to mitigate, the Company's strategy is to expand its sourcing and supplier base and lessen dependence on select palm oil growers for its operations. The Company also sources additional CPO from the market to maximize the utilization of the refinery.

The Company taps external growers to supply FFB.

The Company's venture to develop a network of irradiation facilities in the Philippines may not be successful

The commercial operations date of the ISI irradiation facility started on August 02, 2024. On-going activities include product qualification and testing of product samples; activities that are crucial prior to routine processing of each product. Likewise, the facility started accepting product for routine processing by 4th quarter of 2024. The facility currently services products in the herbals and spices industries.

There is no assurance that the operation of the irradiation facilities will be commercially successful and if the Company will be able to receive dividends from ISI or recover its investments.

RISKS RELATED TO THE PHILIPPINES

The Company's operations and assets are based in the Philippines.

The Company's business operations and assets are based in the Philippines. As a result, the Company's income, results of operations and the quality and growth of its assets depend, to a large extent, on the performance of the Philippine economy.

Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to grow its real estate, energy, and agricultural businesses and its ability to implement the Company's business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, Southeast Asia or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, Southeast Asia or globally;
- exchange rate fluctuations and foreign exchange controls;
- rising inflation or increases in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies and regulations, including tax laws and regulations that impact or may impact inflation and consumer demand;

- Government budget deficits;
- adverse trends in the current accounts and balance of payments of the Philippine economy;
- public health epidemics or outbreaks of diseases, such as COVID-19, re-emergence of Middle East Respiratory Syndrome- Corona virus (MERS-CoV), SARS, avian influenza (commonly known as bird flu), or H1N1, or the emergence of another similar disease (such as Zika) in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, in other countries in the region or globally;
- volatility in global energy prices, including recent increases in fuel prices driven by geopolitical tensions and conflict in the Middle East, which may result in higher transportation, construction, and operating costs, increased inflationary pressures, and reduced consumer spending power, thereby adversely affecting demand across the Company's real estate, energy, and agricultural segments, as well as increasing the cost of operating and maintaining its assets; and
- other regulatory, social, political or economic developments in or affecting the Philippines.

Uncertainty surrounding the global economic outlook could cause economic conditions in the Philippines to deteriorate and there can be no assurance that current or future Government policies will continue to be conducive to sustaining economic growth. There can be no assurance that the Philippines will maintain strong economic fundamentals in the future. Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to implement its business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

Political instability may have a negative effect on the business, financial position or results of operations of the Company.

The Philippines has from time to time experienced political and military instability, including acts of political violence. In the last two decades, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents, two chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by the previous and current administration. In addition, a number of officials of the Philippine government are currently under investigation or have been indicted on corruption charges. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy.

No assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth. An unstable political or social environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of the Company.

A major deviation from government policies or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company's businesses prospects, financial condition, and results of operations.

Acts of terrorism and violent crimes could destabilise the country and could have a material adverse effect on the Company's business, financial position and results of operations.

The Philippines has experienced incidents of terrorism, violent crime and armed conflict involving extremist groups and other armed organizations. In the past, terrorist attacks, including bombings and kidnappings, have occurred in various parts of the country, particularly in certain areas of Mindanao in the southern Philippines. The Armed Forces of the Philippines continue to conduct security and counterterrorism operations against groups identified as responsible for such activities.

Although security conditions in many areas have improved in recent years, isolated incidents of violence and terrorism continue to occur. For example, in 2017, armed groups seized parts of Marawi City in Mindanao, resulting in months of armed conflict between militants and government forces which caused mass casualties, displacement of residents and significant infrastructure damage. More recently, in December 2023, an explosion occurred during a religious gathering in Marawi City that resulted in casualties and injuries. In addition, in January 2026, the convoy of a local government official in Mindanao was ambushed by unidentified armed assailants using high-powered firearms.

Any increase in the frequency, severity or geographic scope of terrorist attacks, armed conflict or other violent incidents could destabilize parts of the country and adversely affect public safety, investor confidence and economic activity. These incidents may lead to injuries or loss of life among civilians and members of the military, damage to property and disruptions to economic activity. If such events occur or escalate, they could adversely affect the Philippine economy and business environment, which in turn could have a material adverse effect on the Company's business, financial condition and results of operations.

Volatility in global fuel prices, including increases driven by geopolitical tensions in the Middle East, may adversely affect the Company's business, financial position and results of operations.

The Philippines is heavily reliant on imported fuel and is, thus, highly exposed to fluctuations in global fuel prices. Recent geopolitical tensions in the Middle East have led to significant increases in fuel prices, resulting in higher transportation, electricity, and production costs, as well as increased inflationary pressures.

Sustained increases in fuel prices may adversely affect the Company's operations. In its real estate business, higher fuel prices may increase construction and development costs and dampen demand due to reduced consumer purchasing power. In its energy and agribusiness segments, higher fuel costs may increase operating expenses and compress margins.

More broadly, elevated fuel prices may contribute to inflation, higher interest rates, and slower economic growth, which could negatively affect demand for the Company's products and services. There can be no assurance that fuel prices will stabilize or that the Company will be able to fully pass on increased costs to customers. Any prolonged increase in fuel prices could adversely affect the Company's business, financial condition, and results of operations.

Natural or other catastrophes, including severe weather conditions, may adversely affect the Company's business, materially disrupt the Company's operations and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's assets and operations. While the Company carries insurance for certain catastrophic events, of types, in amounts and with deductibles that the Company believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. The Company also does not carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in such business, as well as the anticipated future turnover, while remaining liable for any costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

Territorial disputes with the China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

Competing and overlapping territorial claims by the Philippines, the People's Republic of China ("China") and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflict.

China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea, which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of China is invalid. The Government, under the current administration, has taken measures to de-escalate tensions concerning the territorial dispute with China. In March 2021, more than 180 Chinese military vessels were spotted on Julian Felipe Reef in the West Philippine Sea. The presence of the vessels defined a diplomatic protest and demand for the vessels to leave the area, issued by then-Defense Secretary Delfin Lorenzana.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these or other factors, including a significant depreciation of the Peso or increase in interest rates, may adversely affect the Company's operations. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or overseas Filipinos permits. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the Company's business, financial condition, results of operations, its ability to implement its business strategy and possible expansion plans.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including the Company.

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, such as the Company. Historically the Philippines' sovereign debt has been rated relatively low by international credit rating agencies.

Since December 31, 2019, the Philippines' long-term foreign-currency denominated debt was rated Baa2 by Moody's, BBB+ S&P Global Ratings, and BBB by Fitch. As of April 2026, Fitch Ratings revised its outlook on the Philippine long-term foreign currency issuer default rating ("IDR") to negative from stable. Nevertheless, the IDR was affirmed at 'BBB'. The Japan Credit Rating Agency report dated June 5, 2025, provided for a stable outlook with an investment-grade credit rating at 'A-'. On April 8, 2026, S&P Global Ratings revised its rating outlook on the Philippines to stable from positive. S&P Global also affirmed the 'BBB+' long-term and 'A-2' short-term sovereign credit ratings. The ratings mainly reflect the country's high and sustained economic growth supported by solid domestic demand, a low-level external debt, its resilience to external shocks supported by accumulated foreign exchange reserves, and its solid fiscal base. Notably, the outlook revision issued by Fitch was brought about by the rising risk in the country due to recent disruptions to public investment, heightened by the elevated exposure to the ongoing global energy shock.

There is no assurance that international credit rating agencies will not downgrade the sovereign credit ratings of the Philippines in the future. Any downgrade in the Philippines' sovereign credit ratings may adversely affect liquidity in the Philippine financial markets and could increase borrowing costs for the Philippine government and Philippine companies, including the Company. Such developments may

also limit the ability of Philippine companies to access the capital markets on commercially acceptable terms, which could have a material adverse effect on the Company's business, financial condition and results of operations.

RISKS RELATING TO THE BOND OFFERING

The Bonds may not be a suitable investment for all investors

Each potential investor of the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency; (iv) understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic conditions, interest rate, foreign exchange rate, Issuer's credit risk, and other factors that may affect its investment and its ability to bear the applicable risks.

Each investor should have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds.

An active or liquid trading market for the Bonds may not develop

The Bonds are a new issue of securities for which there is currently no trading market. Even if the Bonds are listed on the PDEX, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, and the overall market for debt securities among other factors, which may affect liquidity. Although the Bonds are intended to be listed on PDEX as soon as reasonably practicable, no assurance can be given that an active trading market for the Bonds will develop and, if such a market were to develop the Underwriters are under no obligation to maintain such a market. The liquidity and the market prices for the Bonds can be expected to vary with changes in market and economic conditions, the financial position and prospects of the Company, and other factors that generally influence the market prices of securities.

The Company has no control over this risk as active trading of the Bonds is highly dependent on the Bondholders.

The Issuer may be unable to redeem the Bonds

Upon maturity, the Issuer will be required to redeem all of the Bonds. At such event, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The failure by the Issuer to repay, repurchase or redeem tendered Bonds would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Issuer.

Holders of the Bonds may not be able to reinvest at a similar return on investment

Prior to the relevant maturity dates of the Bonds, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), any series of the outstanding Bonds on the relevant Optional Redemption Dates (see "Description of the Bonds"). Subject to the specific terms and conditions of the Bonds, in the event that the Company exercises this early redemption option, all Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

The Bondholder may face possible gain or loss if the Bonds are sold at the secondary market

As with all fixed income securities, the Bonds' market values move (either up or down) depending on the change in interest rates. The Bonds when sold in the secondary market are worth more if interest rates decrease since the Bonds have a higher interest rate relative to the market. Likewise, if the prevailing interest rate increases, the Bonds are worth less when sold in the secondary market. Therefore, holders may either make a gain or incur a loss when they decide to sell the Bonds.

The Bonds may not be able to retain its credit rating

There is no assurance that the rating of the Bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

The Bonds have no preference under Article 2244(14) of the Civil Code

No other loan or other debt facility currently or to be entered into by the Issuer shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities that are notarized have waived the right to the benefit of any such preference or priority. However, should any bank or Bondholder hereinafter have a preference or priority over the Bonds as a result of notarization, then the Issuer shall, at the Issuer's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds as may be practicable.

There can be no guarantee that the Bonds will be listed on the PDEX

Purchasers of the Bonds will be required to pay for such Bonds prior to the listing date of such shares. There can be no guarantee that listing will occur on the anticipated listing date for the relevant tranche or at all. Delays in the admission and the commencement of trading of the Bonds in the PDEX may occur. If the PDEX does not admit the Bonds, the market for the Bonds will be illiquid and bondholders may not be able to trade the Bonds. This may materially and adversely affect the value of the Bonds.

RISKS RELATING TO CERTAIN INFORMATION IN THE PROSPECTUS AND OFFER SUPPLEMENT**Certain information contained herein is derived from unofficial publications**

Certain statistics in this Prospectus or in the Offer Supplement relating to the Philippines, the industries and markets in which the business of the Company operates, including statistics relating to market size and market share, are derived from various government and private publications, including those produced by industry associations and research groups. This information has not been independently verified and may not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines.

DETERMINATION OF OFFER PRICE

Each series of the Bonds shall be issued on a fully paid basis and at an issue price that is at face value.

CAPITALIZATION

The consolidated short-term and long-term debt and capitalization of the Group as of the relevant period shall be set out in the relevant Offer Supplement.

USE OF PROCEEDS

The intended use of proceeds for each offer of Bonds being offered shall be set out in the relevant Offer Supplement under “**Use of Proceeds**”.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed in the Offer Supplement. The Company’s cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company’s management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, the PDEx, and the holders of the Bonds in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board or the Executive Committee, and disclosed to the PDEx. The use of proceeds for each tranche of the Offer shall be set out in the relevant Offer Supplement.

PLAN OF DISTRIBUTION

The Company plans to issue the Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Underwriters. The Offer does not include an international offering.

The detailed plan of distribution and underwriting arrangement for each offer of Bonds shall be set out in the relevant Offer Supplement.

The Underwriters are duly licensed by the SEC to engage in underwriting or distribution of the Bonds. The Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Company or any of its subsidiaries.

The Underwriters have no direct relations with the Company in terms of ownership by either of their respective major stockholder/s, and have no right to designate or nominate any member of the Board of Directors of the Company.

The Underwriters have no contract or other arrangement with the Company by which it may return any unsold Bonds to the Company.

Sale and Distribution

The distribution and sale of the Bonds shall be undertaken by the Underwriters who shall sell and distribute the Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Underwriters from purchasing the Bonds for their own respective accounts.

There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference.

The Underwriters are authorized to organize a syndicate of underwriters, soliciting dealers and/or selling agents for the purpose of the Offer. In connection with the foregoing, the Underwriters may enter into agreements, participation agreements, or similar agreements with other co-lead managers and managers (who may be named or have been named in the relevant Offer Supplement) and/or selling agents, as necessary.

Offer Period

The Offer Period for each tranche of the Offer shall be set out in the relevant Offer Supplement.

Application to Purchase

The requirements to purchase the Bonds shall be set out in the relevant Offer Supplement.

Minimum Purchase

The minimum purchase requirement for the Bonds shall be set out in the relevant Offer Supplement.

Refunds

The provision on refunds shall be set out in the relevant Offer Supplement.

Payment of the Bonds

The terms of payment of the Bonds shall be set out in the relevant Offer Supplement.

Secondary Market

ABCI intends to list the Bonds in the PDEX.

Registry of Bondholders

The Bonds shall be issued in scripless form.

Legal title to the Bonds shall be shown in the Registry to be maintained by the Registrar. The names and addresses of the Bondholders and the particulars of the Bonds held by them and all transfers of the Bonds shall be entered into the Registry. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry.

THE COMPANY

OVERVIEW

A Brown Company, Inc. was incorporated and registered with the Securities and Exchange Commission (SEC) on December 21, 1966. The Company is primarily engaged in real estate development, which accounts for 84.67% of its total revenues in 2025. ABCI's real estate projects are located in Cagayan de Oro City and Initao in Misamis Oriental, Bukidnon, Butuan City in Agusan del Norte, and Tanay, Rizal.

The Company's shares of stock are listed and are currently traded on the Main Board of the Philippine Stock Exchange ("PSE") under the ticker symbol "BRN".

In addition to real estate, the company has diversified business interests in agribusiness and public utilities, and strategic investments in the power generation sector. These businesses provide complementary revenue streams and support the Company's long-term growth and income stability.

The consolidated revenues, gross profit and EBITDA of ABCI for the year ended December 31, 2025 were ₱1,890 million, ₱943 million and ₱1,264 million, respectively. The following table sets forth the contribution to revenues of ABCI from its businesses for the periods provided:

	2025		2024		2023	
	Revenues	%	Revenues	%	Revenues	%
Real Estate Sales	1,601,018,375	84.67%	1,527,959,172	84.51%	1,454,786,129.00	89.54%
Sale of Agricultural Goods	259,251,928	13.71%	250,550,825	13.86%	142,563,286.00	8.77%
Water and Other Service Income	30,711,129	1.62%	29,462,585	1.63%	27,433,584.00	1.69%
TOTAL	1,890,981,432	100%	1,807,972,582	100%	1,624,782,999.00	100%

REAL ESTATE

Real estate is the core businesses of ABCI. Its flagship development is Xavier Estates in Cagayan de Oro City, a master-planned residential township. The Company's real estate projects are generally developed as mixed-use, nature-oriented, integrated, and master-planned communities. In recent years, the Company has expanded its real estate projects to cover economic and socialized housing developments to serve a broad market segment.

High-end Housing

- *Xavier Estates*: It is the pioneer in premier mixed-use development in Northern Mindanao. This 220-hectare development located at Fr. Masterson Avenue, Upper Balulang, and sprawled on a panoramic plateau overlooking the City has now become 288 hectares through additional acquisitions of adjacent developable areas over the years. It is a perfectly master-planned community which guarantees luxury, elegance, prestige, convenience and security.
- *Xavier Estates Phase 5B – Ventura Residences II* was launched in June 2018. It features house and lot units and prime lots. Located at the back of Ventura Residences, this second phase shall have the identical house colors of orange and cream as the first phase. House and Lot units are single detached with a lot area of 110 to 170 sq.m. and floor area of 80 sq.m. Prime lots with lot cuts of 110 to 500 sq.m. are located by the ridge. The project is 100% completed.

- *Xavier Estates Phase 6 - Ignatius Enclave* was launched in June 2018. It is located in Upper Balulang, Cagayan de Oro City, a 3-kilometer drive to Mastersons Avenue where major commercial establishments are located. There are also churches, grade schools, high schools and educational centers nearby. It features house and lot units and prime lots. Aimed at fostering a Happy Community concept, the single modern home design introduces ABCI's first venture into the vibrant house colors of yellow, orange, blue and green accents. The project is 100% completed with the houses 99% completed.
- *Xavier Estates Phase 6 – Ignatius Enclave 2* located in the lower tier of the Balulang scape. It features house and lot units. These single detached two-storey units have floor area of 120 sqm and are located in 120 sqm lot areas. House could also be built in bigger lots ranging from 150 sqm to 415 sqm. This project is 100% completed. The units are 90% completed programmed to be finished upon full collection from the buyers.
- *Teakwood Hills Subdivision* is located in Barangay Agusan, Cagayan de Oro City, some 2.3 kilometers from the national highway going uphill. This new and idyllic enclave has a breathtaking endless view of the mountains and the sea. The roads are eight meters wide and lined with trees. It has a club house with recreational amenities such as swimming pool, billiards, darts and table tennis. Lot sizes start from a minimum cut of 250 sq. m., all with a 180-degree scenic view of the famous Macajalar bay and an elevation of 220 meters above sea level. Phase 1 is 68% complete while Phase 2 is 100% complete.
- *Teakwood Hills Phase 3* occupies three (3) hectares in the northern portion of the upscale property. It is coined as Belle del Mar (Charm of the Sea) as it overlooks the waters. It offers lots for sale at 180sqm to 316sqm. This project is 100% completed.
- *Teakwood Crest Subdivision* is located a kilometer away from Teakwood Hills Subdivision in Barangay Balubal, Cagayan de Oro City. Overlooking Macajalar Bay, this property provides a refreshing take from the sea breeze. This property is classified under open market housing, shall have a minimum lot cut of 150 sqm for sale. Total saleable area is 3.7 hectares. The project is now 85% completed.
- *Valencia Estates*: It is located in Barangay Lumbo, Valencia City, Bukidnon. The amenities are patterned after the excellent standards of a plush subdivision with a road network of 15 meters for the main road, 10 meters for the service roads complete with sodium street lamps; a basketball court, a clubhouse with a swimming pool. It also has open spaces and playground, perimeter fence and a 24-hour security service. The project is 100% complete.
- *Coral Resort Estates*: The project is considered as the first residential resort estates in Northern Mindanao. It is strategically located in Initao, Misamis Oriental with a total development area of 5.4 hectares. Phase 1-Cluster A and Cluster B of the project with development area of 2.5 hectares and 2.9 hectares, respectively are 100% complete

Coral Resort Estates Phase 2 is situated in the southern part of Coral Resort Estates. It covers approximately 4 hectares comprising of lots for sale ranging from 180 to 398 sqm.

Coral Resort Estates Phase 3 with approximately 5 hectares offers saleable lots with an area ranging from 180 to 380 sqm. Phase 2 is 100% complete while Phase 3 is 100% complete.

Coral Resort offers a one-of-a-kind experience to its residents, away from the city, and nature's breeze at its greatest. Residents get the best spot of the breathtaking infinite view of the blue sea while enjoying the coolness of the fresh breeze.

- *West Highlands* is a residential estate beside a golf course community located in Brgy. Bonbon, Butuan City. The estate has a total developmental area of 25.9 hectares and is 289 feet above sea level which gives lot owners a panoramic view of historic Mt. Mayapay or the cityscape. West Highlands Phase 2 was launched last October 2017 highlighting fairway and inner fairway lots. Percentage-of-completion for Phase 1 is at 100% while Phase 2A is 100% complete on horizontal development and 100% for vertical development. For Phase 2B, the horizontal

development is 59% done while its vertical development - Block 9 and Block 8 is 36% and 41% done, respectively.

- *The Terraces in Xavier Estates* was launched last September 2018. This prime property is highlighted by prime cascading ridge lots of 180 to 400 sq.m. in size. Located in the terraces-like land configuration, this area commands a 180-view of the city of Cagayan de Oro and the mountains of Bukidnon and is low dense with less than 50 lots for sale. The horizontal development is 100% completed.
- *Mountain Pines Farm 2* is located in Brgy. Kalugmanan, Manolo Fortich in the Province of Bukidnon. This is the first residential farm-lot type or the gentleman's farm concept. Presenting sweater-weather at 1,200 meters above sea level it is located in the cool pine tree-bordered confines at the foothills of Mt. Kitanglad Range. It is a stone's throw away from Mindanao's famous adventure forest park and is surrounded by well-appointed high value crop farms. Total land area covers approximately 20 hectares with saleable lots with maximum lot cuts at 1,600sqm. It features a clubhouse and community center with parks and open spaces. The project is 99% completed.
- *Adelaida Meadow Residences* is situated in Brgy Bancasi, less than a kilometer away from Butuan City Airport. It is within the 7-kilometer radius of schools, malls, churches and hospitals in the downtown area. It lies 5 kilometers from Caraga's first paspalum te golf course, the West Highlands Golf Club. It offers single detached house and lot packages in 120 sqm lot area. Buyers have a choice between two model houses: Amethyst and Sapphire. Amethyst is a two-storey modern house with a total of 64.88 sqm floor area. The master's bedroom, kitchen, dining, living room, and terrace are in the ground floor. While there are 2 bedrooms in the second floor with its own balconies. Sapphire is a two-storey modern house with a 117.5 sqm floor area. The kitchen, dining, living room, and one bedroom are located in the ground floor. The second floor hosts the master's bedroom, another bedroom and a 15sqm balcony where parties and family bonding activities can be held al fresco. This gated community has its parks and playground and community facility. The horizontal development is 51% complete. The vertical development for Blocks 1 to 7 is about 47% to 85% done and for Blocks 10 to 13, about 14% to 39% done.

Economic Housing

- *Phase 5-Ventura Residences* is the first venture of A Brown Company, Inc. into the middle market house-and-lot package nestled inside the Xavier Estates. Ventura Residences is 100% complete. This project has a saleable area of 5.8 hectares.
- *Xavierville Homes*: It is an economic housing development project adjacent to the Xavier Estates. Phase 1 and 2 are 100% complete. This project has development area of 4.84 hectares and a saleable area of 2.59 hectares.
- *Adelaida Park Residences* located beside Mountain View Homes is the first residential subdivision in the region offering a ridgeview linear park. The linear park is 410 linear meters in length with park lights along the jogging path/bicycle path. Single detached and attached house and lot units are offered with lot area ranging 90-161 sq.m. with floor area ranging 60-110 sq.m. Adelaida Park Residences has single houses sufficiently spaced from each other with its own parking space; is a gated community with ranch-type perimeter fence; has proposed pavilion; and is certified flood free with an elevation of 157 feet above river bank. The horizontal development is 100% complete while the vertical development is at 97% complete.
- *Adelaida Mountain Residences* is a new master planned integrated community rising in the cool hills of Tanay, Rizal. It overlooks views of Sierra Madre Mountains and the Laguna Lake. Being anywhere around 400 to 500 meters above sea level, weather stays relatively cool. With approximately 12 hectares of development, saleable lots range from 252sqm to 834sqm. The horizontal development is at 99% complete.

Socialized Housing

- *St. Therese Subdivision*: The subdivision is a 1.67-hectares socialized housing project located in Balulang, Cagayan de Oro that will provide 155 house and lots of which 91 units are row houses, 38 units are duplex, and 26 units are single attached. The project is 100% complete.
- *St. Therese Subdivision 2* is a socialized housing project located adjacent the St Therese 1. Total area is about 6,111 square meters with 48 saleable house & lots units. Ground floor area of these units is at 28 square meters with provision for loft. It is about 66% complete with its horizontal development. The vertical development is about 51% complete.
- *Mountain View Homes*: This project has a development area of 2.3 hectares with 216 saleable house and lots with guard house and basketball court. Mountain View Homes Phase 2 is a new venture into the socialized and economic housing which is adjacent to the original Mountain View Homes. It is accessible to churches, schools, malls and commercial establishment. The socialized housing project has row houses with lot area of 50sq.m. and floor area of 26sq.m. Single detached units for economic housing have a lot area of 75-143 sq. m. and floor area of 36-38 sq. m. The percentage-of-completion for Phase 1 and Phase 2 are both 100% complete.
- *Mangoville* is a socialized housing which was launched on Feb 10, 2018. It is located in Barangay Agusan, Cagayan de Oro, just 1.8 kilometers away from the highway. Mangoville boasts of duplex design houses with its own parking space in a lot area of 67.5 sq.m. with floor area of 22 sq.m. It has a 10-meter-wide main road and 8-meter-wide inner roads, with perimeter fence and guardhouse. Mangoville homeowners will enjoy a view of the Macajalar Bay in its elevation of 169 meters above sea level. In 5.5 hours, all 235 units were reserved. The horizontal development is 100% complete while the vertical development is at 98% complete.
- *Adelaida Homes* is the 1st socialized housing project of ABCI in Luzon, specifically situated in Brgy. Sampaloc, Tanay, Rizal. It opened with 137 house and lot units. The row houses have a lot area that starts at 40sqm and floor area that starts at 26sqm. The horizontal development is 100% complete while the vertical development is at 99% complete.

Similar to Adelaida Mountain Residences, these properties are very accessible to most places of interest like town malls, restaurants, town markets, churches and tourist attractions like swim resorts, eco parks, falls and others within 200m to less than 10km in distance from the project site.

AGRIBUSINESS

A Brown's palm oil operations are conducted through two subsidiaries, Surigao Greens Agricultural Corporation ("**SGAC**") and A Brown Energy and Resources Development, Inc. ("**ABERDI**"), which are engaged in the processing and trading of crude palm oil and related products.

SGAC operates a fully functional crude palm oil ("**CPO**") milling facility, serving as the group's current focus for palm oil operations. The plant has a rated capacity of 10 tons per hour and sources fresh fruit bunches ("**FFB**") from independent growers and nearby plantations in the Surigao and Agusan regions.

The CPO milling facility is strategically located to allow for efficient logistics, lower transport costs, and reliable raw material supply. SGAC's operations provide the platform for the Group's continued participation and growth in the domestic palm oil industry.

ABERDI owns palm oil processing facilities consisting of a 10- ton-per-hour crude palm oil mill and a 50-ton-per-day Refined, Bleached, and Deodorized ("**RBD**") physical refinery with fractionation.

IRRADIATION AND COLD STORAGE

Irradiation Solutions, Inc. ("**ISI**") owns and operates the Tanay E-Beam and Cold Storage Facility, the first commercial electron beam ("**E-Beam**") facility in the Philippines offering contract sterilization services across multiple industries.

The facility can provide sterilization services for medical products such as masks, dressings, syringes, and surgical staplers, as well as other single-use medical devices. In addition, it offers commercial sterilization services for agricultural and fishery products, enhancing the quality and export potential of local fruits, seafood, and other food items. The E-Beam technology, used in over 60 countries, is considered the most cost-effective among commercial sterilization methods and leaves no residue after treatment. It also allows for sterilization in final packaging.

The Board of Investments (“**BOI**”) has granted approval for the project as Pioneering status under the Republic Act No. 11534 or the CREATE Act. All necessary approvals and permitting required for the operations have been secured.

On April 28, 2025, ISI has announced a strategic investment of ₱12.5 million in Accudata Analytical Labs Corporation (“**Accudata**”), acquiring a 35% equity stake. This partnership aims to enhance ISI E-Beam’s microbiological testing capabilities and expand its integrated service offerings to clients across the food, pharmaceutical, and medical sectors. Based in Calamba, Laguna, Accudata is a specialized diagnostics and product safety laboratory offering microbial testing and regulatory compliance services. Accudata plans to offer future services including sterility, bioburden, pathogen, and antimicrobial resistance testing for food, medical devices, and pharmaceutical products.

This collaboration enables ISI E-Beam to offer a fully integrated service model, combining its electron beam (E-Beam) sterilization services with advanced laboratory diagnostics. Clients will benefit from a streamlined process for safety assurance, faster turnaround times, enhanced regulatory support, and the convenience of working with a single provider for both sterilization and laboratory verification.

The investment will support the expansion of Accudata’s laboratory infrastructure, equipment upgrades, and additional services. These enhancements reinforce Accudata’s position as a trusted partner for quality assurance and diagnostics in the Philippines.

POWER

The current power arm of the Company refers to a minority interest to associate and has no material contribution to revenues of ABCI.

Bunker-Fired Power Project

On September 9, 2025, the Board of Directors of A Brown Company, Inc. has approved the internal reorganization and realignment of its energy portfolio to ensure a more focused management of the energy assets through the sale of its wholly-owned subsidiary, NRC and its 20% equity interest in Peakpower Energy Inc. (“**PEI**”) to its wholly-owned holding company, ABC Energy Inc. (“**ABCEI**”).

Peakpower Energy Inc. (PEI)

Peakpower Energy, Inc. was formed in 2013 to construct diesel/bunker-fired power plant projects designed to generate peaking energy in various A+/Green-rated electric cooperatives in Mindanao. These projects are Build-Operate-Maintain and Transfer (“**BOMT**”) agreements for brand new engines, which will last for 15 years through its subsidiaries as operating units: Peakpower Soccsargen, Inc., Peakpower San Francisco, Inc. and Peakpower Bukidnon, Inc. --- continue to provide dependable peaking capacity under long-term agreements.

Peakpower Soccsargen Inc. (PSI)

Peakpower Soccsargen Inc. (“**PSI**”) is a 34.8MW diesel/bunker-fired power plant located in General Santos City. It has a 15-year BOMT agreement with the South Cotabato II Electric Cooperative Inc. (“**SOCOTECO II**”). The Energy Regulatory Commission (“**ERC**”) issued the Certificate of Compliance (“**COC**”) for PSI’s first 20.9MW (3 units of 6.97MW) capacity last December 1, 2014. Commercial operations started on January 27, 2015. The 13.9MW (2 units of 6.97MW) Power Plant expansion declared commercial operations last September 12, 2017. ERC granted the COC of the expansion on February 20, 2018.

Peakpower San Francisco Inc. (PSFI)

Peakpower San Francisco Inc. (“**PSFI**”) is a 10.4MW diesel/bunker-fired power plant with business address located in San Francisco, Agusan del Sur. It has a 15-year BOMT agreement with the Agusan del Sur Electric Cooperative Inc. (“**ASELCO**”). ERC issued the COC for the first 5.2MW capacity on March 23, 2015. Another COC was issued for the increased 10.4MW capacity on February 18, 2020. Commercial operations started on January 26, 2018.

Peakpower Bukidnon Inc. (PBI)

Peakpower Bukidnon Inc. (“**PBI**”) is a 10.4MW diesel/bunker-fired power plant with business address located in Barangay Alae, Manolo Fortich, Bukidnon. It has a 15-year BOMT agreement with the Bukidnon Second Electric Cooperative Inc. (“**BUSECO**”).

ERC issued a Certificate of Compliance for the 10.4MW on December 19, 2018 which was extended until November 20, 2024. PBI commenced commercial operation on March 26, 2018.

Natural Gas Power Plant Project

Vires Energy Corporation

ABCI acquired 99.995% of the outstanding capital of Vires Energy Corporation (“**VEC**”) from Argo Group Pte. Ltd. of Singapore in June 2020. It was incorporated on March 11, 2015 with SEC Registration No. CS201504660. In March 2023, ABCI completed its 100% ownership by acquiring the remaining 0.005% of shares.

VEC was originally set-up as a special purpose vehicle and as proponent of an Integrated Floating LNG Storage and Regasification Terminal paired with a 500 MW Floating Power Plant (“**FPP**”) Project in Simlong, Batangas City. However, market developments, including the completion of two operational LNG terminals in Batangas and the availability of domestic gas supply, prompted a reconfiguration of the project. On August 30, 2024, VEC formally notified the DOE of its decision to discontinue the floating LNG terminal and withdrew its Notice to Proceed (“**NTP**”).

The initiative transitioned into a purely onshore 2 x 450 MW LNG Combined Cycle Power Plant concept designed to operate under a Third-Party Access (“**TPA**”) model sourcing natural gas through long-term supply agreements from existing LNG terminals and available indigenous gas sources.

On December 22, 2025, the Company publicly disclosed the suspension of pre-development activities. This decision was driven by ongoing difficulties in securing grid connection capacity and reliable gas supply, rendering the project’s timeline uncertain. While development is currently halted, this suspension does not preclude future value recovery should market conditions allow for the project’s full-scale activation, redevelopment, or eventual sale.

VEC’s BOI Certificate of Registration remains active. The Company is currently undertaking an assessment of whether extensions, amendments, or other adjustments to the registered milestones and timetable are necessary or available under applicable BOI rules and procedures.

As previously disclosed, VEC has recognized impairment provisions on its pre-development assets and has suspended its pre-development activities pending a strategic review. The suspension of pre-development activities has affected VEC’s project implementation timetable.

The Company is also evaluating its strategic options with respect to the VEC project, which may include the reactivation of pre-development activities, a revision of the project development scheme, the pursuit of a partnership or joint venture arrangement, a disposition of VEC’s assets or equity interests, or such other courses of action as the Board may determine to be in the best interest of the Company.

The Company will coordinate with the BOI and take such actions as may be necessary and appropriate under the circumstances, including seeking extensions or amendments to the registered milestones and implementation timetable.

Renewable Energy

Northmin Renewables Corp. (NRC) – formerly Hydro Link Projects Corp. (HLPC)

Northmin Renewables Corp. (“**NRC**”), formerly Hydro Link Projects Corp. (“**HLPC**”) was registered with the Securities and Exchange Commission on 6 May 2010 with SEC Registration No. CS201006733. NRC is focused on renewable energy projects in Northern Mindanao. NRC is currently managing two greenfield wind energy projects. On November 28, 2023, Northmin secured Wind Energy Service Contracts for the Bukidnon Wind Power Project and the Misor Wind Power Project.

The Bukidnon Wind Power Project is located in Malaybalay City, Cabanglasan and San Fernando, Bukidnon which is covered by Wind Energy Service Contract No. 2023-10-333.

The Misor Wind Power Project is located in Balingoan, Claveria, Salay, Sugbongcogon, Kinoguitan, Talisayan, and Medina, Misamis Oriental which is covered by Wind Energy Service Contract No. 2023-10-335. NRC is appointed by the DOE as having the exclusive right to explore, develop, and utilize the Wind Energy Resources within the applied contract areas.

NRC is currently undertaking pre-development activities for both projects in line with the approved DOE work program. Preliminary wind assessments have been completed. The wind measurement campaign using Lidar for the Misor Project began in the 4th quarter of 2024, while the campaign using Met Mast started in the 2nd quarter of 2025. System Impact Study (“**SIS**”) has been secured from the National Grid Corporation of the Philippines (“**NGCP**”) for the Misor Wind Power Project while the Bukidnon Wind Power Project’s SIS was already applied with the NGCP.

On September 9, 2025, the Board of Directors of A Brown Company, Inc. has approved the internal reorganization and realignment of its energy portfolio to ensure more focused management of the energy assets through the sale of its wholly-owned subsidiary, NRC and its 20% equity interest in PEI to its wholly-owned holding company, ABCEI.

Manolo Fortich Power Corporation

Manolo Fortich Power Corporation was registered with the SEC on March 17, 2025. MFPC established as a Special Purpose Vehicle to spearhead the development of the Manolo Fortich Solar Power Project, a large-scale solar energy facility in Northern Mindanao to address the evolving energy needs of the region.

The company is in the pre-development stage of a greenfield Solar Power Project with a Battery Energy Storage System (BESS). To secure the project’s physical footprint, MFPC has commenced the acquisition of several parcels of land in the Municipality of Manolo Fortich, Bukidnon. The inclusion of BESS is a strategic component of the project, intended to provide grid stability, mitigate the intermittency of solar generation, and enhance the overall reliability of power supply to the Mindanao grid.

As the project reaches technical maturity, MFPC intends to file for a Solar Energy Service Contract (SESC) and a Certificate of Authority (COA) with the Department of Energy (DOE). These licenses will formalize MFPC’s exclusive rights to explore, develop, and utilize solar energy resources within its identified site.

Alternergy Tanay Wind Corporation and Alabat Wind Power Corporation

On 23 October 2025, ABCEI entered into definitive agreements with Alternergy Holdings Corporation to acquire a 40% equity stake in each of Alternergy Tanay Wind Corporation (“**ATWC**”) and Alabat Wind Power Corporation (“**AWPC**”) which are developing the 128MW Tanay and 64MW Alabat wind projects.

ATWC and AWPC's wind projects are both in advanced construction stages set for completion by early 2026. The investment by ABCEI marks a significant step in expanding its renewable energy portfolio.

The amount of consideration for the transaction is Php 2.4 Billion, of which about Php 899 Million will be paid in cash to Alternenergy for the shares held by it in ATWC and AWPC and about Php 1.501 Billion (Php 1.224 Billion for ATWC and about Php 277 Million for AWPC) will be paid in cash directly to ATWC and AWPC as the subscription price for subscription to new shares.

On 5 March 2026, the Philippine Competition Commission ("**PCC**") approved the transaction, as evidenced by a PCC certification issued on 9 March 2026

Bulk Water Supply

AB Bulk Water Company, Inc. (ABWCI)

AB Bulk Water Company, Inc. ("**ABWCI**") was incorporated on March 31, 2015 with SEC Registration No. CS201506364 to engage in the business of holding and providing rights to water, to public utilities and cooperatives or in water distribution or to engage in business activities related to water development.

ABWCI is now focused on the development of the New CDO Bulk Water Project, which is considered more viable in terms of scalability and alignment with current and future demand. The project is located in Barangays of Mambuaya and Bayanga, Cagayan de Oro City, drawing from the Cagayan de Oro River, and is designed to supply up to 100 million liters per day ("**MLD**") at maximum capacity, with an initial phase of 40 MLD, providing safe and reliable water for about 1,000,000 Cagayan de Oro residents. This bulk water facility is envisioned to support the rapidly developing Uptown CDO area as well as the broader Cagayan de Oro City market.

The project is currently undergoing pre-development, with detailed engineering design and permitting targeted for completion by 2026. Planned infrastructure includes a water intake system, treatment plant, and transmission pipelines. ABWCI is actively exploring bulk water supply partnerships with subdivisions, cooperatives, distribution companies and utilities such as the Cagayan de Oro Water District ("**COWD**") to secure long-term distribution and access agreements.

Infrastructure

Blaze Capital Limited

Blaze Capital Limited ("**BCL**") is a British Virgin Islands company incorporated on August 8, 2011, and acquired by ABCI on May 22, 2017. BCL holds a 33.33% equity interest in East West Rail Transit Corporation ("**EWRTC**"), a member of the consortium for the East-West Rail Project ("**EWRP**").

The EWRP is a proposed 9.7-km railway line serving the España Blvd.-Quezon Ave. corridor, spanning from Lerma St. in Sampaloc, Manila, to University Ave. in Diliman, Quezon City.

The Consortium—comprising EWRTC and Alloy MTD Group (represented by MTD Philippines Inc.)—submitted an unsolicited proposal to the Philippine National Railways ("**PNR**") to finance, construct, operate, and maintain the project. The PNR granted Original Proponent Status to the Consortium, which remains in good standing. An updated Feasibility Study was completed in 2024 to recalibrate project costs and post-pandemic ridership models.

As of 31 December 2025, the Company recognized a non-cash impairment of capitalized costs related to preliminary studies for the project. While forward implementation remains uncertain, this impairment does not preclude future value recovery should the project be reactivated, redeveloped, or sold as the regulatory and infrastructure landscape aligns.

Recent Developments

Share Buyback Program

On 14 November 2025, the Company approved the implementation of a share buyback program authorizing the repurchase of up to ₱100 Million worth of ABCI common shares. The objective of the program is to repurchase shares when the market price is below their estimated value, as an effective use of capital that enhances long-term shareholder returns. The program shall remain effective for a period of one (1) year, or until the authorized amount has been fully utilized, whichever comes first.

Repurchases will be conducted through open-market transactions via the trading facilities of the Philippine Stock Exchange and will be funded from internally generated cash flow.

As of December 31, 2025, the Company bought back its 48,373,911 own common shares for a total amount of Php 45,323,584 thereby increasing its total treasury shares to 153,674,925.

An additional 36,526,000 common shares were repurchased beginning January 5, 2026 until February 16, 2026 with total shares bought back at 84,899,911 for a total amount of Php 83,168,803.75 thereby increasing its total treasury shares to 190,200,925.

Divestment in Palm Concepcion Power Corporation

On 14 July 2025, ABCEI sold its 20% equity interest in Palm Concepcion Power Corporation (“**PCPC**”) for a total consideration of ₱3,200,000,000. PCPC is a domestic corporation engaged in power generation and operating a coal-fired plant in Panay island.

The Group intends to allocate these proceeds toward strengthening core business segments, accelerating green energy initiatives, and reducing debt to enhance capital efficiency. Furthermore, the Group will proactively pursue investment opportunities in new sectors to diversify and secure long-term revenue streams.

STRENGTHS AND STRATEGIES

STRENGTHS

Established Real Estate Player with a Solid Track Record and Captured Niche Market in Mindanao for high-end customers

ABCI has over 25 years of track record in real estate development in Mindanao. It has established itself as the premier developer for the middle-middle, upper-middle and premium markets in the area, known for underscoring healthy, environment-friendly and low dense communities with focus on city-, mountainside-, agricultural-, golf and sea resort-, and lifestyle-developments.

Further, its in-depth knowledge of the local setting is bolstered by the fact that its management and base of operations are both centered in Mindanao unlike most of its competitors.

As of December 31, 2025 the Company has completed a total of 27 projects located in Cagayan de Oro City, Valencia City, Butuan City, and Initao, Misamis Oriental covering 4,025 units over a total developed area of 201 hectares. The Company also has a total of 7 ongoing projects located in Cagayan de Oro City; Butuan City; Initao, Misamis Oriental; Dahilayan, Bukidnon and Tanay, Rizal, composed of both high-end and socialized / economic units.

ABCI also has a total of 10 projects in the pipeline covering a total area of 172 hectares. consisting of high-end and economic/socialized units, memorial garden, and farm estate. For further discussion on the Company's projects, please refer to section on The Company – Businesses of ABCI – The Real Estate Development Business – Summary of Projects.

Large Landbank in Marketable Locations

As of December 31 2025, the Company has a land bank of 898 hectares that can support its pipeline projects. The land bank is mostly located in the Company's traditional markets and provides an

opportunity for the Company to venture into all segments of the housing market. Total book value of this 898 hectares of land as of December 31, 2025, amounted to PHP3.567 billion.

The Company also intends to acquire additional raw land for future developments in the areas of Tanay, Rizal, Cagayan de Oro City, Butuan City, and Bukidnon.

Diversified Interests across Stable Growth and High Impact Industries Contributing Steady Stream of Dividends

The Company's diversified interests across high impact industries provide a stable and recurring stream of dividend income that supports the Group. The Company holds a 20% associate interest in Peakpower Energy Inc. ("PEI"), which operates a portfolio of bunker-fired peaking power plants with a combined capacity of 52MW across three sites in Soccsargen, San Francisco, and Bukidnon, with long-term BOMT offtake agreements with rural electric cooperatives SOCOTECO II, ASELCO, and BUSECO. PEI has been a consistent dividend contributor to the Group.

In addition, ABCEI has entered into definitive agreements to co-invest a 40% equity stake in each of Alternergy Tanay Wind Corporation ("ATWC"), a 128MW wind project in Tanay, Rizal, and Alabat Wind Power Corporation ("AWPC"), a 64MW wind project in Alabat Island, Quezon. Both projects are currently under construction, with dividend flows to the Company expected to commence upon commercial operations.

Beyond its operating and near-term assets, the Company is advancing a greenfield renewable energy pipeline of up to 522MW through its subsidiaries, comprising the Misor Wind Project (up to 200MW), the Bukidnon Wind Project (up to 132MW), and the Manolo Fortich Solar Project (up to 190MW). These diversified energy interests — spanning operating, construction-stage, and pre-development assets across stable and high-growth segments — are expected to deliver a steady and growing stream of dividends and long-term value to the Company.

Positioned to Benefit from Growth of the Philippines Real Estate Industry

There is a rise in the demand of housing requirements for middle income, starter families and single market. To address these markets, ABCI has diversified its portfolio to include socialized and economic housing in Cagayan de Oro City. The real estate sector is still a major contributor to employment and income growth as it continues to be an attractive choice of investment for both domestic and foreign investors. Looking at the young and growing population, the transition of the country from a low-middle income economy to a high-middle income one, and, the expansion of economic activities to the provinces are some of the reasons for this bullish outlook on the real estate sector.

The Company has historically targeted the full spectrum of the real-estate industry, enabling it to take promptly take advantage of shifts in the demand of its customers. Hence, it is in the position to venture into pockets of growth areas that are outside its niche as seen in the current thrust to supply the necessary housing inventory to address the backlog in the economic and socialized segments.

Being at the forefront in real estate development in Mindanao, the management and the Board of ABCI will continue to pursue its real estate projects in key cities in the Land of Promise. Overtime, ABCI was able to build a reputation and credibility to deliver first class development. It has created a niche in Mindanao and has carved a name to beckon with when it comes to property development. It shall take advantage of the continuous demand in Xavier Estates lots which is attributable to its overall aura. Xavier Estates Phase V-A Ventura Residences offers Ventura Lane and Clusters B&C for the "lot-only" market. The strongest factor, especially among the OFWs and foreigners married to a Filipino are its tree-lined streets that are now fully-grown, its in-house water system, strict security system, the largest clubhouse in Mindanao, as well as having a luxurious view of nature on top of a plateau.

Teakwood sales are beginning to pick-up and are also the preferred place compared to its competitors due to its magnificent location which is overlooking the Macajalar Bay. Coral Resort Estates is gaining popularity among local residents due to the tranquility the water front offers. Adelaida Park Residences is ABCI's response to the growing demand for economic house and lot packages. The project gained edge because of its ridge view linear park and single houses sufficiently spaced from each other. Mountain View Homes Phase 2 attracted teachers, government employees and managers. ABCI will

continue to focus on increasing revenue generation and profit through innovation by introducing new products and services that would meet customer expectations and satisfaction.

Stable Financial Performance and Resilient Profitability Track Record

ABCI has a demonstrated history of sustainable profitability and financial prudence that has seen it overcome several global crises including the 1973 oil crisis, the 1997 Asian financial crisis, the 2008 U.S. subprime crisis, and the COVID-19 pandemic.

The Company has been able to remain profitable, managing to improve its gross profit and net income margins year-on-year despite the drop in sales at the height of the pandemic. ABCI believes that its agility and operational capability would allow it to sustain profit growth despite the highly uncertain environment. For further discussion, please refer to the section on “*Management’s Discussion and Analysis of Results of Operations and Financial Condition*”.

Visionary Leadership with Extensive Experience in Real Estate, Energy, and Project Development

The Company employs a highly experienced management team with a proven track record across various industries led by visionary Dr. Walter W. Brown. Dr. Brown, Chairman Emeritus and Director, is a trained geologist and geo-chemist. His track record includes serving as Chairman or as President or Director of Apex Mining Co. Inc., Atok Big Wedge Co, Inc., Philex Mining Corporation, National Grid Corporation of the Philippines, Atlas Consolidated Mining Co., Philodrill Corporation, Petroenergy, Philippine Realty & Holdings Corporation, Dominion Asia Equities, Inc. (Belle Corp.), Palawan Oil & Gas Exploration (Vantage Equities), 7 Seas Oil Company, Inc. (Abacus), Universal Petroleum (Universal Rightfield), Sinophil Corporation, Asian Petroleum Corporation, Acoje Mining Corporation, Semirara Coal Corporation, Surigao Consolidated Mining Inc. (Suricon), Vulcan Industrial and Mining Corporation, San Jose Oil, Seafront Petroleum, and Basic Petroleum. Dr. Brown has extensive experience in the mining, energy, and natural resources sectors, and continues to provide strategic direction to the Company and its subsidiaries.

Mr. Robertino E. Pizarro, Chairman, has held various leadership roles within ABCI, including serving as President for over two decades prior to his appointment as Chairman. He has been actively involved in the Company’s real estate developments and expansion initiatives, as well as its agribusiness operations. Mr. Paul Francis B. Juat, President and has been part of the Company since 2019. He has experience in business development in the energy and mining sectors and is involved in overseeing the Company’s emerging business segments, including its power investments.

STRATEGIES

Target the full spectrum of the real estate market from high end to economic and socialized housing segments

ABCI shall continue to deliver excellent and value for money developments in accordance with its core competence. The Company has the land bank in place to support expansion and pipeline projects that will be rolled out. A master planned community is being developed in Tanay, Rizal and Butuan City. New phases shall also be developed in West Highlands in Butuan City; Coral Resort Estates in Initao, Misamis Oriental, and, Teakwood Hills in Cagayan de Oro City. For the premium market, on the drawing board is a golf and retirement estate in Manolo Fortich, Bukidnon. ABCI has developed the technical expertise and processes to be able to develop projects efficiently across the whole spectrum from socialized to high end. The Company’s solid track record of its completed and ongoing projects allows good brand recall among its customers.

Maintain focus on healthy, environment-friendly and low-density community concepts

With the health benefits and personal well-being of the residents as its core thrust, the Company will continue to deliver developments that feature generous open spaces, lush vegetation, fresh flowing air, bike lanes and open patios in its home designs. Changing market demands brought upon by the COVID-19 pandemic has highlighted the preference of customers for low-density community concepts.

The Company's land bank is situated mostly outside the main cities. The Company aims to take advantage of this by fast tracking planned developments and integrating farm lots into its real estate product offerings.

Continue land banking to support pipeline projects

The Company does continuous land banking focused on areas where the Company has a local foothold and a competitive advantage. Land parcels adjacent completed and ongoing projects are usual targets for expansion phases. With its experience in developing master-planned mixed-use developments, the Company is also looking into new areas where it can consolidate sizable portions to be able to come up with integrated mixed-use developments.

Increase the sales network by additional accreditation of partner realties

ABCI asserts a pro-active stance with regard to its partner realties, brokers, and agents. The Company's strategy is to expand the reach of its products by actively engaging additional accreditation of partner realties to market the Company's real estate products. ABCI institutes programs, trainings, talks, personal chats and exchange with individual brokers which has increased the brokers' drive to sell the Company's real estate offerings.

In 2025, the performing realties are Abejo Realty, Appena Realty, Bachelors Realty and Brokerage, BCP Realty, CDO Brokers and Associates, Inc., Chee Realty and Development Corp., CLM Realty, Cornerstone Realty Services CDO, Danrel Gold Realty, DK Realty Philippines, Eagleridge Realty, ES Realty, FAM Associates Realty and Services, GAA Realty, Gambe Realty, Global One Realty and Property Mgt Corp., Golden Nest Realty and Brokerage, Highlands Realty and Brokerage Corp. Home Solutions Realty, Icon Real Estate PH, INS Realty, Intino Realty, Jac Homes Realty, JET Realty, JYA Real Estate Services, KPO Realty, LA Keystone Realty, Land Asia Realty and Devt Corp., Leuterio Realty and Brokerage, Maria Lee Realty and Brokerage, Marian Realty, Philhomes Devt Corp., Power Properties Realty Mgt and Devt Corp., Property Provider Realty, Primeland Realty Phildevelopment Corp, Seers Property Mgt Group, Seankirsten Realty, Silucorp Real Estate and Engineering Services, Sit Benedictus Realty, SVF Realty, True Hero Realty and Devt Builders Corp, Truly Wealthy Realty, U1st Realty and Brokerage Inc, VEFF Realty Services, and VZ Stellar Realty.

Expand its power generation portfolio through development of greenfield power projects

ABCI's investments in power generation associate PEI have remained profitable and contributes a steady source of dividends to the Company. With its experience and knowledge of the industry, the Company is looking to expand its current portfolio. In this regard, ABCEI, the Company's energy arm, entered into a co-investment arrangement with Alternergy Holdings Corporation for a 40% equity stake in each of ATWC and AWPC, which are developing the 128MW Tanay and 64MW Alabat wind projects. ABCI believes that these wind projects can provide an environmental-friendly and economic source of electricity for the country's power needs. The Company remains on the lookout for good opportunities ranging from development of new greenfield power project opportunities or acquisition of development or operating power projects.

Further diversification in strategic and high impact industries

ABCI is looking at expansion and continuous diversification in new business segments. Projects in the irradiation and bulk water segments are expected to be income contributors in the future as the projects progress in development. The Company, through ISI, owns and operates the first E-Beam Facility in the Philippines. AB Bulk Water Co. is also pursuing bulk water projects to supply water to Cagayan de Oro City envisioned to support the rapidly developing Uptown area as well as the broader Cagayan de Oro City market.

ABCI banks on its experience in project development, knowledge on the local and regulatory framework of the sectors it is operating in, and its network with both local and foreign experts in their respective fields.

ABCI is currently advancing a pipeline of greenfield projects valued at PHP 45 Billion across the renewable energy and water sectors. To support these developments, the Company expects to source

funds through a strategic mix of internally generated cash, project finance, capital raising, and project sell-downs as applicable. Pipeline projects for other business interests in power and water sectors are as follows:

Project	Location	Type	Ownership Interest in Project	Estimated Project Cost (P Mn)	Start Date	Estimated Completion Date
Manolo Fortich Solar Power Project	Brgy. Dalirig, Manolo Fortich, Bukidnon	Renewable Energy	100%	10,115	2027	2029
New CDO Bulk Water Project	Brgys. Mambuaya & Bayanga, Cagayan de Oro City	Bulk Water Supply	100%	3,642	2027	2029
Misor Wind Power Project	Municipalities of Balingoan, Claveria, Salay, Sugbongcogon, Kinoguitan, Talisayan, and Medina, Province of Misamis Oriental	Renewable Energy	100%	19,200	2028	2030
Bukidnon Wind Power Project	Malaybalay City, Cabanglasan, and San Fernando, Province of Bukidnon	Renewable Energy	100%	12,384	2030	2032
Total				45,341		

CORPORATE HISTORY AND MILESTONES

1966	The Company was incorporated in the Philippines as Bendana, Brown, Pizarro & Associates, Inc.
1992	The SEC approved the amended Articles of the Incorporation and By-laws of Bendana, Brown, Pizarro & Associates, Inc. which changed the corporate name to Epic Holdings Corporation and effected a 5:1 stock split by reducing the par value of shares from Php5 to Php1 while increasing the total number of authorized shares from 20,000,000 to 100,000,000.
1993	SEC approved the plan of merger of Brown Chemical Corporation and Brown Chemical Sales Corporation (absorbed corporations) into Epic Holdings Corporation as the surviving corporation. Subsequently, Epic Holdings Corp. changed its name to A Brown Company, Inc. (its current name).
1994	ABCI was listed with the Philippine Stock Exchange

1995	Xavier Estates Phase 1 in Cagayan de Oro was launched, ABCI's first real estate development project in Mindanao
1999	The SEC approved the plan of merger of the Company (surviving company) and five of its wholly-owned subsidiaries: A Brown Chemical Corporation, Geoex Farms, Inc., East Pacific Investors Corporation, Terra Asia Pacific Development Manager, Inc and Victorsons Trans Cargo System, Inc. (absorbed corporations).
2001	A Brown Energy, Inc. was incorporated on February 21, 2001
2002	The SEC approved the plan of merger of the Company and five (5) of its wholly owned subsidiaries: Another Brown Co., Inc. (formerly W. Brown Co., Inc.), Geoex Drilling Corp., Northmin Mining and Development Corp., Manresa Golf and Country Club and Norphil Properties, Inc. A Brown Energy, Inc. changed its corporate name to A Brown Energy and Development Inc. (ABERDI) and amended its primary purpose to manufacturing and trading of goods such as crude oil and petroleum products.
2006	Investment in Monte Oro Resources and Energy, Inc. ("MORE"). Teakwood Hills Phase 1 in Cagayan de Oro City was launched ABERDI completion of crude palm oil in Impasug-ong, Bukidnon
2010	ABCI subscribed to shares of PTCHC and Panay Consolidated Land Holdings Corp. ("PCLHC") representing 95% and 100% shareholdings of the companies. PTCHC acquired 100% of the outstanding capital stock of DMCI Concepcion Power Corporation (now Palm Concepcion Power Corporation). PCLHC acquired thirty (30) hectares of land from DMCI Power Corporation with the intention of using it as the site for a coal-fired power plant project.
2011	ABCI and HLPC entered into a series of transactions to acquire 100% ownership of HLPC.
2012	PTCHC entered into various agreements and deeds which decreased its shareholdings in PCPC from 100% to 30%. PTCHC acquired a 30% equity stake in PCLHC.
2013	PTCHC acquired an additional 40% interest in PCPC and PCLHC, increasing PTCHC interest in the coal-fired project to 70%. A new investor also invested in PCPC and PTCHC which resulted in the following ownership structure: PTCHC (39.54%); Jin Navitas Resource Inc. (30%) and Oriental Knight Ltd. (30.46%). PTCHC's interest in PCLHC remained at 70%. ABCI caused the incorporation of PEI, the holding company that ventured on projects designed to generate peaking energy in Mindanao using brand new bunker-fired engines.
2014	The SEC approved the Plan of Merger of PCPC and PCLHC with PCPC as the surviving entity as well as the increase in authorized capital stock of PCPC. The merger and the capital increase resulted in the 30% equity interest of the Company in PCPC.

Commercial operations of Peakpower San Francisco (PSFI) Diesel Power Plant

ABCI sold its shares in MORE to Apex Mining Company, Inc. ("**APEX**"). ABCI subscribed the same number of shares of APEX.

2015 The SEC approved PCPC's increase in its authorized capital stock. Palm Thermal's shareholdings were reduced from 30% to 20% due to non-subscription from the increase of PCPC's authorized capital stock.

Commercial Operations of Peakpower Soccsargen (PSI) Diesel Power Plant

Commercial operations of ABERDI's 50 MT/day physical refinery in Impasug-ong, Bukidnon

2016 Commercial Operations of PCPC Unit 1

2018 Commercial Operations of Peakpower Bukidnon (PBI) Diesel Power Plant

2020 ABCI acquired 99.995% of the outstanding capital of Vires Energy Corporation ("**VEC**") from Argo Group Pte. Ltd.

2021 ABCI caused incorporation of Irradiation Solutions Inc. ("**ISI**")

2023 ABCI was awarded service contracts for Bukidnon Wind Power Project and Misamis Oriental Wind Power Project

ABCI completed the shelf-registration of 50,000,000 Preferred Shares and the listing of 13,264,900 Series A Preferred Shares

ABCI caused incorporation of SGAC

2024 ISI's E-beam facility commenced commercial operations

2025 Divestment of 20% equity interest in PCPC

Investment Agreement to acquire 40% equity in ATWC and AWPC

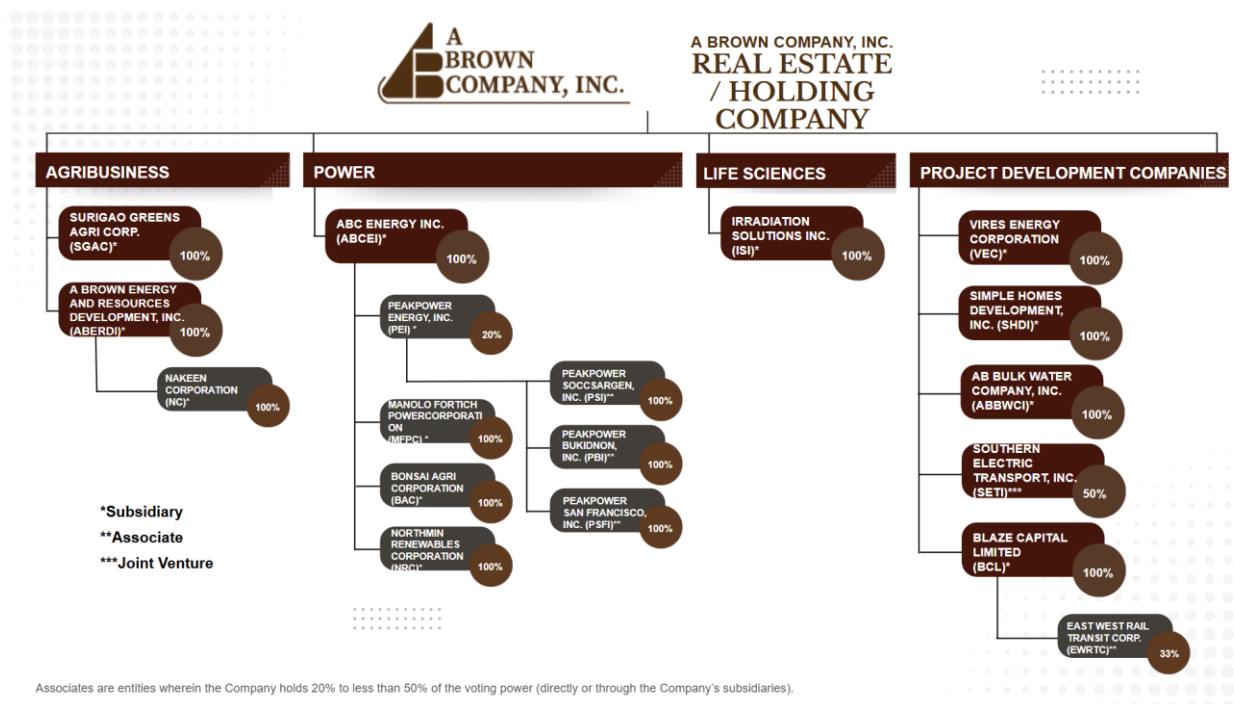
ISI acquired 35% equity interest in Accudata

Incorporation of Manolo Fortich Power Corporation

GROUP STRUCTURE, SUBSIDIARIES AND ASSOCIATES

Corporate Structure

The chart below provides an overview of the ownership structure of the Company and its major operating subsidiaries and associates as of December 31, 2025.



A Brown Energy and Resources Development, Inc. (ABERDI)

ABERDI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on February 1, 2001 to primarily engage in the business of manufacturing and trading of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.

ABC Energy Inc. (ABCEI) formerly Palm Thermal Consolidated Holdings, Corp. (PTCHC)

ABCEI is a 100% owned subsidiary of the Parent Company registered with the SEC on November 22, 2010. On August 29, 2024, the BOD and stockholders of ABCEI has approved the amendments of the Articles of Incorporation. The amendment includes changing the name of the Corporation to ABC Energy Inc. (ABCEI, changing its primary purpose to "engage in the business of a holding company to hold shares for energy-related investments, whether common, preferred, treasury, founders or other kinds of shares, and to pay for such shares, in whole or in part, in cash or by exchanging therefor, stocks, or securities of this or any other corporation, and while the owner or holder of any such shares, to receive and dispose of the dividends and to exercise all the rights, powers and privileges of ownership, including voting any stock so owned, without however engaging in dealership in securities or in stock brokerage business, to the extent permitted by law, to aid, either by loans or by guaranty of securities or in any other manner, any corporation, any share of stock, or any evidence of indebtedness or other security whereof are held by this corporation, and to do any act designed to protect, preserve, improve or enhance the value of any property at any time held or controlled by this corporation, Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts." and changing the principal office of the subsidiary. In 2024, the Parent Company authorizes the reclassification of its deposits for future stock subscription for the additional capital in ABCEI amounting to ₱750.0 million. The said amendment was approved by SEC on January 23, 2025.

Blaze Capital Limited (BCL)

BCL is a 100% owned subsidiary of the Parent Company registered with BVI Financial Services Commission as a British Virgin Island ("BVI") Business Company on August 8, 2011 under the BVI Business Companies Act 2004. Subject to the Act and any other BVI legislation, the Company has irrespective of corporate benefit (a) full capacity to carry on or undertake any business or activity, do

any act or enter into any transactions; and (b) for the purposes of (a), full rights, powers and privileges. Since its incorporation, BCL has not started its commercial operations.

Northmin Renewables Corp (NRC) Formerly Hydro Link Projects Corp. (HLPC)

NRC is a 100% owned subsidiary of the Parent Company registered with the SEC on May 6, 2010.

On July 24, 2023, the BOD and stockholders of NRC has approved the amendments of the Articles of Incorporation. The amendment includes changing the name of the Corporation to Northmin Renewables Corp. (NRC), changing its primary purpose to “to invest in renewable energy projects and all other energy related investments”, changing the principal office of the subsidiary; and increasing the authorized capital stock from ₱16.0 million to ₱100.0 million.

In 2023, the Parent Company authorizes the reclassification of its deposits for future stock subscription for the additional capital in NRC amounting to ₱35.0 million to enable the latter to meet the capital adequacy and other requirements of DOE. The said amendment was approved by SEC on December 29, 2023.

On December 6, 2023, the DOE has awarded the Company service contracts for Bukidnon Wind Power Project and Misamis Oriental Wind Power Project. The service contracts are effective November 28, 2023. With the award of the service contract, the Company is currently undertaking pre-development activities for both projects on the work program approved by the DOE.

In 2024, the Parent Company subscribed additional capital amounting to ₱15.75 million and was recognized as an additional investment in the subsidiary.

AB Bulk Water Company, Inc. (ABBWCI)

ABBWCI is a 100% owned subsidiary of the Parent Company registered with the SEC on March 31, 2015. ABBWCI was organized primarily to engage in the business of holding and providing rights to water to public utilities and cooperatives or in water distribution in the Municipality of Opol and related activities. Since its incorporation, ABBWCI has not started its commercial operations.

Masinloc Consolidated Power, Inc. (MCPI)

MCPI is a 49% owned subsidiary of the Parent Company registered with the SEC on July 4, 2007. MCPI was organized primarily to engage in, conduct and carry on the business of construction, planning, purchase, supply and sale of electricity. MCPI is registered under the Foreign Investments Act of 1991 on July 6, 2007. MCPI has not yet started its commercial operations. On March 22, 2023, the Company has secured the approval of the Securities and Exchange Commission (SEC) on the shortening of its corporate life from fifty (50) years from and after the date of incorporation to seventeen (17) years from and after the date of issuance of the Certificate of Incorporation, or on July 3, 2024. As of date, MCPI is in the process of closing its business registration with the BIR, and has already secured the Certificate of Closure with the local government unit of Pasig City.

Simple Homes Development, Inc. (SHDI)

SHDI is a 100% owned subsidiary of the Parent Company registered with the SEC on February 26, 1997. SHDI was organized primarily to invest in, purchase or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, and related activities. Since its incorporation, SHDI has not started its commercial operations.

Nakeen Corporation (NC)

NC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. Its primary purpose is to engage in the business of agriculture in all aspects, including but not limited to, the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing markets. NC is also engaged in selling palm seedlings and bunch.

Bonsai Agri Corporation (BAC)

BAC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. BAC was organized to engage in business of agriculture in all aspect, including but not limited to operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chickens and all other activities related to or incidental to the foregoing, and to market, sell, or otherwise dispose of any produce and products in both local and foreign markets. Since its incorporation, the Company has not started its commercial operations.

Vires Energy Corporation (VEC)

VEC is a 99.995% owned subsidiary of the Parent Company registered with the SEC on March 11, 2015. It was organized primarily to operate, engage in, conduct and carry on the business of exploring, developing, converting, producing, processing, and refining of power energy, fuel and/or any other source of power energy, including importation, handling, distributing and marketing at wholesale either within or outside the Philippines; to develop, manage, lease, and operate refineries for the power and fuel products or any other source of power energy; to enter into business undertaking to establish, develop, explore and operate business that will provide the technical manpower to persons and institutions engaged in aforesaid energy production; and in general to carry on and undertake such activities which may seem to the Company capable of being conveniently carried on in connection with the above purposes, or calculated, directly, to enhance the value of or render profitable, any of the Company's property or rights. Since its incorporation, the Company has not started its commercial operations. VEC is a subsidiary effective June 18, 2020.

Irradiation Solutions Inc. (ISI)

ISI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on January 4, 2021. ISI was organized in providing irradiation services for all types of goods e.g., food products and non-food products through exposing such goods to ionizing radiation such as gamma rays, x-rays, or accelerated electrons from electron beam machines.

Surigao Greens Agri Corp. (SGAC)

SGAC is a 100% owned subsidiary of the Parent Company registered with the SEC on February 13, 2023. The Company was organized to engage in the business of processing, milling and refining palm oil to manufacture crude palm oil, refined beached deodorized palm oil, palm olein and other products and to distribute such products on a wholesale or retail basis, provided that the corporation shall not solicit accept or take investments/placements from the public and neither shall it issue investment contracts.

Manolo Fortich Power Corporation (MFPC)

MFPC is a 100% owned subsidiary of the Parent Company through ABCEI registered with the SEC on March 17, 2025. The Company was organized to acquire, scheme, develop, construct, invest in, and operate power generating plants, including solar power plants, and engage in the business of a Generation Company, and to develop, assemble and operate other power related facilities, appliances and devices, and develop and operate conventional and renewable energy resources, sell electricity and carbon credits, act as a wholesale and retail electricity supplier and aggregator, operate and maintain power plants, securing any needed licenses.

THE REAL ESTATE DEVELOPMENT BUSINESS

Completed Projects

The following table lists the Company's completed real estate developments, as of December 31, 2025. ABCI has 27 completed projects. All real estate developments follow the concept of a mixed-use, nature-themed, master-planned integrated community.

Project	Location	Area (sqm)	No. of units	Type	Year Completed
Xavier Estates Phase 1	Cagayan de Oro City	445,697	731	Horizontal; high-end	1998
Xavier Estates Phase 2	Cagayan de Oro City	321,318	630	Horizontal; high-end	2004
Xavier Estates Phase 3	Cagayan de Oro City	86,984	115	Horizontal; high-end	2004
Xavier Estates Phase 4	Cagayan de Oro City	407,097	1,100	Horizontal; high-end	2011
Xavier Estates - Phase 5A Ventura Residences	Cagayan de Oro City	90,957	121	Vertical; Economic	2011
Xavier Estates - Phase 5A Ventura Lane	Cagayan de Oro City	8,898	30	Horizontal; Economic	2013
Xavier Estates - Phase 5A Ventura Residences B&C	Cagayan de Oro City	86,663	139	Horizontal; Economic	2017
Valencia Estates	Valencia City	117,244	348	Horizontal; high-end	2010
Xavierville Homes	Cagayan de Oro City	48,396	131	Horizontal; Economic	2008
Teakwood Hills – Phase 2	Cagayan de Oro City	52,675	59	Horizontal; high-end	2013
Saint Therese Subdivision	Cagayan de Oro City	16,720	155	Vertical; Socialized	2013
Mountain View Homes - Phase 1	Cagayan de Oro City	23,180	217	Vertical; Socialized	2015
West Highlands Phase 1	Butuan City	259,325	167	Horizontal; high-end	2015
Coral Resort Estates Phase 1A	Initao, Misamis Oriental	25,300	42	Horizontal; high-end	2016
Coral Resort Estates Phase 1B	Initao, Misamis Oriental	28,780	40	Horizontal; high-end	2016
Teakwood Hills Phase 3 – Belle del Mar	Cagayan de Oro City	29,829	42	Horizontal/Vertical; High End	2025
Xavier Estates Phase 5B - Ventura	Cagayan de Oro City	20,852	74	Horizontal/Vertical; High End	2018
Xavier Estates Phase 6 - Ignatius Enclave	Cagayan de Oro City	90,573	250	Horizontal/Vertical; High End	2018
Xavier Estates Phase 6 - Ignatius Enclave 2	Cagayan de Oro City	59,388	126	Horizontal; High-end	2021
The Terraces in Xavier Estates	Cagayan de Oro City	9,618	46	High-end	2018
Coral Resort Estates Phase 2	Initao, Misamis Oriental	42,215	97	High-end	2021
Coral Resort Estates Phase 3	Initao, Misamis Oriental	40,000	69	Horizontal/Vertical; High End	2022
Xavier Estates Phase 6 - Ignatius Enclave 2	Cagayan de Oro City	59,388	126	Horizontal/Vertical; High End	2025
Adelaida Park Residences	Cagayan de Oro City	43,672	215	Vertical; Socialized/Economic	2016
Mountain View Homes – Phase 2	Cagayan de Oro City	12,875	83	Vertical; Socialized/Economic	2021
West Highlands – Phase 2A	Butuan City	84,698	156	Horizontal/Vertical;	2017
Adelaida Homes	Tanay, Rizal	7,152	137	Vertical; Socialized/Economic	2021

Ongoing Projects

As of December 31, 2025, ABCI has a total of 7 ongoing projects, composed of both high-end and socialized / economic units. ABCI was able to meet construction timetables as of December 31, 2025, with majority of projects more than 80% completed.

Project	Location	Area	No. of units	Sold units as of December 31, 2025	Type	Date Started	Percentage Completion as of December 31, 2025

Teakwood Hills – Phase 1	Cagayan de Oro City	400,036	484	390	Horizontal; High-end	Nov 2016	81%
Teakwood Crest	Cagayan de Oro City	76,600	210	183	Horizontal; High-end	March 2023	86%
Mountain Pines Farm Phase 2	Manolo Fortich, Bukidnon	200,737	123	113	Farm Lot Estate	November 2021	99%
Mangoville	Cagayan de Oro City	35,834	235	235	Vertical; Socialized/Economic	September 2017	99%
Adelaida Meadow Residences	Bancasi, Butuan	97,262	286	215	Horizontal/Vertical; Economic	Oct 2021	82%
West Highlands – Phase 2B	Butuan City	92,256	176	114	Horizontal/Vertical;	Oct. 2017	99%
Adelaida Mountain Residences	Tanay, Rizal	110,000	191	161	Horizontal/Vertical; Economic	July 2021	99%

Pipeline Projects

As of December 31, 2025, ABCI has a total of 10 projects in the pipeline, consisting of high-end and economic/socialized units, condominium units, and farm lot estates.

Project	Location	Type	Area (sqm)	Project Cost (PHP Mn)	Start Date	Est. Completion Date
Xavier Southwoods	Bayanga, Cagayan de Oro City	House & Lots	719,099	853	2026	12/30/30
South Cove Homes	Bayanga, Cagayan de Oro City	House & Lots	43,843	320	2026	12/30/29
Alexandrite Columns - Zircon Tower	Balulang, Cagayan de Oro City	Condominium	18,448	850	2026	12/30/29
Coral Bay Suites - Aqua North and Aqua South Buildings	Pagahan, Initao, Misamis Oriental	Condominium	17,624	608	2026	12/30/2026
Mountain Pines Farm Phase 2B	Kalugmanan, Manolo Fortich, Bukidnon	Farm Lot Estates	174,176	62	2026	12/30/26
West Coast Greenfield	Buenavista, Agusan del Norte	High-end	226,969	285	2026	12/30/28
Mountain Breeze Homes	Ampayon, Butuan City	House & Lots	62,022	485	2027	12/30/30
Highlands Fairway Suites	Bonbon, Butuan City	Condominium	9,561	477	2027	12/30/30
Adelaida Mountain Residences Phase 2	Tanay, Rizal	High-end	136,684	155	2026	12/30/28
Epic Leisure Lots at Epic Mountain Estates	Tanay, Rizal	High-end	320,000	376	2026	12/30/28
Total			1,728,426	4,471.00		

Contractors, Suppliers and Availability of Raw Materials

While the majority of raw materials are sourced from domestic Philippine suppliers, certain requirements are procured from international markets, including China, to ensure cost-efficiency and material availability. Suppliers are selected based on a rigorous assessment of corporate background, industry accreditations, material quality, and proven track record.

The Company primarily sources construction materials locally to support project timelines but maintains a diversified supply chain to avoid dependency on any single provider. Contracts and projects are awarded through a competitive bidding process among qualified partners.

Construction and housing projects are managed in-house, with strict supervision and quality control provided by the internal Construction and Engineering group. Specialized work, such as roofing and glazing, is contracted directly to approved suppliers or fabricators. All partners, whether local or international, are subject to the Company's formal internal accreditation procedures.

Customer Profile

For projects offered in 2025, the core customer base remains businessmen and professionals from Northern Mindanao and the Caraga Region, accounting for 63% of total sales. The market also saw a modest increase in participation from Overseas Filipino Workers (OFWs), which rose to 30% in 2025. This incremental growth is supported by targeted product offerings and broader digital engagement through social media and sales partners.

The balance of the market is comprised of government employees, retirees, and individuals married to foreign nationals. Notably, there is emerging interest from retirees with roots in Cagayan de Oro who are looking to reinvest in local properties after residing abroad. Consistent with this diversified profile, business operations are not dependent upon any single customer or specific group, as no individual client accounts for a significant portion of total sales.

The following table summarizes the demographics of the Company's customers for real estate projects offered for the year 2025:

Demographic	Description	%
Age:	20 – 35 Years Old	20%
	36 to 45 Years Old	41%
	46 + Years Old	39%
Education:	College Graduates and Licensed Professionals	95%
Employment:	Businessmen	40%
	Professionals	23%
	OFWs	30%
	Government Employees	3%
Other:	Retirees, Married to Foreigner	4%

Distribution Methods of Products and Services

ABCI distributes its products and services through brokers, agents and realty firms. Acknowledging the dynamism of the marketplace, ABCI started opening its sellers' market. From five (5) partner realty firms, the Company has expanded its sales reach to 105 accredited realties comprising of approximately 1,500 sellers offering ABCI properties in Cagayan de Oro; Misamis Oriental; Butuan; and Bukidnon.

Significantly, on top of the regular commissions, sellers receive novel incentives such as cash incentives and travel perks.

Under the Chief Executive Officer's leadership, the Company continues to brainstorm for promotions aimed to respond to the market's preferred choice of real estate products.

Reservation vs. Booked Sales

<i>Amounts in PHP Mn</i>	2025	2024	2023
Reservations	1,699,237,883	2,673,241,646	2,970,299,962
Booked Sales	1,601,018,375	1,527,959,172	1,454,786,129

The Company believes that on-track progress in the pipeline projects as well as a healthy inventory level would help convert these reservations into duly recognized sales. Reservations are converted to booked sales upon reaching 10% collection based on project completion. The average turnaround towards full income recognition of reservations is about 27 months.

Competition

Among several real estate business developments in Cagayan de Oro City, Wee Comm Magnum Properties, Camella Homes and Johndorf Ventures Inc. Pueblo de Oro Development Corporation, and Cebu Landmasters are competitors offering same product and pricing packages as that of Adelaida Park Residences, Ignatius Enclave and Ventura Residences under the economic housing category. Ayala Land's Alegria Hills claim to be a competitor of Teakwood Hills' magnificent and endless view. For the project in Valencia City, Mountain Breeze is the project in the same category. For Butuan City, other players are the developers of Camella, Filinvest and VCDU projects. Ayala Land, Johndorf Ventures Inc., and Camella are competitors in the socialized housing. For the lot only market in Cagayan de Oro, competitor is Pueblo de Oro Development Corporation (mixed use development) and Robinson's.

Most buyers of ABCI real estate projects regard its value appreciation potentials as highly attractive. Another plus factor is the dynamism of its marketing group which is ably handled by its very able marketing personnel in tandem with its well-trained sales agents/brokers. This is the Company's commitment to offer affordable lot and house and lot packages for a well-planned project focused on family oriented and nature-themes environment. The key is security, good location and accessibility to basic locations (supermarkets, churches, public utilities, etc.). It is able to compete for its ability to attract customers which greatly depend on the quality and location of the projects, reputation as a developer, and reasonable prices and pricing schemes and the concept of a wellplanned integrated community.

THE AGRIBUSINESS

Palm Oil

Fresh Fruit Bunches (FFB) processed by SGAC for year 2025 was 21,479 MT which was lower as compared with the 22,334 MT in 2024. A total of 4,180 MT of Crude Palm Oil (CPO) was recovered at an oil extraction rate (OER) of 19.46% in 2025 which was higher as compared with the extraction rate of 19.30% in 2024 with about 4,310 MT of Crude Palm Oil (CPO) recovered.

Sources and Availability of Raw Materials

For Palm Oil Operations, fresh fruit bunch suppliers are from nearby towns of Surigao del Sur, Bukidnon, Misamis Oriental, Cagayan de Oro City, Cotabato City, Agusan del Sur, Sultan Kudarat, and North Cotabato while the buyers for the crude palm oil (CPO) are from Cagayan de Oro City, Surigao del Norte, Iligan City and Butuan City and Davao del Sur.

Customer Profile

Buyers for Crude Palm Oil (CPO) are from Davao, Bukidnon, Butuan, Cagayan De Oro, Iligan City. While other processed palm oil by products like Palm Acid Oil are sold in Luzon and to export buyers. Palm kernel nuts are sold in Davao and Cotabato area.

Competition

For the Oil Palm Mill, the competitors are Filipinas Palm Oil Plantation, Inc. (Rosario, Agusan del Sur), Kenram Industrial & Development, Inc. (Kenram, Isulan Kultan Kudarat), Agumil Philippines, Inc. (Trento, Agusan del Sur), Univanich Palm Oil Inc. (Carmen, North Cotabato) and Palm Asia Milling Corp. (Matanao, Davao del Sur).

The Company believes it is able to compete in the Agribusiness by leveraging on the Company's visionary leadership and its extensive business experience in project development and in other competitive industries.

IRRADIATION AND COLD STORAGE

The commercial operations date of the E-beam facility started August 02, 2024. On-going activities include product qualification and testing of product samples; activities that are crucial prior to routine processing of each product. The facility currently services products in the herbals and spices industries.

Sources and Availability of Raw Materials

ISI does not require raw materials for its operations, as it provides sterilization services and does not manufacture goods. E-Beam operation is powered by electricity coming from the Meralco distribution company.

Customer Profile

ISI currently provides sterilization services for products in the herbals and spices, frozen goods, and medical industries.

As of now, ISI is actively conducting dose validation for over 30 product types across the herbals, spices, frozen goods, and medical device sectors, as part of its preparation for routine processing.

Competition

In the sterilization sector, ISI competes with other sterilization methods, such as ethylene oxide (EtO) treatment and in-house sterilization processes. However, ISI is the only commercial provider of E-Beam sterilization in the Philippines. E-Beam sterilization has distinct advantages, including the absence of residues and the ability to treat products in their final packaging.

Currently, no other private entities offer commercial E-Beam sterilization services in the country. The Philippine Nuclear Research Institute (PNRI), a government agency, provides sterilization services on a semi-commercial basis, mainly for research and development purposes.

EMPLOYEES

As of December 31, 2025, the Group has 339 employees across its various offices in the Philippines.

The table below sets forth the number of the Group's employees for its various businesses by industry as of December 31, 2025:

As to position:

Position	No. of Personnel
Officers	14
Managers (Including AVPs)	30
Supervisors	54
Rank and File	241
Total	339

As to function:

Position	No. of Personnel
Operations	140
Sales and Marketing	30
Accounting / Credit and Collection / Finance	47
Administration	122
Total	339

The Company expects to maintain its number of employees in the next 12 months.

Currently, the Company has no Collective Bargaining Agreements with its employees. The Company ensures adherence in the implementation of employment and labor laws and policies with regard to recruitment, employment, retention and benefits of the employees. The Company is committed to promote labor education, promote people programs, fair treatment of employees and organize employee committees. The Company also listens to the employees through employee engagement surveys and other ad hoc surveys that are conducted by the Human Resource Development Department.

Pursuant to Article V of the Company's By-laws, bonuses for the members of the Board of Directors, officers, and employees of the Company will be given upon the recommendation of the Compensation and Remuneration Committee, which amount shall not exceed 10% of the net income of the Company, excluding the unrealized equity in the net earnings of affiliated and subsidiary corporations, before such bonus and taxes of the preceding year or years if in a cumulative basis. 25% of the bonus shall be distributed to the Directors of the Company while the remaining 75% shall be distributed to the officers and employees of the Company in such amounts as may be recommended by the Compensation and Remuneration Committee and subject to the approval of the Board of Directors.

Significant Employees

While the Company values the contribution of each of its employees, the Company believes that there is no employee as of the date of this Offer Supplement that, the resignation or loss of whom, would have a material adverse impact on our business.

MATERIAL PERMITS AND LICENSES

The Company holds various permits and licenses for permits for the opening and continued operations of its real estate business, and power and utilities business holding companies, and its agri-business. These material permits include but are not limited to, the following:

- Certificate of Incorporation issued by the SEC together with the Certificate of Filing Amended Articles of Incorporation.
- Business permits of ABCI and its subsidiaries.
- DHSUD/HLURB Certifications
- License to Sell
- Environmental Compliance Certificates
- License to Operate as Food Manufacturer

The following table is a summary of the material permits and licenses of the Group:

General Permits

A Brown Company, Inc. (ABCI)

Permits / License	Issuing Agency	Permit No.	Issue Date	Expiry Date
Amended Certificate of Incorporation (Certificate of Filing of Amended Articles of Incorporation)	Securities and Exchange Commission	31168	October 5, 2021	Perpetual
Certificate of Registration	Bureau of Internal Revenue	8RC0000033661	January 1, 1997	Perpetual
Business Permit (2026)	LGU-Cagayan De Oro	2026-24588	March 17, 2026	06/30/2026
Business Permit	LGU-Tanay Rizal	2026-0405812000-0911	January 20, 2026	12/31/2026
Employer Data Form	HDMF	0390130114	January 1996	Perpetual

Certificate of Registration	Social Security System	0809366990	February 2002	Perpetual
Certificate of Registration	Philippine Health Insurance Corporation	200543300471	January 2000	Perpetual
Private Land Timber Permit	DENR	DENR-PENRO-Rizal 09192022-	September 21, 2022	Perpetual
Locational Clearance	Office of the Municipal Planning Coordinator	LC No. 2022-132	April 29, 2022	Perpetual
Development Permit	Office of the Mayor	DP Permit No. 2022-01	April 29, 2022	Perpetual
Certificate of Registration	National Privacy Commission	PIC-004-242-2026	April 6, 2026	April 6, 2027
Certificate of Registration	Anti-Money Laundering Council	DNFBP-2024091314143 1-8	September 26, 2024	September 26, 2026
Fire Safety Inspection Certificate	Bureau of Fire Protection	FSIC No. 8375252152	July 04, 2025	July 04, 2026
Environmental Clearance	Department of Sanitation and Cleanup Works	EC-24-74720AFR	June 3, 2026	June 3, 2027

A Brown Energy Inc. (ABCEI)

Permits / License	Issuing Agency	Permit No.	Issue Date	Expiry Date
Amended Certificate of Incorporation (Certificate of Filing of Amended Articles of Incorporation)	SEC	A200102288	March 23, 2016	Perpetual
Business Permit	City of Pasig	SA2011032780	January 16, 2026	December 31, 2026
Employer Data Form	HDMF	20-241082000-5	February 2001	Perpetual
Certificate of Registration	Social Security System	03-9140547-9	March 2002	Perpetual
Certificate of Registration	Philippine Health Insurance Corporation	23-037400012-9	February 1999	Perpetual

A Brown Energy and Development Inc. (ABERDI)

Permits / License	Issuing Agency	Permit No.	Issue Date	Expiry Date
Amended Certificate of Incorporation (Certificate of Filing of Amended Articles of Incorporation)	SEC	A200102288	March 23, 2016	Perpetual
Business Permit	City of Pasig	SA2011032780	January 16, 2026	December 31, 2026
Certificate of Registration	BIR	210-128-113-000	March 2001	Perpetual
Employer HDMF Data Form	HDMF	20-241082000-5	February 2001	Perpetual
Certificate of Registration	Social Security System	03-9140547-9	March 2002	Perpetual

Certificate of Registration	Philippine Health Insurance Corporation	23-037400012-9	February 1999	Perpetual

Irradiation Solutions Inc. (ISI)

Permits / License	Issuing Agency	Permit No.	Issue Date	Expiry Date
Amended Certificate of Incorporation (Certificate of Filing of Amended Articles of Incorporation)	SEC	A200102288	March 23, 2016	Perpetual
Business Permit	Municipality of Tanay , Office of the Mayor	2026-0405812000-0568	January 16, 2026	December 31, 2026
Certificate of Registration	Board of Investments	2021-130	August 5, 2021	Perpetual

Material Permits and Licenses for the Real Estate Business

Project	Permits / License / Certification	Issuing Agency	Issue Date	Expiry Date	Status
Xavier Estates	ECC	DENR	January 31, 2000	Perpetual	
Xavier Estates	ECC	DENR	December 15, 2009	Perpetual	
Teakwood Hills	ECC	DENR	December 15, 2009	Perpetual	
Teakwood Hills – Phase 2	ECC	DENR	December 15, 2009	Perpetual	
Xavierville Homes	ECC	DENR	May 16, 2005	Perpetual	
Valencia Estates	ECC	DENR	January 22, 2010	Perpetual	
Saint Therese	ECC	DENR	January 12, 2010	Perpetual	
Coral Resorts Estates	ECC	DENR	February 18, 2010	Perpetual	
Xavier Estates Phase 5A-Ventura Residences	ECC	DENR	July 29, 2011	Perpetual	
Xavier Estates Phase 5A-Ventura Lane	ECC	DENR	July 29, 2011	Perpetual	
West Highlands	ECC	DENR	May 2, 2012	Perpetual	
West Highlands – Phase 2A	ECC	DENR	May 2, 2012	Perpetual	
Mountain View Homes	ECC	DENR	September 1, 2014	Perpetual	
Mountain View Homes – Phase 2	ECC	DENR	December 15,	Perpetual	

			2009		
Adelaida Park Residences	ECC	DENR	December 15, 2009	Perpetual	
Xavier Estates Phase 6-Ignatius Enclave	ECC	DENR	May 9, 2018	Perpetual	
Mangoville	ECC	DENR	December 15, 2009	Perpetual	
The Terraces in Xavier Estates	ECC	DENR	December 15, 2009	Perpetual	
Xavier Estates Phase 5B-Ventura Residences II	ECC	DENR	May 9, 2018	Perpetual	
Xavier Estates Phase 6-Ignatius Enclave – Phase 2	ECC	DENR	July 24, 2020	Perpetual	
Coral Resort Estates Phase 2	ECC	DENR	February 18, 2010	Perpetual	
Coral Resort Estates Phase 3	ECC	DENR	June 2, 2022	Perpetual	
Belle del Mar	ECC	DENR	December 15, 2009	Perpetual	
West Highlands Phase 2B	ECC	DENR	May 2, 2012	Perpetual	
Adelaida Meadow Residences	ECC	DENR	August 19, 2022	Perpetual	
Mountain Pines Farm Phase 2	ECC	DENR	May 16, 2022	Perpetual	
Xavier Estates Phase VII-A Multi-Use Land Development Project	ECC	DENR	July 29, 2011	Perpetual	
Teakwood Hills – Phase 2	License to Sell*	HLURB	January 25, 2012	Jan. 24, 2013	Completed - Oct. 18, 2013 (w/ Certificate of Completion)
Xavierville Homes	License to Sell*	HLURB	October 2, 2007	Oct. 2008	Completed - April 30, 2012 (w/ Certificate of Completion)
Valencia Estates	License to Sell*	HLURB	September 12, 2008 Jul 29, 2011	Sept. 11, 2010	Completed - July 5, 2013 (w/ Certificate of

					Comple tion)
Saint Therese	License to Sell*	HLURB	October 28, 2011	Oct. 27, 2012	Comple ted - Dec. 19, 2013 (w/ Certific ate of Comple tion)
Coral Resorts Estates	License to Sell*	HLURB	October 7, 2013 January 3, 2014 June 1, 2015	June 6, 2015 June 6, 2015 June 2016	Applied for Certific ate of Comple tion
Xavier Estates Phase 5A-Ventura Residences	License to Sell*	HLURB	July 10, 2015 April 17, 2012	Nov. 26, 2016 July 12, 2014	Applied for Certific ate of Comple tion
Xavier Estates Phase 5A-Ventura Lane	License to Sell*	HLURB	May 30, 2015	May 30, 2016	Appli ed for Certific ate of Comple tion
West Highlands	License to Sell*	HLURB	Februar y 28, 2014 June 1, 2015	Nov. 23, 2015 Nov. 23, 2015	Appli ed for Certific ate of Comple tion
West Highlands – Phase 2A	License to Sell*	HLURB	October 2017	Oct. 2020	For Certific ate of
Mountain View Homes	License to Sell*	HLURB	Februar y 25, 2015	Feb. 26, 2016	Appli ed for Certific ate of Comple tion
Mountain View Homes – Phase 2	License to Sell*	HLURB	Septem ber 28, 2016	Sept. 30, 2017	Appli ed for Certific ate of Comple tion
Adelaida Park Residences	License to Sell*	HLURB	Septem ber 29, 2016 Oct 30, 2017	May 30, 2018	Appli ed for Certific ate of Comple tion
Xavier Estates Phase 6-Ignatius Enclave	License to Sell*	HLURB	June 26, 2018	June 26, 2020	For Certific ate of

					Completion Application
Mangoville	License to Sell*	HLURB	February 8, 2018	Aug. 8, 2019	For Certificate of Completion Application
The Terraces in Xavier Estates	License to Sell*	HLURB	June 22, 2018	June 21, 2020	Extended Development – Sept. 30, 2024 (w/ approved APTT CD)
Xavier Estates Phase 5B-Ventura Residences II	License to Sell*	HLURB	June 26, 2018	Dec. 26, 2019	For Certificate of Completion Application
Xavier Estates Phase 6-Ignatius Enclave 2	License to Sell*	DHSUD	December 27, 2021	Dec. 2023	
Coral Resort Estates Phase 2	License to Sell*	DHSUD	July 23, 2021 December 1, 2021	July 2023	Extended Development – July 23, 2024 (w/ approved APTT CD)
Coral Resort Estates Phase 3	License to Sell*	DHSUD	December 1, 2022	Dec. 2024	
Belle del Mar	License to Sell*	DHSUD	December 27, 2021	Dec. 2023	
West Highlands Phase 2B	License to Sell*	DHSUD	February 23, 2023	Feb. 2026	
Adelaida Meadow Residences	License to Sell*	DHSUD	March 31, 2023	Mar 2026	
Mountain Pines Farm Phase 2	License to Sell*	DHSUD	June 19, 2023	Dec. 2024	
Adelaida Homes	License to Sell*	DHSUD	March 28,	Dec 31, 2024	

			2022		
Adelaida Mountain Residences	License to Sell*	DHSUD	March 28, 2022	Dec 31, 2024	
Teakwood Hills	Certificate of Registration	HLURB	Sep 30, 2015	-	
Teakwood Hills – Phase 2	Certificate of Registration	HLURB	Jan 25, 2012	-	
Xavierville Homes	Certificate of Registration	HLURB	Oct 2, 2007	-	
Valencia Estates	Certificate of Registration	HLURB	Sep 12, 2008 Jul 29, 2011	-	
Saint Therese	Certificate of Registration	HLURB	Oct 28, 2011	-	
Coral Resorts Estates	Certificate of Registration	HLURB	Oct 7, 2013	-	
Xavier Estates Phase 5A-Ventura Residences	Certificate of Registration	HLURB	Apr 17, 2012	-	
Xavier Estates Phase 5A-Ventura Lane	Certificate of Registration	HLURB	May 30, 2015	-	
West Highlands	Certificate of Registration	HLURB	Feb 28, 2014	-	
West Highlands – Phase 2A	Certificate of Registration	HLURB	Oct 2017	-	
Mountain View Homes	Certificate of Registration	HLURB	Feb 25, 2015	-	
Mountain View Homes – Phase 2	Certificate of Registration	HLURB	Sep 28, 2016	-	
Adelaida Park Residences	Certificate of Registration	HLURB	Sep 29, 2016	-	
Xavier Estates Phase 6-Ignatius Enclave	Certificate of Registration	HLURB	Jun 26, 2018	-	
Mangoville	Certificate of Registration	HLURB	Feb 8, 2018	-	
The Terraces in Xavier Estates	Certificate of Registration	HLURB	Jun 22, 2018	-	

Xavier Estates Phase 5B-Ventura Residences II	Certificate of Registration	HLURB	Jun 26, 2018	-	
Xavier Estates Phase 6-Ignatius Enclave 2	Certificate of Registration	DHSUD	Dec. 27, 2021	-	
Coral Resort Estates Phase 2	Certificate of Registration	DHSUD	July 23, 2021 Dec. 1, 2021	-	
Coral Resort Estates Phase 3	Certificate of Registration	DHSUD	Dec. 1, 2022	-	
Belle del Mar	Certificate of Registration	DHSUD	Dec. 27, 2021	-	
West Highlands Phase 2B	Certificate of Registration	DHSUD	Feb. 23, 2023	-	
Adelaida Meadow Residences	Certificate of Registration	DHSUD	Mar 31, 2023	-	
Mountain Pines Farm Phase 2	Certificate of Registration	DHSUD	June 19, 2023	-	
Adelaida Homes	Certificate of Registration	DHSUD	Mar 28, 2022	-	
Adelaida Mountain Residences	Certificate of Registration	DHSUD	Mar 28, 2022	-	
Teakwood Hills	Development Permit	CPDO	Sep 11, 2007	-	
Teakwood Hills – Phase 2	Development Permit	CPDO	Jul 6, 2010	-	
Xavierville Homes	Development Permit	CPDO	Mar 20, 2007	-	
Valencia Estates	Development Permit	CPDC	Sep 4, 2007	-	
Saint Therese	Development Permit	CPDO	May 2, 2011	-	
Coral Resorts Estates	Development Permit	MPDO	Apr 14, 2011	-	
Xavier Estates Phase 5A-Ventura Residences	Development Permit	CPDO	Nov 16, 2011	-	
Xavier Estates Phase 5A-Ventura Lane	Development Permit	CPDO	Apr 7, 2014	-	
West Highlands	Development Permit	CHDO	Aug 10, 2012	-	
West Highlands – Phase 2A	Development Permit	CHDO	Jun 29, 2017	-	
Mountain View Homes	Development Permit	CPDO	Aug 14, 2014	-	
Mountain View Homes – Phase 2	Development Permit	CPDO	Jun 13, 2016	-	
Adelaida Park Residences	Development Permit	CPDO	Jun 13, 2016	-	
Xavier Estates Phase 6-Ignatius Enclave	Development Permit	CPDO	Mar 19, 2018	-	
Mangoville	Development Permit	CPDO	Sep 18, 2017	-	
The Terraces in Xavier Estates	Development Permit	CPDO	Mar 19, 2018	-	
Xavier Estates Phase 5B-Ventura Residences II	Development Permit	CPDO	Mar 19, 2018	-	

Xavier Estates Phase 6-Ignatius Enclave 2	Development Permit	CHUD D	June 28, 2021	-	
Coral Resort Estates Phase 2	Development Permit	MPDO	Oct. 13, 2020	-	
Coral Resort Estates Phase 3	Development Permit	MPDO	June 20, 2022	-	
Belle del Mar	Development Permit	CHUD D	March 15, 2021	-	
West Highlands Phase 2B	Development Permit	CHDO	Sept. 9, 2022	-	
Adelaida Meadow Residences	Development Permit	CHDO	Nov. 18, 2022	-	
Mountain Pines Farm Phase 2	Development Permit	MPDC	Oct. 14, 2021	-	

** For the licenses to sell that have expired, the Company has either completed or is no longer engaged in selling activities for the relevant project. In the event selling activities will be undertaken in the future with respect to these projects, the Company will apply for the renewal of their respective license to sell.*

Material Permits and Licenses for Surigao Greens Agri Corp.

Permits / License / Certification	Issuing Agency	Issue Date	Expiry Date
Business Permit	LGU-Barobo, Surigao del Sur	January 19, 2026	December 31, 2026
ECC – Palm Oil Mill/ Palm Oil Refinery with Fractionation	DENR	Dated February 4, 2013; Released February 6, 2013	Perpetual
ECC – Palm Plantation	DENR	Mar 20, 2007	Perpetual

The Company believes it has all the applicable and material permits and licenses necessary to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

The Company is also in the process of obtaining a new FDA License to Operate as Food Manufacturer. Nonetheless, the FDA license is not necessary for the current operations of the Company, as it is currently focused on selling crude palm oil instead of refined palm oil.

Material Permits and Licenses for AB Bulk Water Company, Inc.

Permits / License / Certification	Issuing Agency	Permit No.	Issue Date	Expiry Date
Business Permit	Office of the City Mayor- Cagayan De Oro	2026-24591	March 17, 2026	December 31, 2026

Material Permits and Licenses for Vires Energy Corporation

Permits / License / Certification	Issuing Agency	Permit No.	Issue Date	Expiry Date
Business Permit	Office of the City Mayor- Pasig City	26-CGP-14703	January 16, 2026	December 31, 2026

HEALTH, SAFETY AND ENVIRONMENT

The Company regards occupational health and safety as one of its most important corporate and social responsibilities and as such it is a corporate policy to comply with environmental laws and regulations and consider the promotion of health and safety measures and of appropriate programs as a mutual objective for management and employees at all levels.

The Company regularly reviews policies to do all that is reasonable to prevent personal injury and damage to property and to protect staff and the general public from foreseeable work hazards including environmental nuisances.

The Company adopts & maintains various environmental protection systems and conducts regular trainings on environment, health and safety. For the years 2025, 2024 and 2023, the Company has spent PHP180,725.00, PHP120,005.00, and PHP75,000.00, respectively to comply with environmental laws and regulations. Other than the foregoing, the other costs related to compliance with environmental laws form part of the cost of real estate sales and are capitalized by the Company.

RESEARCH AND DEVELOPMENT

The Company is currently doing market studies for expansion projects related to energy, bulk water, and the irradiation segments. The Company does not expect to conduct any significant product research and development in the foreseeable future other than related to its existing operations and business segments.

INTELLECTUAL PROPERTY

The Company has no material intellectual property assets.

INSURANCE

The Group obtains and maintains adequate and comprehensive insurance coverage on its properties, assets and liability exposures pertaining to its business operations from reputable insurance companies. The Group's insurance coverage includes, but not limited to the following: Fire/Lightning, Earthquake Fire & Earthquake Shock, Typhoon, Robbery/Hold-up, Riot/Strike/Malicious Damage, Spontaneous Combustion, Landslide & Subsidence.

The Group believes that its insurance coverage is in accordance with its business exposure and in line with prevailing industry requirements.

CORPORATE SOCIAL RESPONSIBILITY

The Company implements corporate social responsibility programs focused on environmental stewardship, employee welfare, community development and social support.

Environmental Sustainability

A Brown Goes Green: Tree Growing Activity

In the third year of its A Brown Goes Green initiative, ABCI employees planted more than 2,100 trees across the Company's operational sites. The program was also extended to the neighboring community of Barangay Indahag through a collaborative effort that resulted in the planting of an additional 400 trees, bringing the total to approximately 2,500 trees for the year. The initiative forms part of the Company's environmental sustainability efforts and support for greener communities.

Health & Preventive Healthcare (Internal & Community-Linked)

These initiatives reflect our Vision of service excellence for the common good by providing free medical services that exceed standard health coverage. By offering programs such as the Pneumococcal and HPV vaccinations and PhilHealth registration, ABCI fulfills its Mission to uplift lives and shape happy communities. This proactive care embodies our Accountability for employee welfare and our Family-

Oriented value of providing solidarity and support to our entire organization.

Vaccination Drives

Pneumococcal Vaccination Drive: Strengthening Employee Health

A Brown Company Inc. (ABCI) demonstrated its commitment to the common good and nation-building by conducting a free Pneumococcal vaccination program on February 3, 2025, at the ABCI Training Room. In partnership with the Cagayan de Oro City Health Office, the initiative benefited 99 male and female employees, reflecting the company's Vision of service excellence and its Mission to uplift lives. By providing this life-saving intervention, ABCI fulfills its Accountability for employee welfare and upholds its Family-Oriented value by offering the same solidarity and support one would give to kin.

HPV Vaccination Series: Empowering Women's Wellness

Driven by a Pioneering Spirit, ABCI implemented a comprehensive, three-dose HPV vaccination series to develop forward-thinking solutions for women's health. The program launched on February 3, 2025, with 35 female employees receiving their first dose, followed by a second dose on April 15, 2025, for 32 participants. The series reached its successful conclusion on August 6, 2025, demonstrating the company's Grit and Integrity in persevering to deliver full medical value. This initiative underscores ABCI's mission of shaping enlightened and happy communities by empowering women with long-term protection and health awareness.

PhilHealth Konsulta: Ensuring Equitable Healthcare Access

In line with our Vision of contributing to nation-building and the common good, ABCI organized the PhilHealth Konsulta registration and medical examination events on June 14 and July 12, 2025. This initiative focused on our contractual, security, and motorpool workers, ensuring that those who build our projects are supported by the government's preventive healthcare program. By providing free consultations and health screenings, ABCI fulfills its Mission to uplift lives and its Accountability to take ownership of the health of every member of the workforce. This reflects our Family-Oriented value, as we strive to protect the well-being of our entire organization through solidarity and proactive care.

Employee Engagement & Wellness

Health & Wellness Webinar Series

ABCI's Health & Wellness series embodies our Pioneering Spirit by developing forward-thinking solutions to workplace health education throughout 2025. Through virtual "Lunch & Learn" sessions, employees gained vital knowledge on Hypertension (March 11), Pet Care & Rabies Prevention (July 10), Nutrition (July 17), and Respiratory Health (September 4). These sessions represent our Mission of shaping enlightened communities, where individuals are empowered with the information needed to lead healthier lives. By persevering with a consistent schedule of educational talks, the company shows the Grit to deliver long-term value and the Integrity to do what is right for the holistic development of our people.

A Brown's 10K Steps Challenge: Igniting a Culture of Wellness

In celebration of World Obesity Day on March 4, 2025, ABCI launched the 10K Steps Challenge, a gamified wellness initiative that encouraged employees to achieve 10,000 steps daily for one week. This activity embodies our Mission to ignite opportunities for active living and uplift lives by making fitness accessible and engaging. By recognizing top performers like Ella Mae Acla and Novah Marie Machado, the company demonstrates its Pioneering Spirit in developing forward-thinking solutions for physical health. This challenge reflects our Grit, as employees persevered to meet their goals, and our Family-Oriented value, as we cheered one another on toward a healthier lifestyle.

Mandatory Safety & Health Training: Excellence in Workplace Protection

ABCI upheld its Vision of technical and service excellence by conducting the Mandatory 8-Hour Safety and Health Training for newly hired employees and OJTs on February 7, 2025. This foundational program ensures that every team member is equipped with the knowledge to maintain a secure environment, contributing to the common good of the organization. By strictly adhering to safety

standards, the company acts with Integrity, doing what is right and just to protect its people. Taking ownership of this training process further demonstrates our Accountability, ensuring that we deliver on our promise of a safe, enlightened, and productive workplace.

Dugong A Brown: Year 15

Celebrating its 15th year, the Dugong A Brown: A Blood Letting Activity continues to be a cornerstone of the company's commitment to the common good and nation-building. In partnership with the Philippine Red Cross, the initiative successfully collected an accumulated total of 537 bags or 190,550 cc of blood for the year 2025. This milestone reflects our Grit and Integrity in sustaining a long-term program that directly uplifts lives and supports the health of the broader community. By fostering a culture of voluntary donation, ABCI embodies its Family-Oriented value through a spirit of solidarity and support that extends far beyond the organization to help shape happy and resilient communities.

Environmental Stewardship & Nation-Building

These initiatives reflect our commitment to environmental sustainability by developing forward-thinking solutions for ecological balance. Guided by our Vision of nation-building, our tree planting activities rehabilitate local ecosystems to serve the common good. By taking accountability for our environmental impact, ABCI fulfills its Mission to shape enlightened communities that thrive in a healthy, protected natural world.

A Brown Goes Green: Tree Growing Activity

Marking the fourth year of the 'A Brown Goes Green' initiative, ABCI employees celebrated National Arbor Day by planting over 2,550 trees across our operational sites in NCR, Northern Mindanao, and Caraga. This contributed to a total of 5,500 trees planted this year, 2025, further reinforcing ABCI's commitment to environmental sustainability and our mission to build greener communities.

EMPLOYEE SOLIDARITY & INCLUSIVE GROWTH

This initiative reflects our Family-Oriented value by extending respect, solidarity, and support beyond our regular workforce to include agency partners and students. By recognizing the contributions of agency workers and OJTs, ABCI fulfills its Mission to uplift lives and ignite opportunities, ensuring they feel part of an enlightened and happy community. This act of gratitude aligns with our Vision of the common good, demonstrating that our commitment to service excellence includes fostering a culture of appreciation for everyone who helps build our enterprise.

A Brown Ascent

Work Immersion & OJT Program

This initiative reflects our Vision of being a trusted enterprise driven by technical and service excellence for nation-building. By mentoring 90 work immersion and on-the-job trainees from senior high schools and colleges, ABCI fulfills its Mission to ignite opportunities and uplift lives through hands-on, professional training. We demonstrate a Pioneering Spirit by developing our community's future leaders with the practical skills and real-world experience necessary for their careers. This commitment to student development embodies our Family-Oriented value of providing support and solidarity to our neighboring schools and the youth within our community.

Kaisahan: Business Partners Appreciation Program

Business Partners' Appreciation Day

This initiative reflects our Vision of being a trusted enterprise driven by service excellence for nation-building. During the Business Partners Appreciation Program held on December 19, 20, and 22, 2025, ABCI honored 1,212 contractual workers across project sites in Northern Mindanao, Caraga, and Tanay. By personally visiting sites to express gratitude to personnel from SPI, BDC, PACEMAN, and security agencies, we fulfill our Mission to uplift lives and shape happy communities. This program embodies our Family-Oriented value, as we recognize the solidarity and support of our partners as essential to our success. Our Integrity is shown in doing what is right and just—acknowledging that every construction worker, maintenance staff, and security guard is a vital contributor to the common good.

Donation of Equipment to DSWD Caraga

A Brown Donation of Equipment to DSWD Caraga

A Brown Company has donated sports and gym equipment to DSWD Caraga, a meaningful initiative made possible through ARDA Tristan Telen, who also serves as the Head Broker of Wolf Lands, our accredited realty partner. This donation is our way of giving back to our silent heroes—the dedicated men and women of DSWD who tirelessly work each day to deliver essential services to the Filipino people. DSWD continues to uphold its mission as frontliners in providing support to our fellow citizens, especially in times of need. As a gesture of gratitude, we want to contribute to their well-being by ensuring they have the means to stay healthy and active. Through this fitness equipment, we hope they maintain good health, feel appreciated, and continue to inspire others through their service. The donation was formally received by Mr. Roland Daniel, Project Development Officer I of the DSWD Caraga Regional Office, on December 5, 2025, at the DSWD ARDA Office.

DESCRIPTION OF PROPERTY

As an integral part of its real estate development business, the Company maintains an adequate land bank for its land development projects. As of December 31, 2025, the Company has acquired 898 hectares of land. The land bank is focused on areas in Rizal, Cagayan de Oro City, Initao in the Misamis Oriental, Butuan City, Agusan del Norte, and Bukidnon. The Company believes that with its current landbank it will be able to meet the requirements of the real estate business of the Company in the next 5 to 8 years.

Please refer to Appendix B for the list of properties of the Company.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

The Company's Board of Directors is responsible for the overall management of the business and properties of the Company. The Board of Directors is composed of nine (9) members, each of whom serves for a term of one year until his/her successor is duly elected and qualified.

The following are the current members of the Board of Directors as of the date of this Prospectus:

Name	Age	Citizenship	Position
Walter W. Brown.....	87	Filipino	Chairman Emeritus
Annabelle P. Brown.....	83	Filipino	Director
Robertino E. Pizarro.....	71	Filipino	Chairman
Paul Francis B. Juat.....	33	Filipino	President
Elpidio M. Paras.....	74	Filipino	Independent Director
Wayne Y. Coherco.....	33	Filipino	Independent Director
Antonio S. Soriano.....	77	Filipino	Director
Joselito H. Sibayan.....	67	Filipino	Director
Jun Hou.....	54	Chinese	Director

The following describes the background of the Directors:

WALTER W. BROWN, Chairman Emeritus and Director

Walter William B. Brown, Filipino, 87, is Director and Chairman Emeritus of A Brown Company, Inc. Prior to his re-election in December 2018 as Chairman of the Company, he was conferred as Chairman Emeritus in September 2016. He once again conferred as Chairman Emeritus effective January 1, 2026. He is also the Chairman of A Brown Energy & Resources Development Inc., ABC Energy, Inc., PeakPower Energy Inc. and Monte Oro Resources and Energy, Inc. He is Director and Executive Vice-President of Atok-Big Wedge Co., Inc. (PSE: AB), a publicly-listed company.

He received two undergraduate degrees: B.S. Physical Science (1959) and B.S. Geology (1960), both from the University of the Philippines, and postgraduate degrees from Stanford University: M.S. Economic Geology (1963), and Ph.D. in Geology, Major in Geochemistry (1965). He was also a candidate for Master of Business Economics (1980) from the University of Asia & Pacific (formerly Center for Research & Communications).

He was formerly associated with the following companies as Chairman or as President or Director: Apex Mining Co. Inc., Philex Mining Corporation, National Grid Corporation of the Philippines, Atlas Consolidated Mining Co., Philodrill Corporation, Petroenergy, Philippine Realty & Holdings Corporation, Dominion Asia Equities, Inc. (Belle Corp.), Palawan Oil & Gas Exploration (Vantage Equities), 7 Seas Oil Company, Inc. (Abacus), Universal Petroleum (Universal Rightfield), Sinophil Corporation, Asian Petroleum Corporation, Acoje Mining Corporation, Semirara Coal Corporation, Surigao Consolidated Mining Inc. (Suricon), Vulcan Industrial and Mining Corporation, San Jose Oil, Seafront Petroleum, and Basic Petroleum. He was also Technical Director of Dragon Oil, a company listed on the London Stock Exchange.

He is currently Chairman and Director of Family Farm School (PPAI), Chairman and President of Studium Theologiae Foundation, and President of Philippine Mine Safety & Environment Association (PMSEA), and lifetime member of the Geological Society of the Philippines. He was a member of the Board of Trustees of Xavier University from 2003 to 2014, concurrently serving as Vice Chairman from 2006 to 2014.

ANNABELLE P. BROWN, Director

Ms. Annabelle P. Brown, Filipino, 83. Director of A Brown Company, Inc. from 1992 to present. She holds the position of: Treasurer since 1993 to July 2011, and Member of the Executive Committee and Corporate Governance Committee.

She is Chair and Director of PBJ Corporation; Chairman of the Board of Petwindra Media Inc.; Treasurer of Brown Resources Corporation; Treasurer/ Director of Bendana-Brown Holdings Corporation, President and Director of Pine Mountain Properties Corporation. She is also a Director of the following corporations: North Kitanglad Agricultural Corp., Cogon Corporation, Shellac Petrol Corp and Palm Concepcion Power Corporation. She has no directorship in other listed companies.

Her civic involvement includes: Founding Chairperson of Alalay sa Pamilya at Bayan (APB) Foundation, Inc. (2009 to present), Development Advocacy for Women Volunteerism (DAWV) Foundation, Inc. (1988 to present), Professional and Cultural Development for Women (PCDW) Foundation, Inc. (1979 to present); Consultant/Moderator of EDUCHILD Foundation, Inc. (1985 to present) and Chair of the Rosevale School, CDO (2011 to present).

Mrs. Brown holds a Bachelor of Science in Business Administration degree from the University of the Philippines, Diliman, Quezon City and is a candidate for a degree in Masters in Business Economics at the University of Asia and Pacific (formerly CRC).

For her outstanding contribution to the academe, business and socio-community development, Mrs. Brown is a recipient of several awards and citation, latest are the 2010 Soroptimists Award and 2010 UPCBA Distinguished Alumna Award.

ROBERTINO E. PIZARRO, Chairman and Director

Mr. Robertino E. Pizarro, Filipino, 71, was elected as President and Chief Executive Officer on December 7, 2018. Prior to his current position, he was an Executive Chairman beginning September 2016 until March 2017 when it was changed to Chairman. He was the President of the company from August 2003 to Sept. 2016. He finished the course on Strategic Business Economic Program at University of Asia and the Pacific (Aug 2002–Aug 2003). He was the former (2017 to 2018) and is the present President and Member of the Board of Directors of Cagayan de Oro Chamber of Commerce and Industry. He is also the President of ABERDI, Brown Resources Corporation, Nakeen Corporation (February 26, 1997 to present), Xavier Sports and Country Club (1999 to present), Simple Homes Development, Inc., Bonsai Agricultural Corporation and Minpalm Agricultural Co., Inc. (2004 to present). He was the former President and now Director of Philippine Palmoil Development Council, Inc. (PPDCI).

As three-time elected President of Cagayan de Oro Chamber of Commerce and Industry Foundation (2017, 2018 and 2020), Mr. Pizarro presides over the 422-member chamber. He will espouse increased and satisfied membership; and calls for its members to take advantage of the Duterte administration's thrust to develop the countryside and to ramp up economic activities in the rural areas. These economic benefits mean development of the city and its neighboring areas, bringing in tourists, increasing the number of business meetings and conventions, and promoting a conducive business atmosphere. He is also an advocate of the Metro Cagayan de Oro.

Mr. Pizarro is in the forefront of introducing new concepts for urban planning, infrastructure and land management focusing on real estate development in Mindanao. Under his leadership, ABCI introduced Cagayan de Oro's first mixed-use, nature-themed, well-planned integrated residential subdivision, the Xavier Estates. ABCI also developed Northern Mindanao's first agri-residential subdivision in Bukidnon; first residential resort in Misamis Oriental; and the first residential estates in Caraga Region located beside a driving range and a golf course. The demand for ABCI real estate properties continue to be strong due to its idyllic views, high elevation and flood-free locations, well-developed infrastructure with wide main roads, centralized water system and tree-lined streets and landscaped roadways.

As Director and former President of the Philippine Palm Oil Development Council, Inc. (PPDCI), he espoused agriculture development and job creation in the countryside. New interests and investments in the oil palm industry were created during his term. During the 8th National Palm Oil Congress, which he chaired, the utilization of unproductive lands and promotion of economic stability through investments in the palm oil industry was highlighted.

He has no directorship in other publicly-listed companies.

ELPIDIO M. PARAS, Independent Director

Engr. Elpidio M. Paras, Filipino, 74, Independent Director, June 28, 2002 to present. He obtained his Bachelor of Science major in Mechanical Engineering from the De La Salle University (1974). He is the President and CEO of Parasat Cable TV, Inc. (1991 to present), UC-1 Corporation (2002 to present), President - Promote Northern Mindanao Foundation, Inc. (2019 to present), President – Cagayan de Oro Chamber (2007), Chairman of the Board of Trustees – Xavier University (2007 to 2016) and independent director of Southbank. He is a founding member of the Philippine Society for Orphan Disorders (PSOD). He was also a Board member of the Cagayan de Oro International Trade and Convention Center Foundation, Inc. (2005). He is also a member of PhilAAPA (Philippine Association of Amusement Parks & Attractions). He was also three-time President and Chairman of the Philippine Cable TV Association and currently he is a Vice President for the Mindanao area. He is the Co-Chair of the NEDA-Regional Development Council (RDC)-X.

He has no directorship in other publicly-listed companies.

WAYNE Y. COHERCO, Independent Director

Mr. Wayne Y. Coherco, Filipino, 33, is the Executive Vice-President and COO, effective March 2018, of Herco Trading, Inc., one of the country's leading hardware distributors. He is also the Vice President of the company's real estate holding companies covering commercial and industrial properties. He was the Country Product Lead of uber Philippines from 206 to 2018. He was also an Instructor at UP Diliman College of Engineering. He has no directorship in other listed companies.

He graduated cum laude with a Bachelor of Science in Industrial Engineering at the University of the Philippines- Diliman in 2015.

ANTONIO S. SORIANO, Director

Atty. Antonio S. Soriano, Filipino, 77, Director from Aug 2007 to present and Corporate Secretary (June 2002 to Nov. 2008). He obtained his Bachelor of Laws Degree from the University of the East in 1974 and was admitted to the Bar in 1975. He is the Senior Managing Partner of Soriano, Saarenas & Llido Law Office. He acts as the Corporate Secretary of the following: RISE Foundation, Inc. (1994 to present), ICS Development Corporation (1980 to present), PACEMAN General Services (1993 to present), Kagayhaan-Davao Resources Management Corporation (1994 to present), Kagayhaan - Cagayan de Oro City Resources Management Corporation (1993 to present), Chairman of Xavier Sports and Country Club (2000 to present), and Roadside Shops, Inc. (2000 to present). He is the Chairman of Cagayan de Oro Medical Centre, Philippine National Red Cross and First Industrial Plastic Ventures, Inc. (present). He is also active in civic and professional organizations like Integrated Bar of the Phils. – Misamis Oriental Chapter (Vice-President 1984-1986), Rotary Club of Cagayan de Oro City (IPP & SAG), Philippine Association of Voluntary Arbitrators (member - 1994) and Court of Appeals Mediation-Mindanao Station (member - 2007). He was also elected as Vice Mayor of Cagayan de Oro City from 1992-1995 and member of the City Council of the same city from 1988-1992. During his tenure he was able to pass several ordinances and resolutions that contributed to the development of the City. He has no directorship in other publicly-listed companies.

JOSELITO H. SIBAYAN, Director

Joselito H. Sibayan, Filipino, 67, was appointed as Director and Treasurer of A Brown Company, Inc. on March 28, 2017. His designation as Treasurer ceased on May 04, 2017. Currently, he is an Independent Director of Apex Mining Co. Inc. (PSE:APX), a publicly-listed company. He is also President and CEO of Mabuhay Capital.

Prior to forming Mabuhay Capital, he was the Vice-Chairman of Investment Banking-Philippines and Philippine Country Manager for Credit Suisse First Boston (1998-2005). He held various positions from Senior Vice-President, Head of International Fixed Income Sales to Executive Director and Chief Representative at Natwest Markets (1993-1998). He was also the Head of International Fixed Income Sales at Deutsche Bank in New York (1988-1993). He spent 35 years in investment banking with experience spanning securities sales and trading, capital-raising, and mergers & acquisitions advisory. He was previously an Independent Director of SM Prime Holdings, Inc. (PSE: SMPH).

Mr. Sibayan obtained his MBA from the University of California in Los Angeles and his B.S. Chemical Engineering from De La Salle University – Manila.

JUN HOU, Director

Mr. Jun Hou, Chinese, 54, holds the position of Executive Chairman of Huli Fund Philippines, a firm that specializes in buyout investments especially in real estate, energy, minerals, and health industries. He is the President of Yi Ding Tai International Corporation from 2012 to present, a company which conducts its operations in the Philippines and is based in the People's Republic of China. Mr. Hou has been with Bank of America Merrill Lynch in both the United States and Hong Kong branches. He has extensive experience in international investment banking. He has no directorship in other publicly-listed companies.

Mr. Hou obtained his Bachelor of Science degree from Northeastern Financial University and attended SBEP at the University of Asia & the Pacific.

COMPANY OFFICERS OF A BROWN COMPANY, INC.

The following table sets forth the members of the Company's senior leadership team as of the date of this Prospectus:

Name	Age	Citizenship	Position
Walter W. Brown.....	87	Filipino	Chairman Emeritus
Robertino E. Pizarro	71	Filipino	Chairman
Paul Francis B. Juat	33	Filipino	President
Renato N. Migriño	76	Filipino	Treasurer
John L. Batac.....	57	Filipino	Executive Vice-President
	49	Filipino	Chief Finance Officer
Marie Antonette U. Quinito			
Victor M. Delgado, Jr.	59	Filipino	Vice-President for Business Development
Viven M. Lawansa	48	Filipino	Vice-President for Human Resources Development / Chief People & Culture Officer
Angela O. Fraga	42	Filipino	Vice-President - Strategy
Anna Marie Pulido-Montejo	53	Filipino	Vice-President for Sales and Marketing
Marie Milagros M. Yu	58	Filipino	Vice-President for Treasury
	42	Filipino	Vice-President for Construction
Mark Anthony C. Villaluz.....	54	Filipino	Corporate Secretary
Jason C. Nalupta	47	Filipino	Assistant Corporate Secretary
Daniel Winston C. Tan-Chi.....			
Allan Ace Magdaluyo.....	46	Filipino	Compliance Officer

PAUL FRANCIS B. JUAT, President

Mr. Paul Francis B. Juat, Filipino, 33, is the President of A Brown Company Inc. effective January 1, 2026. He was initially appointed as Vice President on January 1, 2019. He is also the President of

various subsidiaries of the Group, namely, Irradiation Solutions Inc., Vires Energy Corp., and Northmin Renewables Corp. He is a director of Atok-Big Wedge Co. (PSE:AB), a publicly-listed company. He is also a director of Brownfield Holdings Corporation, North Kitanglad Agricultural Company, Inc., PBJ Corporation, and Pine Mountain Properties Holdings Corporation. He started his career as Business Development Analyst under the Wind Business Unit of Energy Development Corporation. He also served as Assistant to President & CEO of Apex Mining Co., Inc. from 2016 to 2023. He obtained his Bachelor's degree in Industrial Engineering from the University of the Philippines Diliman in 2015.

RENATO N. MIGRIÑO, Treasurer

Mr. Renato N. Migriño, Filipino, 76, is the Director and Treasurer of A Brown Company, Inc. effective January 2, 2019. He was formerly an Independent Director of Mabuhay Vinyl Corporation and Treasurer of Apex Mining Co., Inc., both listed companies and former Director and Treasurer of Monte Oro Resources & Energy, Inc. Prior to his joining Apex Mining Co., Inc., Mr. Migriño was Treasurer, Chief Financial Officer, Senior Vice President for Finance, and Compliance Officer of Philex Mining Corporation, Director and Chief Financial Officer of Philex Gold Inc., and Director of FEC Resources Inc., Silangan Mindanao Mining Co., Inc., Brixton Energy & Mining Corporation and Lascogon Mining Corporation. He was also formerly Senior Vice President & Controller of Benguet Corporation. He has no directorship in other publicly-listed companies.

He was formerly the Treasurer (from September 1, 2015 to March 28, 2017) and a Director (from September 28, 2016 to March 28, 2017) of A Brown Company, Inc.

Mr. Migriño obtained his Bachelor of Science degree in Commerce (minor in Management) from Philippine College of Commerce (now the Polytechnic University of the Philippines) and thereafter his Certified Public Accountant (CPA) license. He also attended the Management Development Program (MDP) at Asian Institute of Management; Executive Program – Stanford University at the National University of Singapore; Allen Management Program at Louis A. Allen Associates, Inc. and Strategic Business Economics Program (SBEP) at the University of Asia & the Pacific.

JOHN L. BATAC, Executive Vice-President

Engr. John L. Batac, Filipino, 57, is the Executive Vice President of A Brown Company Inc. who was elected on June 30, 2023. He was an AVP from Aug 2008 until he was appointed as VP effective June 2014. He was elected concurrently as Chief Operating Officer starting January 1, 2019. He is a Civil, Sanitary and Geodetic Engineer. He graduated from the University of the East in 1991 for his Civil Engineering course, at National University in 1994 for Sanitary Engineering and at The University of Northern Eastern Philippines in 1998 for Geodetic Engineering. He used to be an Instructor at the International Training Center for Surveyors (Sept 1991 to April 1995), a Manager for Project Development of A Brown Company, Inc. (May 1995 to July 2000) and a Technical Consultant of Green Square Properties Corp. (2000 to 2008). He is also a member of the following organizations: Philippine Institute of Civil Engineers (PICE), Philippine Society of Sanitary Engineers (PSSE) and Geodetic Engineers of the Philippines (GEP).

MARIE ANTONETTE U. QUINITO, Chief Finance Officer

Atty. Marie Antonette U. Quinito, Filipino, 49, joined the A Brown Group of Companies in November 2013 as Comptroller. She was appointed as Chief Finance Officer effective September 1, 2015 until December 31, 2017. Thereafter, she was appointed as Vice President-Comptroller effective January 1, 2018. She assumed the Chief Finance Officer effective March 1, 2019. She was formerly a Director of the company.

She finished her Bachelor of Science in Accountancy at the University of San Carlos Cum Laude in 1997. She became a Certified Public Accountant in December the same year. She finished her Master's in Business Administration at Southwestern University last May 2003. She finished her Bachelor in Laws at Xavier University Ateneo de Cagayan last May 2009 and passed the bar examination given last November 2011. She is a candidate for Doctor in Education Planning and Supervision. She has also

taken courses with institutions such as the Asian Institute of Management and American Management Association.

She started as a Staff Auditor of Sycip, Gorres Velayo and Company, CPAs in November 1997. She joined the Multi Stores Corporation, Operator of SM Department Store Cebu in July 1998. After almost five years she was promoted to Finance and Admin Manager and was transferred to Shopping Center Management Corporation- Cagayan de Oro, the operator of SM Mall Cagayan de Oro. She spent fifteen (15) years of her life with the SM Group of Companies.

VICTOR M. DELGADO, JR., Vice President for Business Development

Mr. Victor M. Delgado Jr., Filipino, 59, currently serves as the Vice President for Business Development at A Brown Company Inc. (ABCI), where he leads initiatives to identify and evaluate infrastructure projects for strategic business ventures. Prior to this role, he was Assistant Vice President from 2019 to 2024, and began his journey with ABCI in 2013 as Senior Manager at Hydro Link Projects Corp., a wholly owned subsidiary of the company.

Mr. Delgado started his professional career working for the National Power Corporation (NPC), beginning in 1991. He held various leadership roles, culminating in his position as Manager of the Civil Engineering and Architecture Division from 2003 to 2013. In this capacity, he significantly contributed to the country's renewable energy landscape, particularly in hydropower development. He led feasibility studies, policy creation, and economic evaluations aimed at encouraging private sector investments through Build-Operate-Transfer (BOT) schemes. His expertise extended to high-level contract negotiations involving local and international stakeholders, as well as contributions to the development of other conventional energy forms.

Mr. Delgado earned his Master of Applied Business Economics from the University of Asia and the Pacific in 2006, following his Bachelor of Science in Civil Engineering from Adamson University in 1986. He is a registered Civil Engineer, Career Executive Service (CES) eligible, and a Civil Service Professional eligible, underscoring his technical and managerial qualifications in both public and private sectors. He also pursued advanced studies in hydropower development at the University of Tasmania in Hobart, Australia, and training in renewable energy technologies at the CIEMAT Research Centre in Madrid, Spain.

VIVIEN M. LAWANSA, Vice President for Human Resource Development/ Chief People & Culture Officer

Ms. Vivien M. Lawansa, Filipino, 48, currently holds the position of Vice President & Chief People & Culture Officer at A Brown Company, Inc. She is also the Founding Chair, President, and CEO of A Brown Employees Credit Cooperative, promoting financial empowerment and welfare among the employees.

In addition to her corporate roles, Ms. Lawansa also holds several leadership positions. She is the Chairperson of the Western Misamis Oriental - Cagayan de Oro Family Welfare Committee, Inc., Vice Chairperson of the Regional Tripartite Industrial Peace Council in Region 10, and a Board Member of the Regional Tripartite Wages & Productivity Board for Region X. Furthermore, she serves as the Corporate Secretary of the Philippine Association on Voluntary Arbitration, Inc. (PAVA, Inc.). Ms. Lawansa is an Accredited Voluntary Arbitrator (AVA) of the National Conciliation and Mediation Board (NCMB), playing a crucial role in resolving labor-management disputes. She is also a volunteer lecturer for the Department of Trade and Industry – Region X Go Negosyo program, sharing her expertise in people management with entrepreneurs.

Ms. Lawansa's outstanding contributions to HR have earned her numerous accolades, including the 2017 PMAP National Presidential Award and being named as the Silver Awardee of the 2023 Chief Human Resources Executive of the Year at the prestigious Stevie Awards for Great Employers in New York.

After graduating cum laude with a degree in Psychology from Mindanao State University - Marawi, Ms. Lawansa earned both her Juris Doctor and MBA from Ateneo de Cagayan. She was also an adjunct faculty member at the Ateneo de Cagayan University School of Business, where she taught People

Management. Her professional credentials include being an Associate Fellow in People Management (AFPM), conferred by the Philippine Society of Fellows (PSOF), a Certified Total Rewards Specialist (CTRS) by the ASEAN Total Rewards Institute, and a Certified Learning & Development Professional (CLDP) by the International HR Institute. Additionally, she completed the Certified Human Resource Leadership Development program at the Asian Institute of Management (AIM).

ANGELA O. FRAGA, Vice President - Strategy

Angela O. Fraga, Filipino, 42, is a seasoned leader in data governance, analytics, and digital transformation, with a proven track record of aligning technology strategies with business goals in top ASX companies. At Transurban, one of the world's leading toll-road operators in Australia and North America, they drove advanced analytics and sustainability initiatives, delivering significant cost savings and operational improvements. In Telstra, Australia's leading telecommunications and technology company, they formalized data strategies and enhanced data literacy at the Belong brand, creating a culture of collaboration and innovation. Their vision is to transform companies into agile, competitive, and digital-first organizations by strategically aligning technology with business objectives and unlocking the value of data and digital assets, ensuring long-term growth and success.

She graduated with a Master of Business Information Systems at Monash University - Caulfield in 2012 and Bachelor of Arts in Comparative Literature at the University of the Philippines – Diliman in 2009.

ANNA MARIE PULIDO-MONTEJO, Vice President for Sales and Marketing

Anna Marie Pulido-Montejo, Filipino, 53, is the Vice President for Sales and Marketing effective January 1, 2025. Her professional career spans decades in project management, institutional development, and marketing. She was Team Leader of United States Agency for International Development's Growth with Equity in Mindanao (USAID's GEM) Program prior to joining ABCI as Marketing Manager (2012-2023) and Assistant Vice President for Sales and Marketing (2023-2024). She has a diploma for Doctor of Management and was a recipient of the Academic Excellence Award from Capitol University. She majored in Marketing, Bachelor of Science in Business Administration at the Ateneo de Davao University.

MA. MILAGROS M. YU, Vice President for Treasury

Ma. Milagros M. Yu, Filipino, 58, is the Vice President for Treasury effective January 1, 2025. She was formerly the Assistant Vice President (AVP) – Treasury and prior to that, the Credit and Collection Manager from 2013 to 2020 and the Accounting Manager from 2003 to 2013 of A Brown Company, Inc. She also worked as an external auditor with Sycip, Gorres and Velayo (SGV) auditing firm. She is a licensed real estate broker and licensed real estate appraiser. She graduated BS Accountancy at Xavier University – Ateneo de Cagayan.

MARK ANTHONY C. VILLALUZ, Vice President for Construction

Mark Anthony C. Villaluz, Filipino, 42, is the Vice President for Construction, promoted from his previous position as Assistant Vice President for Construction (Northern Mindanao) effective April 01, 2026. He is a Licensed Civil Engineer with over 15 years of experience in construction and project execution. He began his career with A Brown Company, Inc. in November 2009 as a Project Engineer and steadily advanced through the ranks, taking on increasing responsibilities in project management and site operations. He was subsequently promoted to Project Supervisor and later to Senior Project Supervisor, where he further strengthened his leadership in site coordination and project implementation. In February 2019, he was elevated to Site Manager, leading on-site construction activities and ensuring timely and quality project delivery. In 2024, he was appointed as Assistant Vice President for Construction - Northern Mindanao, in recognition of his strong leadership and technical expertise.

JASON C. NALUPTA, Corporate Secretary

Atty. Jason C. Nalupta, Filipino, 54, is the Corporate Secretary of the Corporation. He is also currently the Corporate Secretary of listed firms Asia United Bank, Belle Corporation, Crown Asia Chemicals Corporation and Pacific Online Systems Corporation. He is also a Director and/ or Corporate Secretary or Assistant Corporate Secretary of private companies, Quantuvis Resources Corporation, Total

Gaming Technologies, Inc., Parallax Resources, Inc., SLW Corporation, Belle Infrastructure Holdings, Inc. (Formerly: Metropolitan Leisure & Tourism Corporation), Belle Bay Plaza Corporation, Glyphstudios, Inc., Falcon Resources, Inc., Futurelab Interactive Corp., TGTI Services, Inc., Loto Pacific Leisure Corporation, FHE Properties, Inc., Stanley Electric Philippines, Inc., Sta. Clara International Corporation and PinoyLotto Technologies Corp.

He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws.

Atty. Nalupta earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University in 1996 and 1992, respectively. Atty. Nalupta was admitted to the Philippine Bar in 1997.

DANIEL WINSTON C. TAN-CHI, Assistant Corporate Secretary

Daniel Winston C. Tan-chi, Filipino, 47, is appointed Assistant Corporate Secretary of A Brown Company Inc. effective October 25, 2017.

Currently, he is the Corporate Secretary of Palm Thermal Consolidated Holdings, Hydro Link Projects Corp., Masinloc Consolidated Power, Inc., AB Bulk Water Company, Inc. and another 33 non-listed companies. He has 20 years of experience in the legal services industry with a solid background in the areas of Project and Debt Financing, Mergers & Acquisitions, Joint Ventures, Labor Disputes and Real Estate.

Mr. Tan-chi is a Partner in the law firm of Picazo Buyco Tan Fider Santos & Dee where he started his career in 2005. He graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Legal Management in 2000. He also received his Juris Doctor from the Ateneo de Manila Law School in 2004.

ALLAN ACE MAGDALUYO, Compliance Officer

Allan Ace Magdaluyo, Filipino, 46, is appointed Compliance Officer of A Brown Company Inc. effective October 25, 2017. He started his career in A Brown Company, Inc. as Investor Relations Officer in June 2010 and promoted as Finance Manager and Senior Finance Manager in 2012. He graduated his BS Accountancy degree at Mindanao State University – Marawi as Magna Cum Laude and College Leadership Awardee in 2000. He took and passed the May 2001 CPA Board Examination. After obtaining his CPA license, he worked as an Accountant II in the Department of Education – Division of Agusan del Sur before he embarked on his graduate studies. He graduated his Master of Science in Finance degree at University of the Philippines – Diliman in 2008 and had completed his academic units for a Master in Public Administration at Bukidnon State University – San Francisco External Studies in 2004. He obtained his license as a Real Estate Broker in 2011 and Real Estate Appraiser in 2013.

Previously, he worked as internal auditor for an IT software firm in Makati and had also a short stint as a college instructor when he was still working in his province.

BOARD COMMITTEES

The Board has the following Committees to aid and support it in the effective performance of its functions.

Executive Committee

Between meetings of the Board, the Executive Committee may exercise all of the powers of the Board (except those powers expressly reserved by applicable law to the Board) in the management and direction of the business and conduct of the affairs of the Company, subject to any specific directions given by the Board.

The Committee shall be composed of four Directors, as determined by the Board.

The Executive Committee is chaired by Walter W. Brown with Annabelle P. Brown, Robertino E. Pizarro, Antonio S. Soriano as committee members.

Audit Committee

The purpose of the Audit Committee is to enhance the Board's oversight capability over the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations. The Audit Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The Committee shall be appointed by the Board and shall be composed of at least three (3) non-executive members of the Board, the majority of whom, including the Chairman, shall be independent. The Chairman shall not be the Chairman of the Board and of other Board Committees.

The Audit Committee is chaired by Elpidio M. Paras with Wayne G. Coherco and Antonio S. Soriano as committee members.

Risk Oversight Committee

The Risk Oversight Committee is established for the purpose of assisting the Board in overseeing the Company's practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The Risk Oversight Committee will assist the board in providing framework to identify, assess, monitor and manage the risks associated with the Company's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile.

The Committee shall be appointed by the Board and shall be composed of at least three (3) members, majority of whom shall be independent directors including the Chairman who is not at the same time the Chairman of the Board or as practicable, of any other Board Committee.

The Risk Oversight Committee is chaired by Wayne Y. Coherco with Elpidio M. Paras and Antonio S. Soriano as committee members.

Corporate Governance Committee

The Corporate Governance Committee advises the Board with respect to matters relating to corporate governance and performance of the Chief Executive Officer/President. It develops and recommends to the Board a set of corporate governance principles applicable to the Company, and oversees the evaluation of the Board, the Board Committees and the Senior Management including but not limited to Chief Executive Officer/President.

The Committee shall be composed of at least three members, majority of whom should be independent directors, including the Chairman as determined by the Board.

The Corporate Governance Committee is chaired by Elpidio M. Paras with Wayne Y. Coherco, Annabelle P. Brown and Robertino E. Pizarro as committee members.

Related Party Transaction Committee

The Related Party Transactions Committee should be tasked with reviewing all material related party transactions ("RPT") of the Company. The RPT Committee should ensure that transactions occur at market prices, at arm's-length basis and under conditions that protect the rights of all shareholders.

The Committee shall be composed of at least three (3) non-executive directors, the majority of whom, including the Chairman, should be independent, as determined by the Board.

The Related Party Transaction Committee is chaired by Wayne Y. Coherco with Elpidio M. Paras and Joselito H. Sibayan as committee members.

CORPORATE GOVERNANCE

The Board of Directors, officers, employees and stockholders of the Company believe that corporate governance is a necessary component of sound strategic business management and will undertake every effort necessary to create awareness within the organization as soon as possible.

On May 31, 2017, the Company's Board of Directors approved the Revised Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 19, Series of 2016.

The Company has adapted implementing policies of the new Manual on Corporate Governance, including, among others, (i) membership of the Company's directors in other corporate boards, (ii) standard of conduct of the Board and senior management and conflict of interest policy; (iii) selection process for directors and senior management; (iv) principles in developing remuneration policies, (v) risk management, (vi) shareholder grievance procedure and (vii) evaluation system for determining and measuring compliance with the Company's new Manual on Corporate Governance.

To ensure adherence to corporate principles and best practices of good corporate governance, the Compliance Officer monitors compliance with the provisions and requirements of the new Manual on Corporate Governance.

Family Relationships

Walter W. Brown, the Chairman of the Company, is married to Annabelle Pizarro Brown. Robertino E. Pizarro, the President and Chief Executive of the Corporation, is the brother of Annabelle Pizarro Brown. Paul Francis B. Juat is the grandson of Walter William B. Brown and Annabelle P. Brown.

Involvement in Certain Legal Proceedings

The Company has no knowledge of any involvement by the members of the Board of Directors or Executive Officers in any legal proceeding affecting or involving themselves or their properties, or of said persons being subject to any order, judgment or decree before any court of law or administrative body in the Philippines. Neither have said persons filed any petition for suspension of payments or bankruptcy/ insolvency nor have been convicted by final judgment of any violation of a securities or commodities law or any offense punishable by laws of the Republic of the Philippines or any other country during the past five (5) years up to the latest date.

Shareholder and Investor Relations

The Company responds to information request from the investing community and keeps shareholders informed through timely disclosures to the PSE and SEC, annual shareholders meeting, investors briefing and conferences, the website of the Company and responses to email and telephone queries. The disclosures of the Company and other filings with the PSE and SEC are available for viewing and download from the website of the Company.

For questions related to ABCI shared information, shareholders meetings, ratings, SEC filings, and related topics, contact us at abci_headoffice@abrown.ph

EXECUTIVE COMPENSATION

Directors

The regular directors receive P10,000 while the Chairman of the Board and the independent directors receive P15,000 as per diem for every board and committee meeting. As provided in the By-Laws Article V, Section 1 (as amended and adopted by the BOD on March 12, 2012 pursuant to the power delegated

by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation), a bonus may be distributed to the members of the Board of Directors, officers and employees “upon the recommendation of the Compensation and Remuneration Committee and shall not exceed ten (10) per centum of the net income of the corporation (excluding the unrealized equity in the net earnings of affiliated and subsidiary corporations) before this bonus and taxes of the preceding year or preceding years if in a cumulative basis...” The said bonus is to be pro-rated with respect to Director’s attendance and for those who have served for less than one year.

The total compensation received by each director for 2025:

Director	Compensation	Per Diem	Total
Walter William B. Brown	3,256,600	195,000	3,451,600
Annabelle P. Brown	-	140,000	140,000
Robertino E. Pizarro	6,496,600	140,000	6,636,600
Paul Francis B. Juat*	3,250,000	10,000	3,260,000
Elpidio M. Paras	-	225,000	225,000
Wayne Y. Coherco	-	255,000	255,000
Antonio S. Soriano	-	160,000	160,000
Joselito H. Sibayan	-	130,000	130,000
Renato M. Migrino**	-	130,000	130,000
Jun Hou	-	130,000	130,000

*Elected as Director and President on December 22, 2025.

**Resigned as Director on December 22, 2025.

Pursuant to Part IV, Paragraph (B) of Annex C of SRC Rule 12, below is a summary compensation table of the President and Chief Executive Officer and the four (4) most highly compensated officers of the Company:

Officers

The Company adopts a performance-based compensation scheme as incentive. Payments to all senior personnel from Manager and up were all paid in cash. The total annual compensation includes the basic salary and other variable pay (performance bonus and other taxable income). Each executive officer executed an employment contract with the Company for an indefinite period (the terms and conditions of which are in accordance with existing laws) and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company’s BIR-registered Employees’ Retirement Fund.

Other than the previously exercised stock option plan, there are no stock, non-cash compensation, warrants or options granted to the officers and directors. There are no other material term or other arrangement, other than the above to which any Director / Officer named above was compensated.

Summary of Compensation

Name and Position	Year	Salary (PhP)	Per Diem (PhP)	Bonus (PhP)	Total (PhP)
Total compensation of the President and Chief Executive Officer and the four (4) most highly compensated officers of the Company:	2024	17,828,428	145,000	1,475,000	19,447,428
	2025	17,828,428	145,000	1,475,000	19,447,428
1. Walter W. Brown	2026*	17,828,428	145,000	1,475,000	19,447,428
2. Robertino E, Pizarro					
3. Paul Francis B. Juat					
4. John L. Batac					
5. Marie Antonette U. Quinito					

All other officers and directors as a group unnamed	2024	22,586,454	605,000	2,092,657	25,284,111
	2025	22,586,454	605,000	2,092,657	25,284,111
<i>*Estimates</i>	2026*	22,586,454	605,000	2,092,657	25,284,111

Other Arrangements

The Company has no other arrangements pursuant to which a director is compensated or to be compensated, directly or indirectly.

Employment Contracts

The Company maintains standard employment contracts with executive officers. Executive officers are entitled to receive retirement benefits in accordance with the terms and conditions of the Company's BIR-registered Employees' Retirement Fund.

Options and Warrants

There are no stock, non-cash compensation, warrants or options granted to the officers and directors currently in force over the last three (3) years. There are no other material term or other arrangement, other than the above to which any Director or officer named above was compensated.

There are no outstanding warrants held by the Chief Executive Officer, other officers and directors as a group.

OWNERSHIP AND CAPITALIZATION

Share Capital

As of April 30, 2026, the following is the outstanding capital stock of the Company:

Share Class	Issued	Outstanding	Treasury
Common	2,477,668,925	2,287,468,000	190,200,925
Preferred Shares	27,637,650	27,637,650	
TOTAL	2,505,306,575	2,315,105,650	190,200,925

List of Top 20 Stockholders

Common Shares

As of April 30, 2026 the Company had 2,477,668,925 issued common shares and 2,287,468,000 outstanding common shares. The table below sets forth the Company's top 20 holders of common shares as of April 30, 2026:

	Name of Shareholder	Total Common Shares	Percentage (%)
1.	PCD Nominee Corporation – Filipino ** (Excluding Treasury Shares)	1,539,630,885	67.3072
2.	Brownfield Holdings Incorporated	649,038,938	28.3737
3.			
4.	PBJ Corporation	50,248,374	2.1967
5.	PCD Nominee Corporation – Non-Filipino	8,513,771	0.3722
6.	Tan, A. Bayani K.	2,033,120	0.0889
7.	Tan, Ma. Gracia P.	1,123,089	0.0491
8.	Pizarro, Robertino E.	1,060,613	0.0464
9.	Brown, Walter W.	1,000,000	0.0437
10.	Davila, Regina	938,462	0.0410
11.	Fernandez, Luisito	853,147	0.0373
	Gandionco, Andrea L.	853,147	0.0373
12.	Lorenzo, Alicia P.	750,769	0.0328
13.	Lagdameo, Jr., Ernesto R.	602,690	0.0263
14.	Kalinangan Youth Foundation, Inc.	561,123	0.0245
15.	King, Josefina B.	557,334	0.0244
16.	Gamilla, Juliana	544,615	0.0238
17.	EBC Securities Corporation	518,221	0.0227
18.	Tan, Joaquin T.Q.	511,885	0.0224
19.	Trifels, Inc.	481,905	0.0221
20.	Ignacio, Edgardo	472,512	0.0207
20.	Cabaluna, Angelito R.	431,173	0.0188
	TOTAL SHARES		
	** The following are the clients - beneficial owners (Filipino) of the PCD participants owning 5% or more of the outstanding capital stock:		
	Walter W. Brown (direct and indirect)	215,213,843	9.4084%
	Annabelle P. Brown (direct and indirect)	162,198,996	7.0908%

Preferred Shares – Series A

As of April 30, 2026, the Company had 13,264,900 Series A preferred shares issued and outstanding. The table below sets forth the Company's top three (3) holders of preferred shares as of April 30, 2026:

	Name of Shareholder	Total Series A Preferred Shares	Percentage (%)
1.	PCD Nominee Corporation – Filipino **	13,148,740	99.1243
2.	PCD Nominee Corporation – Non-Filipino	111,160	0.8380
3.	G.D. Tan & Co., Inc.	5,000	0.0377
	TOTAL SHARES	13,264,900	100.0000%

Preferred Shares – Series B

As of April 30, 2026, the Company had 7,431,750 Series B preferred shares issued and outstanding. The table below sets forth the Company's top two (2) holders of preferred shares as of April 30, 2026:

	Name of Shareholder	Total Series B Preferred Shares	Percentage (%)
1.	PCD Nominee Corporation – Filipino	7,399,800	99.5701
2.	PCD Nominee Corporation – Non-Filipino	31,950	0.2409
	TOTAL SHARES	7,431,750	100.0000%

Preferred Shares – Series C

As of April 30, 2026, the Company had 6,941,000 Series C preferred shares issued and outstanding. The table below sets forth the Company's top two (2) holders of preferred shares as of April 30, 2026:

	Name of Shareholder	Total Series C Preferred Shares	Percentage (%)
1.	PCD Nominee Corporation – Filipino	6,819,440	98.2487
2.	PCD Nominee Corporation – Non-Filipino	121,560	1.7513
	TOTAL SHARES	6,941,000	100.0000%

Security Ownership of Certain Record and Beneficial Owners

The owners of more than 5% of any class of registrant's voting securities as of April 30, 2026 are as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. Of Common Shares Held	Percent to Total Outstanding Common Stock
Common	PCD Nominee Corporation (Filipino) ** (adjusted), 29 th Floor, BDO Equitable Tower, 8751 Paseo De Roxas, Makati City 1226	Various individuals/ Entities	Filipino	670,539,757	29.3136%

Common	PCD Nominee Corporation (Non-Filipino), 29 th Floor, BDO Equitable Tower, 8751 Paseo De Roxas, Makati City 1226	Various individuals/ Entities	Alien	8,513,771	0.3722%
Common	Brown, Walter W., No. 10, Giraffe St., Greenmeadows, QC, Chairman	Direct and Indirect	Filipino	216,213,843	9.4521%
Common	Brown, Annabelle P., No. 10, Giraffe St., Greenmeadows, QC, Director	Direct and Indirect	Filipino	212,449,488	9.2875%
Common	Brownfield Holdings, Inc., 3301-C PSE Tektite West Tower, Exchange Road, Ortigas Center, Pasig City, Stockholder	Direct and Indirect	Domestic Corporation/ Filipino	1,140,717,227	49.8681%
TOTAL				2,248,434,086	98.2936%
** PCD Nominee Corporation has a total shares of 1,548,144,656 or 67.6794% (Filipino - 1,539,630,885 or 67.3072% and Non-Filipino - 8,513,771 or 0.3722%) of the outstanding common stock including clients - beneficial owners owning 5% or more as enumerated below: ** The following are the PCD participants with shareholdings of 5% or more of the outstanding common stock:					
Luna Securities, Inc. Unit 601 Emerald mansion F Ortigas Jr. Road, Ortigas Center, Pasig City				721,561,833	31.54%
Campos, Lanuza & Company, Inc. Unit 2003B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City				235,910,823	10.31%
F. Yap Securities, Inc. 17F, Lepanto Building, 8747 Paseo de Roxas, Makati City				193,971,974	8.48%
COL Financial Group, Inc. 2401-B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City				120,226,098	5.26%
** The following are the clients - beneficial owners (Filipino) of the PCD participants owning 5% or more of the Outstanding Common Shares:					
Walter W. Brown (direct and indirect) No. 10 Giraffe St., Greenmeadows Q. C.				215,213,843	9.41%
Annabelle P. Brown (direct and indirect) No. 10 Giraffe St., Greenmeadows Q. C.				162,198,996	7.09%
Brownfield Holdings, Inc. 3301-C PSE Tektite West Tower, Exchange Road, Ortigas Center, Pasig City				491,678,289	21.49%

The following are the number of shares comprising the Company's capital stock owned of record by the Chief Executive Officer, the directors, and key officers of the Company, as of April 30, 2026:

Name	Amount and Nature of Ownership	Citizenship	Total No. of Shares and Percent to Total Outstanding Common Stock
Walter William B. Brown	1,000,000 (Direct) 215,213,843 (Indirect)	Filipino	216,213,843 9.4521%
Annabelle P. Brown	2,118 (Direct) 212,447,370 (Indirect)	Filipino	212,449,488 9.2875%
Robertino E. Pizarro	1,060,613 (Direct) 2,044,530 (Indirect)	Filipino	3,105,143 0.1357%
Paul Francis B. Juat	11,438,410 (Indirect)	Filipino	11,438,410 0.5000%
Antonio S. Soriano	1,581 (Direct) 910,000 (Indirect)	Filipino	911,581 0.0399%
Elpidio M. Paras	1,581 (Direct)	Filipino	1,581 0.0001%
Wayne Y. Herco	1,000 (Direct)	Filipino	1,000 Nil
Joselito H. Sibayan	1 (Direct) 224.399 (Indirect)	Filipino	224,400 0.0098%
Jun Hou	100 (Direct)	Chinese	100 Nil
Renato N. Migriño	120 (Direct)	Filipino	120 Nil
Marie Antonette U. Quinito	120 (Direct)	Filipino	120 Nil
John L. Batac	-	Filipino	-
Victor M. Delgado, Jr.	-	Filipino	-
Vivien M. Lawansa	-	Filipino	-
Angela O. Fraga	137 (Indirect)	Filipino	137 Nil
Anna Marie Pulido-Montejo	-	Filipino	-
Ma. Milagros M. Yu	-	Filipino	-
Mark Anthony C. Villaluz	-	Filipino	-
Jason C. Nalupta	-	Filipino	-
Daniel Winston C. Tan-chi	7,419,600 (Indirect)	Filipino	7,419,600 0.3244%

The aggregate number of common shares owned of record by the principal shareholders, Chief Executive Officer, Chief Operating Officer, key officers and directors (as a group) of the Company as of April 30, 2026 is 1,592,482,750 or approximately 69.61% of the outstanding common stock of the Company.

Series A Preferred Shares

Name	Amount and Nature of Ownership	Citizenship	Total No. of Shares and Percent to Total Outstanding Series A Preferred Stock
Annabelle P. Brown	10,000 (Indirect)	Filipino	10,000 0.0754%
Daniel Winston C. Tan-chi	54,000 (Indirect)	Filipino	54,000 0.4071%

There are 64,000 Series A Preferred Shares which is 0.4825% of its outstanding preferred shares – Series A owned by a director (10,000 shares) and key officer (54,000 shares).

Series B Preferred Shares

Name	Amount and Nature of Ownership	Citizenship	Total No. of Shares and Percent to Total Outstanding Series B Preferred Stock
Annabelle P. Brown	100,000 (Indirect)	Filipino	10,000 1.3456%
Marie Antonette U. Quinito	50,000 (Indirect)	Filipino	54,000 0.6728%

There are 150,000 Series B Preferred Shares which is 2.0184% of its outstanding preferred shares – Series B owned by a director (100,000 shares) and key officer (50,000 shares).

Series C Preferred Shares

Name	Amount and Nature of Ownership	Citizenship	Total No. of Shares and Percent to Total Outstanding Series C Preferred Stock
Marie Antonette U. Quinito	100,000 (Indirect)	Filipino	100,000 1.4407%

There are 54,000 Series C Preferred Shares which is 1.4407% of its outstanding preferred shares – Series C owned by a key officer.

Voting Trust of Holders of 5% and more

There is no person holding more than 5% of the Company's voting securities under a voting trust arrangement.

Change in Control

There had been no change of control in the Company that had occurred since the beginning of the last fiscal year. Furthermore, management is not aware of any arrangement which may result in a change in control of the company.

MARKET PRICE OF AND DIVIDENDS ON THE EQUITY AND RELATED SHAREHOLDER MATTERS

Market Information

The common shares of ABCI have been listed at the Philippine Stock Exchange (PSE) since February 1994. The Company's common shares are principally traded at the PSE under the symbol "BRN".

The table below shows the high and low sales prices of the Company's shares on the PSE for each quarter within the last three (3) fiscal years, to wit:

Quarter	2023		2024		2025		2026	
	High	Low	High	Low	High	Low	High	Low
1 st	0.84	0.70	0.68	0.61	0.57	0.50	1.07	0.82
2 nd	0.79	0.71	0.65	0.55	0.60	0.50	-	-
3 rd	0.77	0.64	0.71	0.51	0.79	0.54	-	-
4 th	0.71	0.61	0.59	0.52	1.01	0.50	-	-

On March 31, 2026, ABCI's shares of common stock were traded at a high of ₱0.84 and a low of ₱0.82 at the Philippine Stock Exchange with closing price of ₱0.84. The stocks are not traded in any foreign market.

Preferred Shares

The "Series A" preferred shares of ABCI were listed at the PSE on November 29, 2021. The table below shows the high and low sales prices of the Company's "Series A" preferred shares on the PSE for each quarter, to wit:

Quarter	2023		2024		2025		2026	
	High	Low	High	Low	High	Low	High	Low
1 st	103.00	99.70	99.50	95.00	99.00	90.00	102.70	96.00
2 nd	103.00	100.00	98.00	93.50	98.00	94.00	-	-
3 rd	101.00	90.00	100.00	93.50	98.90	90.00	-	-
4 th	99.50	95.00	99.80	94.05	99.50	93.00	-	-

On March 16, 2026, ABCI's "Series A" preferred stocks were traded at a high of ₱98.00 and a low of ₱97.80 at the Philippine Stock Exchange with closing price of ₱98.00. The stocks are not traded in any foreign market.

The "Series B" preferred shares of ABCI were listed at the PSE on February 23, 2024. The table below shows the high and low sales prices of the Company's "Series B" preferred shares on the PSE for each quarter, to wit:

Quarter	2024		2025		2026	
	High	Low	High	Low	High	Low
1 st	103.50	100.00	129.00	100.00	110.00	100.00
2 nd	103.00	100.00	105.00	100.00	-	-
3 rd	106.00	96.00	105.00	100.00	-	-
4 th	110.00	100.20	105.80	100.00	-	-

On March 30, 2026, ABCI's "Series B" preferred stocks were traded at a high of ₱103.30 and a low of ₱100.30 at the Philippine Stock Exchange with closing price of ₱100.30. The stocks are not traded in any foreign market.

The "Series C" preferred shares of ABCI were listed at the PSE on February 23, 2024. The table below shows the high and low sales prices of the Company's "Series C" preferred shares on the PSE for each quarter, to wit:

Quarter	2024		2025		2026	
	High	Low	High	Low	High	Low
1 st	103.50	100.20	107.70	101.00	110.00	100.00
2 nd	102.50	100.10	108.90	100.00	-	-
3 rd	106.00	101.00	110.00	101.00	-	-
4 th	108.00	95.30	107.90	100.10	-	-

On March 31, 2026, ABCI's "Series C" preferred stocks were traded at a high of ₱106.90 and a low of ₱102.90 at the Philippine Stock Exchange with closing price of ₱106.90. The stocks are not traded in any foreign market.

Dividends – Common Shares and Dividend Policy

Dividends are declared by the Company on its shares of stocks and are payable in cash or in additional shares of stock. The declaration and payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors affecting the availability of unrestricted retained earnings, as prescribed under the Revised Corporation Code. Dividend declaration must also take into account the Company's capital expenditure and project requirements and settlement of its credit. Cash and property dividends are subject to approval by the Company's Board of Directors while stock dividends require the approval of both the Company's Board of Directors and Stockholders. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and PSE, if shares are to be listed with the Exchange. Other than the restrictions imposed by the Revised Corporation Code of the Philippines, there is no other restriction that limits the Company's ability to pay dividends on common equity.

The following are the dividend declarations of the Company for the common shares in the last three (3) years:

Declaration Date	Record Date	Payment Date
July 12, 2024	August 1, 2024	August 15, 2024
July 8, 2025	August 1, 2025	August 15, 2025

Dividends – "Series A" Preferred Shares

As and if cash dividends are declared by the Board of Directors on the Company's "Series A" preferred dividends, the cash dividends shall be at the fixed rate of 7.00% per annum which will be payable quarterly on March 1, May 29, August 29 and November 29 of each year subject to the certain limitations as provided for in the Prospectus and Offer Supplement dated November 11, 2021. The cash dividend on "Series A" preferred shares is computed as $7\% \times \text{₱}100.00 \times 90/360$ amounting to ₱1.75 per share.

The following are the dividend declarations of the Company on "Series A" preferred shares in the last three (3) years:

Declaration Date	Record Date	Payment Date
February 3, 2023	February 17, 2023	March 1, 2023
February 3, 2023	May 3, 2023	May 29, 2023
February 3, 2023	August 1, 2023	August 29, 2023
February 3, 2023	October 31, 2023*	November 29, 2023
February 1, 2024	February 16, 2024	March 1, 2024
February 1, 2024	May 3, 2024	May 29, 2024
February 1, 2024	August 1, 2024	August 29, 2024
February 1, 2024	November 5, 2024	November 29, 2024
February 3, 2025	February 17, 2025	March 3, 2025
February 3, 2025	May 5, 2025	May 29, 2025
February 3, 2025	August 5, 2025	August 29, 2025

February 3, 2025	November 5, 2025	December 1, 2025
January 30, 2026	February 16, 2026	March 2, 2026
January 30, 2026	May 5, 2026	May 29, 2026
January 30, 2026	August 5, 2026	September 1, 2026
January 30, 2026	November 5, 2026	December 1, 2026

*On October 19, 2023, it was disclosed that the Record Date for the 29 November 2023 cash dividend was to be adjusted from 31 October 2023 to 03 November 2023 on account of the declaration of 30 October 2023 as a non-working holiday because of the Barangay and Sangguniang Kabataan Elections.

Dividends – “Series B” and “Series C” Preferred Shares

The following are the dividend declarations of the Company on “Series B” preferred shares in the last three (3) years:

Declaration Date	Record Date	Payment Date
April 8, 2024	May 3, 2024	May 23, 2024
April 8, 2024	August 1, 2024	August 23, 2024
April 8, 2024	November 5, 2024	November 25, 2024
April 8, 2024	February 10, 2025	February 24, 2025
February 3, 2025	May 5, 2025	May 23, 2025
February 3, 2025	August 5, 2025	August 26, 2025
February 3, 2025	November 5, 2025	November 24, 2025
February 3, 2025	February 9, 2026	February 23, 2026
January 30, 2026	May 5, 2026	May 25, 2026
January 30, 2026	August 5, 2026	August 24, 2026
January 30, 2026	November 5, 2026	November 23, 2026
January 30, 2026	February 9, 2027	February 23, 2027

The following are the dividend declarations of the Company on “Series C” preferred shares in the last three (3) years:

Declaration Date	Record Date	Payment Date
April 8, 2024	May 3, 2024	May 23, 2024
April 8, 2024	August 1, 2024	August 23, 2024*
April 8, 2024	November 5, 2024	November 25, 2024
April 8, 2024	February 10, 2025	February 24, 2025
February 3, 2025	May 5, 2025	May 23, 2025
February 3, 2025	August 5, 2025	August 26, 2025
February 3, 2025	November 5, 2025	November 24, 2025
February 3, 2025	February 9, 2026	February 23, 2026
January 30, 2026	May 5, 2026	May 25, 2026
January 30, 2026	August 5, 2026	August 24, 2026
January 30, 2026	November 5, 2026	November 23, 2026
January 30, 2026	February 9, 2027	February 23, 2027

*On August 20, 2024, it was disclosed that the Payment Date for the 23 August 2024 cash dividend was to be adjusted to 27 August 2024 on account of the declaration moving the observance of the Ninoy Aquino Day from August 21, 2024 to August 23, 2024 as per Proclamation No. 665, to promote domestic tourism and because August 26, 2024 was also National Heroes Day. The change of the payment date was paid without adjustment on the amount of the dividends.

Sale of Unregistered or Exempt Including Securities Constituting an Exempt Transaction

There were no securities sold by the Company within the past 3 years which were not registered under the SRC.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company, being a Parent Company, in its regular course of trade or business, enters into transactions with its subsidiaries consisting of reimbursement of expenses, purchase of other assets, construction and development contracts, management, marketing and service agreements. Sales and purchases of goods and services to and from related parties are made at arms-length transaction.

The Company, in the normal course of business has significant transactions with related parties, which principally consist of the following:

- Interest-bearing loan from shareholder

As of December 31, 2024, the Parent Company has outstanding loan from shareholder, which is classified under “Long-term debt” in the parent company statements of financial position amounting ₱60.9 million to be paid in equal monthly amortization until December 31, 2025. The loan bears a fixed annual interest rate of 6.00%. As of December 31, 2025, the loan has been fully paid.

- Noninterest-bearing deposits for future stock subscription to the Parent Company's subsidiaries. These deposits will either be converted to equity. In 2025 and 2024, total deposits for future stock subscription were converted to investment amounting to ₱432.7 million and ₱736.9 million, respectively. In 2025 and 2024, the Company made additional deposits for future subscription amounting to ₱175.7 million and ₱334.8 million, respectively. Also in 2025, deposit for future stock subscription amounting to ₱12.5 million was returned to the Parent Company.
- Noninterest-bearing cash advances to BCL, ABBWCI, ISI, ABERDI, VEC, SHDI, ABCEI, MCPI, NRC and SGAC.
- Noninterest-bearing cash advances to EWRTC, NC, and BAC, entities under common control of the Parent Company.

For further information, please refer to Note 15 and Note 16 of the Company's 2025 Audited Financial Statements.

The outstanding accounts with related parties, except for deposits for future stock subscription and the advances to key management personnel, shall be settled in cash. The deposits for future stock subscription are convertible to additional investment in subsidiary. These accounts are generally unsecured. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. The Company has approval process and established limits when entering into material related party transactions.

Company requires directors to disclose immediately their interests in transactions or any other conflict of interests and do not participate in the decision-making process.

No material related party transaction was made in 2025 and 2024 that breached the materiality threshold. However, related party transactions below the threshold apply the same principle of abstentions if the directors are involved in the transaction.

For the past five years, the Company did not enter into any contract with promoters.

In addition, material related party transactions that amount to 10% or higher of the Company's total assets shall be subject to the review of the Related Party Transaction Committee and the approval by at least 2/3 of the Board of Directors, with at least a majority of independent directors voting to approve the transaction.

LEGAL PROCEEDINGS

There are no material pending legal proceeding that could be expected to have a material adverse effect on the issuance of the Offer Shares and on the results of the financials and the operations of the Group. The Company has not been the subject of any bankruptcy petition, insolvency, receivership, or similar proceedings. The Company has contingent liabilities for lawsuits and various other matters occurring in the ordinary course of business. Management believes that none of those contingencies will materially affect the Company's financial position and results of operation.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The summary historical consolidated statement of financial position data as of December 31, 2025 and 2024 and summary historical consolidated statement of comprehensive income for the years ended December 31, 2025, 2024 and 2023, set forth below have been derived from, and should be read in conjunction with, the audited consolidated financial statements and, including the notes thereto, included in Appendix A of this Prospectus. SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited, has audited the consolidated financial statements in accordance with Philippine Standards on Auditing.

The Group's investments in associates in the Power and Utilities segment are accounted for using the equity method. Under the equity method, the investments in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statements of comprehensive income outside operating profit as Other Income ('Equity in net earnings of associates').

For the years ended December 31, 2025, 2024, and 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31		
	2025	2024	2023
ASSETS			
Current Assets			
Cash	₱1,122,083,245	₱677,964,213	₱118,082,483
Receivables	1,728,484,686	955,284,846	366,814,874
Contract assets	423,316,466	131,239,842	494,203,019
Receivables from related parties	-	50,894,936	50,894,936
Real estate inventories	5,204,729,275	4,057,995,302	3,571,105,773
Other inventories	43,423,215	48,750,406	116,293,063
Other current assets	1,439,832,601	1,272,275,513	693,028,502
Total Current Assets	9,961,869,488	7,194,405,058	5,410,422,650
Noncurrent Assets			
Contract assets - net of current portion	1,515,250,459	1,542,267,524	1,375,188,278
Equity instruments at fair value through other comprehensive income (EIFVOCI)	585,443,479	428,856,522	362,386,957
Investments in associates	434,508,380	1,839,745,991	1,821,756,979
Investment properties	681,242,683	631,838,036	455,941,317
Property, plant and equipment	1,570,606,390	1,715,734,159	1,472,098,680
Deferred Tax Asset	978,688	-	-
Other noncurrent assets	1,329,222,567	735,687,707	811,706,849
Total Noncurrent Assets	6,117,252,646	6,894,129,939	6,299,079,060
TOTAL ASSETS	₱16,079,122,134	₱14,088,534,997	₱11,709,501,710
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	₱2,384,670,480	₱1,315,630,677	₱1,160,270,667
Short-term debt	799,948,000	972,187,000	745,414,000
Current portion of long-term debt	662,323,879	602,633,723	480,838,826
Contract liabilities	409,573,844	481,762,306	319,515,433
Income tax payable	3,846,645	—	—
Total Current Liabilities	4,260,362,848	3,372,213,706	2,706,038,926

	December 31		
	2025	2024	2023
Noncurrent Liabilities			
Long-term debt - net of current portion	2,076,868,331	1,741,220,033	1,398,737,070
Retirement benefit obligation	93,946,421	84,475,120	76,982,380
Deferred tax liabilities - net	537,702,743	490,298,012	455,771,239
Lease Liability – net current portion	6,974,790	—	—
Total Noncurrent Liabilities	2,715,492,285	2,315,993,165	1,931,490,689
Total Liabilities	6,975,855,133	5,688,206,871	4,637,529,615

(Forward)

	December 31		
	2025	2024	2023
Equity Attributable to Equity Holders of the Parent Company			
Capital stock			
Common stock	₱2,477,668,925	₱2,477,668,925	₱2,477,668,925
Preferred stock	27,637,650	27,637,650	13,264,900
Additional paid-in capital	3,331,502,966	3,331,502,966	1,931,178,758
Retained earnings	3,285,492,345	2,694,454,515	2,834,608,536
Fair value reserve of EIFVOCI	151,372,686	(5,214,271)	(71,683,836)
Remeasurement loss on retirement benefit obligation - net of tax	(19,742,738)	(20,218,050)	(21,570,632)
Remeasurement loss on defined benefit plan of an associate	-	(2,165,918)	(1,221,512)
Cumulative translation adjustment	(10,131,649)	(8,155,192)	4,878,649
Treasury shares - common	(140,255,859)	(94,932,275)	(94,932,275)
	9,103,544,326	8,400,578,350	7,072,191,513
Noncontrolling interest	(277,325)	(250,224)	(219,418)
Total Equity	9,103,267,001	8,400,328,126	7,071,972,095
TOTAL LIABILITIES AND EQUITY	₱16,079,122,134	₱14,088,534,997	₱11,709,501,710

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE			
Real estate sales	₱1,601,018,375	₱1,527,959,172	₱1,454,786,129
Sale of agricultural goods	259,251,928	250,550,825	142,563,286
Water service	30,711,129	29,462,585	27,433,584
	1,890,981,432	1,807,972,582	1,624,782,999
COSTS OF SALES AND SERVICE			
Cost of real estate sales	709,256,270	681,546,593	559,113,808
Cost of agricultural goods sold	221,667,519	242,092,717	122,358,936
Cost of water service revenue	16,543,116	12,045,256	16,660,359
	947,466,905	935,684,566	698,133,103
GROSS PROFIT	943,514,527	872,288,016	926,649,896
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	581,953,562	497,573,983	513,907,600
OTHER INCOME (EXPENSES)			
Gain on sale of investment in an associate	1,842,653,585	—	—

	Years Ended December 31		
	2025	2024	2023
Impairment loss	(854,737,252)	(45,928,044)	(26,733,469)
Capital gains tax on sale of investment	(348,344,999)	—	—
Equity in net earnings of associates	240,584,503	140,933,418	339,947,514
Provision for expected credit loss	(202,966,770)	—	(828,304)
Interest expense	(197,190,942)	(127,661,586)	(67,121,886)
Miscellaneous income - net	85,445,046	108,256,466	41,808,568
INCOME BEFORE INCOME TAX	927,004,136	450,314,287	699,814,719
PROVISION FOR INCOME TAX			
Current	37,262,076	18,219,312	6,250,555
Deferred	23,029,642	97,986,385	147,087,524
	60,291,718	116,205,697	153,338,079
NET INCOME	₱866,712,418	₱334,108,590	₱546,476,640

(Forward)

	Years Ended December 31		
	2025	2024	2023
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustment	₱(1,976,457)	₱(13,033,841)	(1,674,818)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of EIFVOCI	156,586,957	66,469,565	61,356,522
Remeasurement gain (loss) on defined benefit plan - net of tax effect	475,312	1,352,582	(112,236)
Equity in other comprehensive income (loss) of an associate	673,408	(944,406)	(1,081,972)
	155,759,220	53,843,900	58,487,496
TOTAL COMPREHENSIVE INCOME	₱1,022,471,638	₱387,952,490	₱604,964,136
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱866,739,519	₱334,139,396	₱546,514,853
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	₱866,712,418	₱334,108,590	₱546,476,640
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱1,022,498,739	₱387,983,296	₱605,002,349
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	₱1,022,471,638	₱387,952,490	₱604,964,136
Basic/Diluted Earnings per Share	₱0.28	₱0.06	₱0.20

See accompanying Notes to Consolidated Financial Statements.

NON-PFRS FINANCIAL MEASURES

The following table shows EBITDA as derived from the Group's net income for the period:

	Year ended 31 December		
	2025	2024	2023
	(in millions of Peso ₱)		
	(Audited)		
Net income attributable to equity holders of the parent	866.74	334.14	546.51
Non-controlling interests	-0.03	-0.03	-0.04
Provision for income tax	60.29	116.21	153.34
Income before income tax	927.00	450.32	699.81
Add (Deduct):			
Depreciation and amortization	139.35	62.69	71.65
Interest expenses	197.19	127.66	67.12
EBITDA⁽¹⁾	1,263.54	640.67	838.58

Notes:

(1) *EBITDA is not a uniformly or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. The Group presents EBITDA because it believes it to be an important supplemental measure of its performance and liquidity and believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in its industry.*

The EBITDA figures are not, however, readily comparable to other companies' EBITDA figures, as they are calculated differently and must be read in conjunction with the related additional explanations. EBITDA has limitations as an analytical tool and potential investors should not consider it in isolation or as a substitute for analysis of its results as reported under PFRS Accounting Standards. Some of the limitations concerning EBITDA are:

- *EBITDA does not reflect the Group's cash expenditures or future requirements for capital expenditures or contractual commitments;*
- *EBITDA does not reflect changes in, or cash requirements for, the Group's working capital needs;*
- *EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;*
- *Although depreciation and amortisation are non-cash charges, the assets being depreciated or amortised will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and*
- *Other companies in the industry may calculate EBITDA differently than the Group does, limiting its usefulness as a comparative measure.*

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of its business. The Group compensates for these limitations by relying primarily on its PFRS Accounting Standards results and using EBITDA only supplementally.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Material Event/s and Uncertainties

The Company has no other events to report on the following:

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
- Any material commitments for capital expenditures.
- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation
- All material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Statement of Income- Consolidated Current Period 2025 vs 2024

Years Ended December 31				
			Horizontal Analysis Increase (Decrease)	
	2025	2024	in ₱	in %
REVENUES				
Real estate sales	₱1,601,018,375	₱1,527,959,172	73,059,203	5%
Sale of agricultural goods	259,251,928	250,550,825	8,701,103	3%
Water and other service	30,711,129	29,462,585	1,248,544	4%
	1,890,981,432	1,807,972,582	83,008,850	5%
COSTS OF SALES AND SERVICE				
Cost of real estate sales	709,256,270	681,546,593	27,709,677	4%
Cost of agricultural goods sold	221,667,519	242,092,717	-20,425,198	-8%
Cost of water and other service revenue	16,543,116	12,045,256	4,497,860	37%
	947,466,905	935,684,566	11,782,339	1%
GROSS PROFIT	943,514,527	872,288,016	71,226,511	8%
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	581,953,562	497,573,983	84,379,579	17%
OTHER INCOME (EXPENSES)				
Gain on sale of investment in associate	1,842,653,585	-	1,842,653,585	
Impairment loss	(854,737,252)	(45,928,044)	-808,809,208	1,761%

Years Ended December 31				
			Horizontal Analysis Increase (Decrease)	
	2025	2024	in ₱	in %
Capital gains tax on sale of investment	(348,344,999)	-	-348,344,999	
Equity in net earnings of associates	240,584,503	140,933,418	99,651,085	71%
Provision for expected credit losses (ECL)	(202,966,770)	-	-202,966,770	
Interest expense	(197,190,942)	(127,661,586)	-69,529,356	54%
Other income	85,445,046	108,256,466	-22,811,420	-21%
	565,443,171	75,600,254	489,842,917	648%
INCOME BEFORE INCOME TAX	927,004,136	450,314,287	476,689,849	106%
PROVISION FOR INCOME TAX				
Current	37,262,076	18,219,312	19,042,764	105%
Deferred	23,029,642	97,986,385	-74,956,743	-76%
	60,291,718	116,205,697	-55,913,979	-48%
NET INCOME	₱866,712,418	₱334,108,590	532,603,828	159%

Revenues

The Group recorded consolidated revenues of ₱1.89B in 2025, an increase of 5% from ₱1.81B in 2024, and is broken down as follows:

Real estate sales

Revenue from real estate sales of ₱1.60B in 2025, an increase of 5% from ₱1.53B in 2024 due to higher percentage completion of ongoing real estate projects. Real estate sales contributed to 85% of total consolidated revenues.

Sale of agricultural goods

Revenue from sale of agricultural goods of ₱259.25M in 2025, an increase of 3% from ₱250.55M in 2024. The agricultural products are palm oil products consisting of Crude Palm Oil, Palm Acid Oil, and Kernel. Sale of agricultural goods contributed to 14% of total consolidated revenues.

Water and other service income

Revenue from water and other services of ₱30.71M in 2025, an increase of 4% from ₱29.46M in 2024 due to the increase in the turn-over of and actual move-in to units and consumption of water by residents. Additional income from irradiation service was also earned in 2025 and 2024.

Cost of Sales and Service

The Group recorded consolidated cost of sales and service of ₱947.47M in 2025, an increase of 1% from ₱935.68M in 2024, due to the following:

Cost of real estate sales

Cost of real estate sales of ₱709.26M in 2025, an increase of 4% from ₱681.55M in 2024. The real estate costs recorded are directly related to the real estate sales for the period 2025. Gross profit from real estate sales is ₱891.76M, with a gross profit margin of 56%.

Cost of sales of agricultural goods

Cost of sales of agricultural goods ₱221.67M in 2025, a decrease of 8% from ₱242.09M in 2024. The decreased cost of sales is due to the lower production and sales for the period. Gross profit from the sales of agricultural products is ₱37.58M, with a gross profit margin of 14%.

Cost of water and other service income

Costs of water and other services of ₱16.54M in 2025, an increase of 37% from ₱12.04M in 2024 due to increase in fuel in the utilization of the pumps and increased volume of water sales.

General, Administrative and Selling Expenses

The Group recorded general, administrative and selling expenses of ₱581.95M in 2025, an increase of 17% from ₱497.57M in 2024. The general, administrative, and selling expenses were higher in 2025 compared with 2024 even as the group delivered on higher total consolidated revenue. Depreciation expense grew by ₱76.66M to reach ₱139.35M in 2025, a 122% increase over the ₱62.69M in 2024. Professional fees rose by ₱14.56M to hit ₱28.80M in 2025, a 102.30% from ₱14.24M in 2024. Directors' fees of ₱12.48M in 2025 increased by ₱11.76M, a 1,631% from ₱721k in 2024 due to performance bonus. Other expenses increased by ₱3.13M or 12% from ₱26.39M in 2024 to ₱29.53M in 2025. Marketing expenses scaled up by ₱7.23M to reach ₱114.33M in 2025, a 7% increase from ₱107.10M in 2024. Rental expense rose by ₱6.24M or 66% from ₱9.42M in 2024 to ₱15.66M in 2025. The following general and administrative expenses declined in 2025 as compared with 2024: personnel cost by ₱18.48M or 13%; taxes and licenses by ₱11.11M or 21%; transportation and travel by ₱8.32M or 33%; outside services by ₱2.91M or 15%; repairs and maintenance by ₱1.97M or 43%; retirement benefits expense by ₱1.85M or 15% and trainings and seminars by ₱1.22M or 56%.

Other Income/Expenses

Gain on sale of investment in associates

The Group recognized ₱1.84B gain on sale of investment in an associate in 2025 as compared with nil from the prior year.

Impairment loss

An impairment loss of ₱854.74M was recorded in 2025, 1,761% higher compared to the ₱45.93M in 2024. The impairment loss consists of the impairment on investment in associate – EWRTC amounting to ₱53.15M; property, plant and equipment amounting to ₱684.32M which included leasehold improvements amounting ₱26.78M; bearer plants at ₱199.28M; RBD and Fractionation machinery amounting to ₱171.11M; buildings and improvements at ₱5.26M; machineries and equipment at ₱51.05M; construction-in-progress at ₱187.50M; right-of-use assets at ₱17.61M and other equipment at ₱25.73M; input VAT amounting to ₱44.40M and due from EWRTC amounting to ₱72.87M.

Capital gains tax

Capital gains tax amounted to ₱348.34M in 2025, compared to nil in 2024. This pertains to the tax on the gain on sale of investments in associate which is unlisted in a stock exchange.

Share in net income (loss) of associates

The Group recognized ₱240.58M in equity in net earnings of associates for 2025, a 71% increase from ₱140.93M in 2024. The growth reflects higher reported profits from associate Palm Concepcion Power Corporation (PCPC) prior to its sale to 3rd party and the share of net profits from Peakpower Energy, Inc. (PEI).

Provision for expected credit losses (ECL)

The provision for expected credit losses amounted to ₱202.97M in 2025, compared to nil in 2024 consisting of ₱200.00 advances to third parties and ₱2.97M receivables.

Interest Expense

Interest expense increased to ₱197.19M in 2025, 54% increase from ₱127.66M in 2024. The increase is attributed to increased loan drawdowns and adoption of new PFRS Accounting Standards for borrowing cost limiting the capitalization of incurred interest to qualifying assets.

Other Income (expense) – net

Other income - net amounted to ₱85.45M in 2025, 21% decrease as compared with ₱108.26M in 2024. Other miscellaneous income like tapping fees, transfer fees and other water charges decreased by 83% from ₱30.17M in 2024 to ₱5.09M in 2025. Income from forfeited deposits decreased to ₱18.45M in 2025, a 23% decrease from ₱23.85M in 2024. Income from forfeited deposits pertains to collections from potential buyers deemed nonrefundable due to prescription of the period for entering into a contracted sale and/or payment from defaulting buyers upon prescription of the period for payment of the required amortizations subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*. Rental income also reached to ₱15.82M in 2025, 19% decrease from ₱19.62M in 2024. Although interest income increased to ₱45.92M in 2025, a 33% increase from ₱34.51M in 2024, this was not enough to cover the decline of other income. The increase in the interest income was due to the

adoption of the new PFRS Accounting Standard that considers the financing component of the selling price.

Provision for Income Tax

Total provision for income tax decreased by 48% to ₱60.29M in 2025 from ₱116.21M in 2024.

Net Income

Net income of ₱866.71M in 2025, a 159% growth from ₱334.10M in 2024. The increase was mainly due to the gain on sale of investment in associate and higher equity earnings from associates with offset on impairment loss being recognized and other expenses. The group recorded record top-line revenues for its real estate and agribusiness segment.

Statement of Financial Position - Consolidated Current Period 2025 vs 2024

	Years Ended December 31		Horizontal Analysis	
	2025	2024	Increase (Decrease)	
			in ₱	in %
ASSETS				
Current Assets				
Cash	₱1,122,083,245	₱677,964,213	444,119,032	66%
Receivables	1,728,484,686	955,284,846	773,199,840	81%
Contract assets	423,316,466	131,239,842	292,076,624	223%
Receivables from related parties	-	50,894,936	-50,894,936	-100%
Real estate inventories	5,204,729,275	4,057,995,302	1,146,733,973	28%
Other inventories	43,423,215	48,750,406	-5,327,191	-11%
Other current assets	1,439,832,601	1,272,275,513	167,557,088	13%
Total Current Assets	9,961,869,488	7,194,405,058	2,767,464,430	38%
Noncurrent Assets				
Contract assets - net of current portion	1,515,250,459	1,542,267,524	-27,017,065	-2%
Equity instruments at fair value through other comprehensive income (EIFVOCI)	585,443,479	428,856,522	156,586,957	37%
Investments in associates	434,508,380	1,839,745,991	-1,405,237,611	-76%
Investment properties	681,242,683	631,838,036	49,404,647	8%
Property, plant and equipment	1,570,606,390	1,715,734,159	-145,127,769	-8%
Deferred tax assets - net	978,688	-	978,688	
Other noncurrent assets	1,329,222,567	735,687,707	593,534,860	81%
Total Noncurrent Assets	6,117,252,646	6,894,129,939	-776,877,293	-11%
TOTAL ASSETS	₱16,079,122,134	₱14,088,534,997	1,990,587,137	14%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	₱2,384,670,480	₱1,315,630,677	1,069,039,803	81%
Short-term debt	799,948,000	972,187,000	-172,239,000	-18%
Current portion of long-term debt	662,323,879	602,633,723	59,690,156	10%
Contract liabilities	409,573,844	481,762,306	-72,188,462	-15%
Income tax payable	3,846,645	-	3,846,645	
Total Current Liabilities	4,260,362,848	3,372,213,706	888,149,142	26%
Noncurrent Liabilities				
Long-term debt - net of current portion	2,076,868,331	1,741,220,033	335,648,298	19%
Retirement benefit obligation	93,946,421	84,475,120	9,471,301	11%

Years Ended December 31				
			Horizontal Analysis Increase (Decrease)	
	2025	2024	in ₱	in %
Deferred tax liabilities - net	537,702,743	490,298,012	47,404,731	10%
Lease liability – net of current portion	6,974,790	-	6,974,790	
Total Noncurrent Liabilities	2,715,492,285	2,315,993,165	399,499,120	17%
Total Liabilities	6,975,855,133	5,688,206,871	1,287,648,262	23%

Years Ended December 31				
			Horizontal Analysis Increase (Decrease)	
	2025	2024	in ₱	in %
Equity Attributable to Equity Holders of the Parent Company				
Capital stock				
		₱		
Common stock	₱2,477,668,925	2,477,668,925	-	0%
Preferred stock	27,637,650	27,637,650	-	0%
Additional paid-in capital	3,331,502,966	3,331,502,966	-	0%
Retained earnings	3,285,492,345	2,694,454,515	591,037,830	22%
Fair value reserve of EIFVOCI	151,372,686	(5,214,271)	156,586,957	-3,003%
Remeasurement loss on retirement benefit obligation - net of tax	(19,742,738)	(20,218,050)	475,312	-2%
Remeasurement loss on defined benefit plan of an associate	-	(2,165,918)	2,165,918	-100%
Cumulative translation adjustment	(10,131,649)	(8,155,192)	-1,976,457	24%
Treasury shares - common	(140,255,859)	(94,932,275)	-45,323,584	48%
	9,103,544,326	8,400,578,350	702,965,976	8%
Noncontrolling interest	(277,325)	(250,224)	-27,101	11%
Total Equity	9,103,267,001	8,400,328,126	702,938,875	8%
	16,079,122,134	₱		
		14,088,534,99		
TOTAL LIABILITIES AND EQUITY		7	1,990,587,137	14%

Assets

The Group recorded total assets of ₱16.08B as of December 31, 2025, an increase of ₱1.99B or 14% from ₱14.09B as of December 31, 2024. The net increase was due to the following:

Current Assets

- Cash amounted to ₱1.12B in 2025, compared to ₱677.96M in 2024, a 66% increase due to proceeds from sale of investment in associate, collections and loan availments.
- Receivables amounted to ₱1.73B in 2025, up by 81% from ₱955.28M in 2024, due to increased progress completion of real estate projects
- Contract assets amounted to ₱423.32M in 2025, higher by 223% than the ₱131.24M in 2024, due to increase in the percentage of completion from real estate projects as compared to the amount collected from buyers that will be billed and collected within 12 months (progress billings).

- Real estate inventories amounted to ₱5.20B in 2025, a 28% rise compared to ₱4.06B in 2024, due to increased progress completion of real estate projects.
- Other inventories amounted to ₱43.42M in 2025, a 11% drop compared to ₱48.75M in 2024, due to the utilization of construction materials in the development
- Other current assets increased to ₱1.44B in 2025, a 13% surge from ₱1.27B in 2024, due to the increase in advances for land purchases, advances to suppliers and prepayments

Noncurrent Assets

- Contract assets – net of current portion amounted to ₱1.52B in 2025, a 2% decrease from ₱1.54B in 2024, due to decreased billable non-current revenues.
- Equity instruments at fair value through OCI increased to ₱585.44M in 2025, up by 37% from ₱428.86M in 2024.
- Investments in associates decreased to ₱434.51M in 2025, a 76% decline from ₱1.84B in 2024 after the divestment of PCPC shares owned by ABCI's subsidiary, ABCEI in July 2025.
- Investment properties amounted to ₱681.24M in 2025, 8% higher than ₱631.84M in 2024, due to the reclassification of the deposits for purchased land into investment properties – land held for capital appreciation.
- Property, plant and equipment decreased to ₱1.57B in 2025, an 8% decline from ₱1.72B in 2024.
- Deferred tax assets amounted to ₱978k in 2025.
- Other noncurrent assets increased to ₱1.33B in 2025, an 81% increment from ₱735.69M in 2024 primarily due to the increase in deposits for land acquisition – net of current portion and deposit for future stock subscription

Liabilities

Total liabilities amounted to ₱6.98B as of December 31, 2025, compared to ₱5.69B as of December 31, 2024, an increase of ₱1.28 or 23%.

Current Liabilities

- Accounts and other payables amounted to ₱2.38B in 2025, an 81% jump from ₱1.32B in 2024 due to increase in trade accounts payable; other accrued expenses, retention payable and other payables.
- Short-term debt decreased to ₱799.95M in 2025, a 18% drop from ₱972.19M in 2024 due to loan payments
- Current portion of long-term debt amounted to ₱662.32M in 2025, a 10% rise from ₱602.63M in 2024 due to new loan availments
- Contract liabilities decreased by 15% to ₱409.57M in 2025 from ₱481.76M in 2024 due to the increased real estate sales being recognized and from the increase in POC as against the reservation sales and advanced payments
- Income tax payable amounted to ₱3.85M in 2025 from nil in 2024 for the income tax due to BIR by subsidiaries (e.g. BAC and SGAC).

Noncurrent Liabilities

- Long-term debt – net of current portion amounted to ₱2.08B in 2025, a 19% climb from ₱1.74B in 2024 due to new loan availments from financial institutions.
- Retirement benefit obligation increased by 11% to ₱93.95M in 2025 from ₱84.48M in 2024 due to increase in current service cost and interest cost
- Deferred tax liabilities – net amounted to ₱537.70M in 2025 from ₱490.30M in 2024, a 10% increase primarily due to excess of real estate sales based on POC over the real estate sales based on tax rules and amortized debt issue cost
- Lease liability – net of current portion amounted to ₱6.97M in 2025 from nil in 2024. This pertains to the lease of office space and two parking slots

Equity

Total equity amounted to ₱9.10B as of December 31, 2025, up by ₱702.94M or 8% from ₱8.40B as of December 31, 2024.

- Common stock remained at ₱2.48B in both 2025 and 2024.
- Preferred stock remained at ₱27.64M in both 2025 and 2024.
- Additional paid-in capital remained at ₱3.33B in both 2025 and 2024.
- Retained earnings increased to ₱3.29B in 2025, an 22% increment from ₱2.69B in 2024 contributed by net income earned during the period net of the dividend declaration and transfer of share in other comprehensive income of an associate to equity.
- Fair value reserve of EIFVOCI improved to ₱151.37M in 2025, a 3,003% increase from the cumulative ₱5.21M unrealized loss in 2024.
- Remeasurement loss on retirement benefit obligation - net of tax decreased to ₱19.74M in 2025, a 2% reduction from ₱20.22M in 2024.
- Remeasurement loss on defined benefit plan of an associate decreased by 100% to nil in 2025 from ₱2.17M in 2024 due to the disposal of the investment in associate
- Cumulative translation adjustment loss increased to ₱10.13M in 2025, a 24% rise from ₱8.16M in 2024.
- Treasury shares increased to ₱140.26M in 2025, a 48% increment from ₱94.93M in 2024 as a result of the shares buyback program which started in November 2025.
- Non-controlling interest amounted to ₱(0.28M) in 2025 and ₱(0.25M) in 2024.

Key Performance Indicators

Financial Ratios Consolidated Figures	Audited 12/31/2025	Audited 12/31/2024
Current ratio	2.34:1	2.13:1
Current Debt to Equity Ratio	0.47:1	0.40:1
Total Debt to Equity ratio	0.77:1	0.68:1
Return on Assets	5.75%	2.59%
Return on Equity	9.90%	4.32%

¹Current assets/Current liabilities

²Current liabilities/Stockholders' equity

³Total liabilities/Stockholders' equity

⁴Net income/Average Total assets

⁵Net income/ Average Stockholders' equity

The Group's current ratio increased to 2.34:1 in 2025 from 2.13:1 in 2024, indicating a stronger short-term liquidity position.

The current debt-to-equity ratio increased to 0.47:1 in 2025 from 0.40:1 in 2024 due to additional loans. Similarly, the total debt-to-equity ratio rose to 0.77:1 from 0.68:1, due to additional borrowings to support project expansion.

Return on assets grew to 5.75% in 2025 from 2.59% in 2024 while return on equity increased to 9.90% from 4.32%, primarily as a result of higher net income during the year.

Statement of Income- Consolidated Prior Period 2024 vs 2023

Years Ended December 31				
			Horizontal Analysis Increase (Decrease)	
	2024	2023	in ₱	in %
REVENUES				
Real estate sales	₱1,527,959,172	₱1,454,786,129	73,173,043	5%
Sale of agricultural goods	250,550,825	142,563,286	107,987,539	76%
Water and other service	29,462,585	27,433,584	2,029,001	7%
	1,807,972,582	1,624,782,999	183,189,583	11%
COSTS OF SALES AND SERVICE				
Cost of real estate sales	681,546,593	559,113,808	122,432,785	22%
Cost of agricultural goods sold	242,092,717	122,358,936	119,733,781	98%
Cost of water and other service revenue	12,045,256	16,660,359	-4,615,103	-28%
	935,684,566	698,133,103	237,551,463	34%
GROSS PROFIT	872,288,016	926,649,896	-54,361,880	-6%
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	543,502,027	541,469,373	2,032,654	0%
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates	140,933,418	339,947,514	-199,014,096	-59%
Interest expense	(127,661,586)	(67,121,886)	-60,539,700	90%
Unrealized foreign exchange gain (loss)	92,371	(1,200)	93,571	-7798%
Interest Income	34,509,378	486,154	34,023,224	6998%
Income from forfeited deposits	23,846,049	20,026,646	3,819,403	19%
Rental income	19,624,353	14,944,353	4,680,000	31%
Other income	30,184,315	6,352,615	23,831,700	375%
	121,528,298	314,634,196	-193,105,898	-61%
INCOME BEFORE INCOME TAX	450,314,287	699,814,719	-249,500,432	-36%
PROVISION FOR INCOME TAX				
Current	18,219,312	6,250,555	11,968,757	191%
Deferred	97,986,385	147,087,524	-49,101,139	-33%
	116,205,697	153,338,079	-37,132,382	-24%
NET INCOME	₱334,108,590	₱546,476,640	-212,368,050	-39%

Revenues

The Group recorded consolidated revenues of ₱1.80B in 2024, an increase of 11% from ₱1.62B in 2023, and is broken down as follows:

Real estate sales

Revenue from real estate sales of ₱1.52B in 2024, an increase of 5% from ₱1.45B in 2023 due to higher percentage completion of ongoing real estate projects. Real estate sales contributed to 85% of total consolidated revenues.

Sale of agricultural goods

Revenue from sale of agricultural goods of ₱250.55M in 2024, an increase of 76% from ₱142.56M in 2023. The agricultural products are palm oil products consisting of Crude Palm Oil, Palm Acid Oil, and Kernel.

Water and other service income

Revenue from water and other services of ₱29.46M in 2024, an increase of 7% from ₱27.43M in 2023 due to the increase in the turn-over of and actual move-in to units and consumption of water by residents. Additional income from irradiation service was also earned in 2024.

Costs and Expenses

The Group recorded consolidated costs and expenses of ₱935.68M in 2024, an increase of 34% from ₱698.13M in 2023, due to the following:

Cost of real estate sales

Cost of real estate sales of ₱681.55M in 2024, an increase of 22% from ₱559.11M in 2023. The real estate costs recorded are directly related to the real estate sales for the period 2024. Gross profit from real estate sales is ₱846.41M, with a gross profit margin of 55%.

Cost of sales of agricultural goods

Cost of sales of agricultural goods ₱242.09M in 2024, an increase of 98% from ₱122.36M in 2023. The increased cost of sales is due to the higher production and sales for the period. Gross profit from the sales of agricultural products is ₱8.46M, with a gross profit margin of 3%.

Cost of water and other service income

Costs of water and other services of ₱12.05M in 2024, a decrease of 28% from ₱16.66M in 2023 due to increase in fuel efficiency in the utilization of the pumps and lesser spillage and increased volume of water sales.

General, Administrative and Selling Expenses

The Group recorded general, administrative and selling expenses of ₱497.57B in 2024, a decrease of 3% from ₱513.91B in 2023. The general, administrative, and selling expenses were higher in 2024 compared to 2023 even as the group delivered on higher total consolidated revenue. General, administrative, and selling expenses include personnel expenses, marketing expenses, impairment loss, taxes and licenses, outside services, professional fees, depreciation, provision for inventory losses, rental expenses, and utilities and supplies.

Other Income/Expenses

Share in net income (loss) of associates

The Group recognized ₱140.93M in equity in net earnings of associates for 2024, a 59% decrease from ₱339.95M in 2023. The decline reflects lower reported profits from associate Palm Concepcion Power Corporation due to plant breakdown from March 2024 to August 2024.

Unrealized foreign exchange gain (loss)

An unrealized foreign exchange gain of ₱92,371 was recorded in 2024, compared to a loss of ₱1,200 in 2023. The gain resulted from favorable exchange rate movements affecting the Group's foreign currency-denominated balances.

Interest Expense

Interest expense increased to ₱127.66M in 2024, 90% increase from ₱67.12M in 2023. The increase is attributed to increased loan drawdowns and adoption of new PFRS Accounting Standards for borrowing cost limiting the capitalization of incurred interest to qualifying assets.

Interest Income

Interest income increased to ₱34.51M in 2024, a 6998% increase from ₱486.15k in 2023. The increase was due to the adoption of the new PFRS Accounting Standards that considers the financing component of the selling price. In 2023, prior to the adoption of the new PFRS 15, the significant financing component of the selling price was treated as part of real estate sales. In 2024, the Company adopted the new PFRS 15 that considers the significant financing component of the selling price as an interest income.

As disclosed in Note 5 – Receivables of the Notes to the Audited Consolidated FS, interest earned from contract assets and ICR amounted to ₱33.9M and ₱0.3M in 2024 and 2023, respectively. This is the amount recorded as a result of the adoption of new PFRS Accounting Standard (PFRS 15) and as

discussed in Note 2 – Material Accounting Policy Information of the Notes to the Audited Consolidated FS.

Income from forfeited deposits

Income from forfeited deposits increased to ₱23.85M in 2024, a 19% increase from ₱20.03M in 2023. Income from forfeited deposits pertains to collections from potential buyers deemed nonrefundable due to prescription of the period for entering into a contracted sale and/or payment from defaulting buyers upon prescription of the period for payment of the required amortizations subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*.

Rental income

Rental income increased to ₱19.62M in 2024, a 31% increase from ₱14.94M in 2023.

Other Income – net

Other income decreased to ₱30.17M in 2024, a decrease of 28% from ₱41.81M in 2023.

Provision for Income Tax

Total provision for income tax decreased by 24% to ₱116.21M in 2024 from ₱153.34M in 2023.

Net Income

Net income of ₱334.11M in 2024, a 39% decline from ₱546.48M in 2023. The decrease was mainly due to lower equity earnings from associates and one-time impairment costs. However, the group recorded record top-line revenues for its real estate and agribusiness segment.

**Statement of Financial Position - Consolidated
Prior Period 2024 vs 2023**

Years Ended December 31				
	2024	2023	Horizontal Analysis Increase (Decrease)	
			in ₱	in %
ASSETS				
Current Assets				
Cash	₱677,964,213	₱118,082,483	559,881,730	474%
Receivables	955,284,846	366,814,874	588,469,972	160%
Contract assets	131,239,842	494,203,019	-362,963,177	-73%
Receivables from related parties	50,894,936	50,894,936	0	0%
Real estate inventories	4,057,995,302	3,571,105,773	486,889,529	13%
Other inventories	48,750,406	116,293,063	-67,542,657	-58%
Other current assets	1,272,275,513	693,028,502	579,247,011	83%
Total Current Assets	7,194,405,058	5,410,422,650	1,783,982,408	33%
Noncurrent Assets				
Contract assets - net of current portion	1,542,267,524	1,375,188,278	167,079,246	12%
Equity instruments at fair value through other comprehensive income (EIFVOCI)	428,856,522	362,386,957	66,469,565	18%
Investments in associates	1,839,745,991	1,821,756,979	17,989,012	1%
Investment properties	631,838,036	455,941,317	175,896,719	38%
Property, plant and equipment	1,715,734,159	1,472,098,680	243,635,479	16%
Other noncurrent assets	735,687,707	811,706,849	-76,019,142	-9%
Total Noncurrent Assets	6,894,129,939	6,299,079,060	595,050,879	9%
TOTAL ASSETS	₱14,088,534,997	₱11,709,501,710	2,379,033,287	20%

Years Ended December 31				
			Horizontal Analysis Increase (Decrease)	
	2024	2023	in ₱	in %
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	₱1,315,630,677	₱1,160,270,667	155,360,010	13%
Short-term debt	972,187,000	745,414,000	226,773,000	30%
Current portion of long-term debt	602,633,723	480,838,826	121,794,897	25%
Contract liabilities	481,762,306	319,515,433	162,246,873	50%
Total Current Liabilities	3,372,213,706	2,706,038,926	666,174,780	24%
Noncurrent Liabilities				
Long-term debt - net of current portion	1,741,220,033	1,398,737,070	342,482,963	24%
Retirement benefit obligation	84,475,120	76,982,380	7,492,740	9%
Deferred tax liabilities - net	490,298,012	455,771,239	34,526,773	7%
Total Noncurrent Liabilities	2,315,993,165	1,931,490,689	384,502,476	19%
Total Liabilities	5,688,206,871	4,637,529,615	1,050,677,256	22%

Years Ended December 31				
			Horizontal Analysis Increase (Decrease)	
	2024	2023	in ₱	in %
Equity Attributable to Equity Holders of the Parent Company				
Capital stock				
Common stock	₱2,477,668,925	₱2,477,668,925	0	0%
Preferred stock	27,637,650	13,264,900	14,372,750	108%
Additional paid-in capital	3,331,502,966	1,931,178,758	1,400,324,208	72%
Retained earnings	2,694,454,515	2,834,608,536	-140,154,021	-4%
Fair value reserve of EIFVOCI	(5,214,271)	(71,683,836)	66,469,565	-92%
Remeasurement loss on retirement benefit obligation - net of tax	(20,218,050)	(21,570,632)	1,352,582	6%
Remeasurement loss on defined benefit plan of an associate	(2,165,918)	(1,221,512)	-944,406	77%
Cumulative translation adjustment	(8,155,192)	4,878,649	-13,033,841	-267%
Treasury shares - common	(94,932,275)	(94,932,275)	0	0%
	8,400,578,350	7,072,191,513	1,328,386,837	18%
Noncontrolling interest	(250,224)	(219,418)	-30,806	14%
Total Equity	8,400,328,126	7,071,972,095	1,328,356,031	18%
	14,088,534,997	₱		
TOTAL LIABILITIES AND EQUITY	11,709,501,710	2,379,033,287		20%

Assets

The Group recorded total assets of ₱14.09B as of December 31, 2024, an increase of ₱2.38B or 20% from ₱11.71B as of December 31, 2023. The net increase was due to the following:

Current Assets

- Cash amounted to ₱677.96M in 2024, compared to ₱118.08M in 2023, a 474% increase due to collections and loan availments.
- Receivables amounted to ₱955.28M in 2024, up by 160% from ₱366.81M in 2023, due to increased progress completion of real estate projects
- Contract assets amounted to ₱131.24M in 2024, lower by 73% than the ₱494.20M in 2023, due to collections from real estate projects.
- Real estate inventories amounted to ₱4.06B in 2024, a 14% rise compared to ₱3.57B in 2023, due to increased progress completion of real estate projects.
- Other inventories amounted to ₱48.75M in 2024, a 58% drop compared to ₱116.29M in 2023, due to the utilization of construction materials in the development
- Other current assets increased to ₱1.27B in 2024, an 84% surge from ₱693.03M in 2023, due to advances for land purchases, creditable withholding taxes, advances to suppliers and prepayments

Noncurrent Assets

- Contract assets – net of current portion amounted to ₱1.54B in 2024, a 12% increase from ₱1.38B in 2023, due to increased billable revenues.
- Equity instruments at fair value through OCI increased to ₱428.86M in 2024, up by 18% from ₱362.39M in 2023.
- Investments in associates increased to ₱1.84B in 2024, an uptick of 1% from ₱1.82B in 2023.
- Investment properties amounted to ₱631.84M in 2024, 39% higher than ₱455.94M in 2023, due to reclassification into investment properties.
- Property, plant and equipment increased to ₱1.72B in 2024, a 17% increment from ₱1.47B in 2023.
- Other noncurrent assets decreased to ₱735.69M in 2024, a 9% decline from ₱811.71M in 2023.

Liabilities

Total liabilities amounted to ₱5.69B as of December 31, 2024, compared to ₱4.64B as of December 31, 2023, an increase of ₱1.05B or 23%.

Current Liabilities

- Accounts and other payables amounted to ₱1.32B in 2024, a 13% jump from ₱1.16B in 2023.
- Short-term debt increased to ₱972.19M in 2024, a 30% swell from ₱745.41M in 2023.
- Current portion of long-term debt amounted to ₱602.63M in 2024, a 25% rise from ₱480.84M in 2023.
- Contract liabilities increased by 51% to ₱481.76M in 2024 from ₱319.52M in 2023.

Noncurrent Liabilities

- Long-term debt – net of current portion amounted to ₱1.74B in 2024, a 24% climb from ₱1.40B in 2023.
- Retirement benefit obligation increased by 10% to ₱84.48M in 2024 from ₱76.98M in 2023.
- Deferred tax liabilities – net amounted to ₱490.30M in 2024 from ₱455.77M in 2023, a 8% increase.

Equity

Total equity amounted to ₱8.40B as of December 31, 2024, up by ₱1.33B or 19% from ₱7.07B as of December 31, 2023.

- Capital stock remained at ₱2.48B in both 2024 and 2023.

- Preferred stock increased by 108% to ₱27.64M in 2024 from ₱13.26M in 2023 due to the issuance of new Preferred Shares – Series B (7,431,750 shares with par value of ₱1.00 per share) and Series C (6,941,000 shares with par value of ₱1.00 per share)
- Additional paid-in capital increased to ₱3.33B in 2024, a 73% build-up from ₱1.93B in 2023 mainly due to the issuance of new Preferred Shares – Series B (7,431,750 shares with par value of ₱1.00 per share) and Series C (6,941,000 shares with par value of ₱1.00 per share) at a premium in excess of par with an issue price of ₱100 per share
- Retained earnings decreased to ₱2.69B in 2024, a 5% decline from ₱2.83B in 2023.
- Fair value reserve of EIFVOCI improved to ₱(5.21M) in 2024, a 93% reduction of loss from ₱(71.68M) in 2023.
- Remeasurement loss on retirement benefit obligation - net of tax decreased to ₱(20.22M) in 2024, a 6% reduction from ₱(21.57M) in 2023.
- Remeasurement loss on defined benefit plan of an associate increased by 77% to ₱(2.17M) in 2024 from ₱(1.22M) in 2023.
- Cumulative translation adjustment decreased to ₱(8.16M) in 2024, a 267% decline from ₱4.88M in 2023.
- Treasury shares remained at ₱94.93M in both 2024 and 2023.
- Non-controlling interest amounted to ₱(0.25M) in 2024 and ₱(0.22M) in 2023.

Key Performance Indicators

Financial Ratios Consolidated Figures	Audited 12/31/2024	Audited 12/31/2023
Current ratio	2.13:1	2.00:1
Current Debt to Equity Ratio	0.40:1	0.38:1
Total Debt to Equity ratio	0.68:1	0.66:1
Return on Assets	2.59%	5.03%
Return on Equity	4.32%	8.02%

¹Current assets/Current liabilities

²Current liabilities/Stockholders' equity

³Total liabilities/Stockholders' equity

⁴Net income/Average Total assets

⁵Net income/ Average Stockholders' equity

The Group's current ratio increased to 2.13:1 in 2024 from 2.00:1 in 2023, indicating a short-term liquidity position.

The current debt-to-equity ratio increased to 0.40:1 in 2024 from 0.38:1 in 2023 due to additional loans. Similarly, the total debt-to-equity ratio rose to 0.68:1 from 0.66:1, due to additional borrowings to support project expansion.

Return on assets declined to 2.59% in 2024 from 5.03% in 2023 while return on equity decreased to 4.32% from 8.02%, primarily as a result of lower net income during the year.

Prior Period - (2023 & 2022) Operational and Financial Information

Financial Condition

	Horizontal Analysis Increase (Decrease)	Vertical Analysis

In Philippine-Peso	Audited 2023	Audited 2022	Amount	%	Audited 2023	Audited 2022
Current Assets	5,410,422,650	4,895,903,573	514,519,077	11%	46%	49%
Noncurrent Assets	6,299,079,060	5,109,943,219	1,189,135,841	23%	54%	51%
Total Assets	11,709,501,710	10,005,846,792	1,703,654,918	17%	100%	100%
Current Liabilities	2,706,038,926	2,093,509,315	612,529,611	29%	23%	21%
Noncurrent Liabilities	1,931,490,689	1,352,475,218	579,015,471	43%	16%	14%
Equity	7,071,972,095	6,559,862,259	512,109,836	8%	60%	66%
Total Liabilities and Equity	11,709,501,710	10,005,846,792	1,703,654,918	17%	100%	100%

A Brown Company - CONSOLIDATED

Statement of Financial Position items – December 2023 vs. December 2022

The Group's total assets increased by 17% or **₱1.7 billion**, from a balance of **₱10.0 billion** as of end of the year 2022 to **₱11.7 billion** as of December 31, 2023.

The increase was contributed through the build-up in real estate held for sale by **₱609.7M**; non-current contract assets by **₱590.2M**; property, plant and equipment by **₱332.5M**; prepayments by **₱227.5M**; other non-current assets by **₱137.0M**; receivables by **₱98.9M**; investments in associates by **₱83.2M** and, among others as cash declined by **₱91.8M**; current portion of contract assets by **₱190.0M** and the inventories reduced by **₱84.0M**. The increase in the consolidated assets is coupled with the increase in short-term and long-term debt and the after-income tax earned as the sources of funds.

Current Assets increased by 11% or ₱514.5 million as a result of the net effect of the following:

44% or ₱91.8M decrease in Cash – due to the net effect of cash utilized for real estate development and landbanking as against the cash generated from collection of sales. The net cash flows used in operating and investing activities and net cash flows provided by financing activities were as follows: Net cash flows used in operating activities amounted to **₱483.9M** which included increase of real estate inventories by **₱497.2M**; increases in contract assets by **₱400.2M**; other current assets by **₱212.1M** and receivables by **₱109.9M** as against the decrease of other inventories by **₱84.0M**; increase in accounts and other payables by **₱39.4M**; increase in contract liabilities of **₱99.7M** and the **₱533.6M** operating income before working capital changes. Interest received amounted **₱486k**. Net cash flows used in investing activities amounted to **₱205.8M** which included acquisition of property, plant and equipment amounting to **₱388.0M** and increase in other non-current assets by **₱140.4M** against the cash provided from the dividends received from associates which amounted to **₱266.7M** and collection of receivables from related parties at **₱55.9M**. Net cash flows provided from financing activities amounted to **₱599.7M** which also included the receipt of the proceeds from long-term debt of **₱1.0B** and short-term debt of **₱830.7M**; payments made to short-term debt-net and the long-term debt amounted to **₱557.3M** and **₱405.7M**, respectively. Interest payments amounted to **₱181.3M** and debt issue cost-unamortized of **₱7.4M**. Preferred share dividends paid also amounted to **₱92.9M**. The negative effect of exchange rate changes on cash amounted to **₱1.7M**.

37% or ₱98.9M increase in Current Portion of Receivables – net due to the net effect of:

- 55% or ₱11.0M decrease in dividend receivable** - due to collection of previously declared dividend net of the recently declared dividend
- 85% or ₱137.9M increase in installment contract receivables on sale of real estate** - higher collection of non-current ICRs this year as compared from last year

- c) **34% or ₱5.7M increase in Trade Receivable** – directly related from the receivable from water service and sale of crude palm oil (CPO), palm olein, palm stearin and other palm products
- d) **15% or ₱1.2M increase in advances to officers and employees** – due to the increase in the advances of employees for liquidation
- e) **49% or ₱34.1M decrease in other receivables** – due to the liquidation of advances made to an investment
- f) **11% or ₱828k increase in allowance for credit losses** – due to the increase in the recognition of allowance for credit losses

28% or ₱190M decrease in Current portion of Contract Assets – pertains to the decrease in the amount collected from buyers that will be billed and collected within the year against the booking of sale based on completed portion of the contract.

21% or ₱609.7M increase in Real estate inventories – due to the net effect of the newly acquired land held for sale which increased by **13% or ₱103.6M** and the increase in construction and development costs of new projects and new phases of existing projects by **23% or ₱506.1M** as against units sold in all projects: increase pertains to the newly acquired land for development and development costs in newly launches phases of existing projects, namely Coral Resorts Estates, Ignatius Enclave and Teakwood Hills and Adelaida Homes and Adelaida Mountain Residences.

42% or ₱84.0M decrease in Other Inventories – due to an adjustment in the cost of sales as well as the reevaluation of assets used in the production

52% or ₱55.9M decrease in Receivables from related parties – this pertains to receipt of payments from advances to a related party made during the year

49% or ₱227.5M increase in Other current assets – due to the net effect of:

- a) **64% or ₱163.3M** increase in deposit for land acquisition – as a result of additional land purchase to be held for sale, for development in the future and for land banking
- b) **13% or ₱15.4M** increase in creditable withholding taxes – as a result of higher creditable withholding taxes on sale of real estate
- c) **22% or ₱2.0M** increase in input taxes – directly related to the increase in the balance of input VAT passed on by the Company's suppliers and contractors in the ordinary course of its business which is applied against the output VAT payable by the Company on the sale of its goods and services
- d) **29% or ₱20.5M** increase in prepaid expenses – directly related to increase in prepaid expenses made by the Group during the year
- e) **407% or ₱9.7M** increase in cost to obtain contract – directly related to the increase of commission related to booked sales accounts under equity payments
- f) **₱7.4M** increase in deposit in escrow - pertains to the established escrow account of the Parent Company which is held restrictedly in compliance with the Memorandum Circular No. 2020-06 issued by Department of Human Settlements and Urban Development (DHSUD) to undertake socialized housing projects and for the issuance of License to Sell for the ongoing Coral Real Estate Project Phase 3 under incentivized scheme.
- g) **2% or ₱16k** increase in refundable deposits - the increase is related to the new connections to the homeowners on their electric utilities
- h) **294% or ₱9.5M** increase in advances to suppliers - increase in advances to suppliers and contractors for materials to be used for the construction of its irradiation facility
- i) **37% or ₱355k** decrease in other current assets – miscellaneous – decrease due to the redemption of deposit from the suppliers

Non-Current Assets increased by 23% or ₱1.2 billion as a result of the net effect of the following:

75% or ₱590.2M increase in Non-current portion of Contract Assets – due to the increase of the completed portion of the contracted house and lot as against the receivable from the end buyers subject to billing within the next 12 months.

46% or ₱61.4M increase in Equity Instruments at Fair Value through Other Comprehensive Income (EIFVOCI) – due to the increase in value of the investment

5% or ₱83.2M increase in Investment in Associates – due to the Group's share/equity in the net profit of associates which is higher amounting to **₱339.9M versus ₱316.4M** for 2023 and 2022, respectively as compared to dividends declared, amounting to **₱255.7M** during the year versus **₱130.0M** from previous year. The share in other comprehensive income amounted to **₱1.1M in 2023 while in 2022 it amounted to ₱208k.**

0% or ₱521k increase in Investment Properties – due to the net effect on increase in acquisition of land held for capital appreciation by **1% or ₱3.4M** and decrease in land and building held for lease by **2% or ₱2.9M** during the year

29% or ₱332.5M increase in Property, Plant and Equipment - net due to the net effect in:

- a) 456% or ₱59.2M increase in Land due to new acquisitions
- b) 7% or ₱2.7M decrease in Leasehold improvements – net due to depreciation
- c) 10% or ₱26.1M decrease in Bearer Plants – net due to the ₱26.7M impairment of bearer plants-trees and ₱637k additions of bearer plants
- d) 8% or ₱16.7M decrease in RBD and Fractionation Machineries - net due to depreciation
- e) 348% or ₱26.0M increase in Building and Improvements - net due to ₱24.0M additions; ₱3.1M reclassifications and the new recorded ₱1.1M depreciation
- f) 3% or ₱3.2M decrease in Machinery and Equipment- net due to lower new acquisitions at ₱22.5M as compared to the ₱25.7M depreciation
- g) 81% or ₱280.7M increase in Construction in Progress - net due to additional development cost of new projects e.g. Irradiation Solutions Inc. (ISI) with ₱290.1M additions and ₱9.4M reclassification
- h) 4% or ₱1.1M decrease in Right-of-Use Assets – net due to depreciation
- i) 13% or ₱16.4M increase in Other equipment – net due to ₱42.7M new purchases; ₱2.3M reclassifications which is higher than the ₱28.5M depreciation and ₱765k disposal

100% or ₱15.6M decrease in Deferred Tax Assets – directly related to the decrease this year in the tax effect of the allowance for impairment loss on PPE, the increase in tax effect of allowance for impairment – receivables; PFRS 16 adjustment and increase in tax effect of retirement liability of the Group recorded as compared last year.

20% or ₱137.0M increase in Other Non-current assets – due to the increase in refundable deposits - net of current portion by **7% or ₱3.2M**; increase in advances to third party by 50% or **₱108.0M** and increase in deferred input VAT by 46% or **₱29.3M** as against the decrease in deposits for land acquisition – noncurrent portion by **1% or ₱3.4M**;

Total liabilities increased by 35% or ₱1.2 billion as a result of the net effect on current and non-current liabilities:

Current liabilities increased by 29% or ₱612.5 million as a result of the net effect of the following:

7% or ₱76.2M increase in Accounts payable and accrued expenses – primarily due to the net effect of the following:

- a) 3% or ₱20.9M decrease in trade accounts payable – due to settlement of accounts
- b) 2% or ₱2.4M increase in accrued expenses – due to 4% or ₱2.1M increase in the accrual of contractual services, ₱107k increase in the accrual of payroll; 6% or ₱517k increase in the accrual of professional fees and 15% or ₱1.9M decrease in other accrued expenses on rentals and other recurring expenses and 24% or ₱1.6M increase in accrued interest payable
- c) 64% or ₱28.1M increase in retention payable- due to increase in the amount withheld by the Group on contractor's billings
- d) 40% or ₱66.6M increase in statutory payables – due to increase in dues for remittance to SSS, PHIC, HDMF and withholding taxes

58% or ₱273.4M increase in Short-term Debt – due to the net effect additional loan availed and payments made by the group during the year

51% or ₱163.2M increase in Current portion of long-term debt – effect on the higher current year due portion of the long-term debt against paid in 2023

45% or ₱99.7M increase in Contract Liabilities – due to increase in sales to which collections exceeds over the total recognized ICR and contract assets.

Non-Current liabilities increased by 43% or ₱579.0 million as a result of the net effect of the following:

46% or ₱439.5M increase in Non-current portion of long-term debt – due to the net effect of the increase in long term loans availed against the reclassification of the principal amount that will be due within one year and repayments.

13% or ₱8.8M increase in Retirement benefit obligation – as a result of the actuarial valuation of the retirement benefit obligation of the existing employees. There's a 15% or ₱10.8M increase in the present value of defined benefit obligation and a 48% or ₱2.0M decrease in the fair value of plan assets

40% or ₱130.7M increase in Deferred tax liabilities-net – primarily due to the increase in the tax effect of sales on deferred payment scheme; unamortized debt issue cost and prepaid commission offset by NOLCO, retirement benefit liability; MCIT ; fair value adjustment arising from business combination among others.

Equity increased by 8% or ₱512.1 million as a result of the net effect of the following:

19% or ₱453.7M increase in the Retained Earnings – the increase pertains to the net income of the Group

46% or ₱61.4M decrease in Fair Value Reserve of EIFVOCI – due to the increase in market value of equity instruments at fair value through other comprehensive income

1% or ₱112k increase in Re-measurement loss on retirement benefits obligation, net of tax - related to the actuarial valuation of retirement benefits obligation

775% or ₱1.1M increase in Re-measurement loss on retirement benefits obligation of an associate, net of tax – pertains to the increase of actuarial loss incurred by an associate's retirement plan

26% or ₱1.7M decrease in Cumulative translation adjustment – related to the exchange differences in foreign currency translation

Results of Operation

In Philippine Pesos				Horizontal Analysis Increase (Decrease)				Vertical Analysis		
	Audited 2023	Audited 2022	Audited 2021	Amount 2023 vs 2022	%	Amount 2022 vs 2021	%	Audited 2023	Audited 2022	Audited 2021
Real estate sales	1,454,786,129	1,378,739,155	628,452,425	76,046,974	6%	750,286,730	119%	90%	91%	88%
Sale of agricultural goods	142,563,286	116,143,469	56,980,212	26,419,817	23%	59,163,257	104%	9%	8%	8%
Water service income	27,433,584	25,323,973	24,836,284	2,109,611	8%	487,689	2%	2%	2%	3%
REVENUES	1,624,782,999	1,520,206,597	710,268,921	104,576,402	7%	809,937,676	114%	100%	100%	100%
Cost of real estate sales	559,113,808	477,722,261	219,690,454	81,391,547	17%	258,031,807	117%	34%	31%	31%

Cost of agricultural goods sold	122,358,936	87,730,319	42,016,968	34,628,617	39%	45,713,351	109%	8%	6%	6%
Cost of water service income	16,660,359	14,212,257	9,579,082	2,448,102	17%	4,633,175	48%	1%	1%	1%
COST OF SALES AND SERVICES	698,133,103	579,664,837	271,286,504	118,468,266	20%	308,378,333	114%	43%	38%	38%
GROSS PROFIT	926,649,896	940,541,760	438,982,417	(13,891,864)	-1%	501,559,343	114%	57%	62%	62%
General, Administrative and Selling Expenses	513,907,600	472,282,218	284,537,926	41,625,382	9%	187,744,292	66%	32%	31%	40%
Equity in net earnings										
of associates	339,947,514	316,397,960	273,498,337	23,549,554	7%	42,899,623	16%	21%	21%	39%
Impairment loss	(26,733,469)	-	-	(26,733,469)		-	-	-2%	0%	0%
Interest expense	(67,121,886)	(24,354,370)	(26,678,756)	(42,767,516)		(2,324,386)	-9%	-4%	-2%	-4%
Unrealized foreign exchange gain (loss)	(1,200)	2,472	(1,834)	(3,672)		4,306	235%	0%	0%	0%
Provision for Expected Credit Losses	(828,304)	-	-	(828,304)		-	-	0%	0%	0%
Other income (expense) - net	41,809,768	28,183,979	19,565,759	13,625,789	48%	8,618,221	44%	3%	2%	3%
Other Income (Expenses)	287,072,423	320,230,041	266,383,506	(33,157,618)	10%	53,846,536	20%	18%	21%	38%
Income (Loss) Before										
Income Tax Provision for (Benefit from) Income Tax	699,814,719	788,489,583	420,827,997	(88,674,864)	11%	367,661,586	87%	43%	52%	59%
	153,338,079	152,952,243	23,277,566	385,836	0%	129,674,677	557%	9%	10%	3%
NET INCOME (LOSS)	546,476,640	635,537,340	397,550,431	(89,060,700)	14%	237,986,909	60%	34%	42%	56%
Cumulative translation adjustment	(1,674,818)	55,193	2,497,714	(1,730,011)		(2,442,521)	-98%			
Net change in fair value of EIVOCI	61,356,522	61,618,982	63,824,348	(262,460)	0%	(2,205,366)	-3%			
Remeasurement gain (loss) on defined benefit plan-net of tax	(112,236)	5,792,145	(1,956,732)	(5,904,381)		7,748,877	396%			
Equity in other comprehensive loss	(1,081,972)	207,803	384,182	(1,289,775)		(176,379)	-46%			
OTHER COMPREHENSIVE										
INCOME (LOSS)	58,487,496	67,674,123	64,749,512	(9,186,627)	14%	2,924,611	5%			
TOTAL COMPREHENSIVE										
INCOME (LOSS)	604,964,136	703,211,463	462,299,943	(98,247,327)	14%	240,911,520	52%			

A Brown Company - CONSOLIDATED Results of Operations For the Year Ended December 31, 2023

The Consolidated Statement of Comprehensive Income (CSCI) for the year ending December 31, 2023 resulted to an after-tax net income of **₱546.5 million** which was lower by 14% or **₱89.0 million** compared to a **₱635.5 million** net income of last year.

The resulting after-tax income was primarily contributed by the gross profit from real estate sales amounting to **₱895.7 million** and the equity in net earnings of associates amounting to **₱339.9 million**. Although the revenues increased by 7% or **₱104.6 million**, the 20% or **₱118.5 million** increase in cost of sales and service has reduced the gross profit by 1% or **₱13.9 million** from previous year's **₱940.5 million** to current year's **₱926.6 million**. The 9% or **₱41.6 million increase** in general, administrative and selling expenses amounting to **₱513.91 million** as against the previous year's **₱472.3 million** as well as the 176% or **₱42.8 million** increase in interest expense further lowered the net income before income tax to **₱699.8 million** from previous year's **₱788.5 million**. The equity in net earnings of associates which grew by 7% or **₱23.5 million** and other income – net which expanded by 48% or **₱**

41.8 million weren't enough to compensate the incremental interest payments. The provision for income tax amounting **₱153.3 million** has resulted to an after-tax net income of **₱546.5 million**.

The **₱61.4 million** net change in fair value of equity instruments through other comprehensive income (EIFVOCI) as reduced by the **₱1.7 million** cumulative translation adjustment, **₱1.1 million** equity in other comprehensive income (loss) of an associate and **₱112 thousand** remeasurement loss on defined benefit plan, net of tax effect resulted to the **₱605.0 million** total comprehensive income in 2023.

Comparative results between the CSCIs accounts of the two periods (2023 against 2022) are as follows:

7% or ₱104.6M increase in Revenues due to:

- a) **Increase in Real estate Sales by 6% or ₱76.0M** - Sales in 2023 were mostly house and lots with higher completion than last year
- b) **Increase in Sale of agricultural goods by 23% or ₱26.4M** – due to the following:
 - a) **Increase in Sales of crude palm oil by 24% or ₱24.4M** – this is due to the increase in quantity sold by 76% or 1,181 metric tons, from a volume of 1,553 metric tons in 2022 to 2,734 metric tons in 2023 with the average selling price decreased by 30% amounting **₱19,580** per metric ton from **₱65,976** per metric ton last year to **₱46,396** per metric ton in 2023.
 - b) **Increase in Palm Fatty Acid Distillate Sales by 132% or ₱1.2M** – this is due to the increase in quantity sold by 315% or 57 metric tons, from a volume of 18 metric tons in 2022 to about 76 metric tons in 2023 even if the average selling price decreased by 44% or **₱21,146** per metric ton from **₱48,000** per metric ton last year to **₱26,854** per metric ton in 2023.
 - c) **Decrease in Palm Olein Sales by 6% or ₱270k** – this is due to the decrease in the average selling price by 23% or **₱11,856** per metric ton from **₱51,567** per metric ton in 2022 to **₱39,711** per metric ton in 2023 though there was an increase in quantity sold by 22% or 19 metric tons, from a volume of 86 metric tons in 2022 to 105 metric tons in 2023.
 - d) **Increase in Palm Stearin Sales by 127% or ₱2.3M** - this is due to the increase in average selling price by 12% or **₱3,769** per metric ton from **₱30,426** per metric ton in 2022 to **₱34,195** per metric ton in 2023 coupled with an increase in quantity sold by 102% or 61 metric tons, from a volume of 60 metric tons in 2022 to 121 metric tons in 2023.
 - e) **Increase in Kernel by 85% or ₱785k** - the increase is due to higher quantity sold by 360% or 298 metric tons from 83 metric tons in 2022 to 381 metric tons in 2023, although the average selling price decreased by 60% or **₱6,664** per metric tons
 - f) **Decrease in sale of Palm acid oil by 5% or ₱194k** - this is due to the decrease in the average selling price by 62% or **₱19,896** per metric ton from **₱32,034** per metric ton in 2022 to **₱12,137** per metric ton in 2023 though the quantity sold increased by 151% or 182 metric tons from a volume of 121 metric tons in 2022 to 303 metric tons in 2023.
 - g) **Decrease in sale of refined bleached deodorized oil (RBDO) by 100% or ₱1.8M** - this is due to the sale of RBDO in 2022 but none in 2023 with average selling price of **₱85,281** and 21 metric tons of quantity sold.
- c) **Increase in Sales from water services by 8% or ₱2.1M** due to the increase in the turn-over of units and consumption of water by residents

20% or ₱118.5M increase in Cost of Sales and Services due to:

- a) **17% or ₱81.4M increase in cost of real estate** – the increase is relatively due to higher cost of sales of mostly house and lots with higher completion than what were sold last year
- b) **Increase in Cost of Sale of agricultural goods by 39% or ₱34.6M** – due to the following:
 - a. **31% or ₱25.2M increase in cost of production of Crude palm oil** – the increase is relatively due to the proportionate increase in the quantity sold by 390% or 6,052 metric tons with a lower average cost of sale by 73% or **₱38,324** per metric ton.

- b. **1561% or ₱2.1M increase in cost of Palm Fatty Acid Distillate** - the decrease is to the proportionate increase in the quantity sold by 315% or 57 metric tons with increase in average cost of sale by 300% or **₱22,144 per metric ton**.
- c. **Increase in cost of Kernel Nuts by 282% or ₱962k** - the increase is due to the increase in **quantity sold by 360% or 298 metric tons** despite the decrease in average cost of sale by 17% or **₱699 per metric ton**
- d. **Increase in cost of Palm Acid Oil by 37% or ₱879k** – the increase is related to higher cost of production in the quantity sold by 151% or 182 metric tons with decrease average cost of sale by 46% or **₱9,056 per metric ton** as compared last year
- e. **Increase in cost of Palm Olein by 161% or ₱2.8M** - the increase is due to the increase in the cost of producing palm olein in the quantity sold by 22% or **₱19 per metric ton** with increase in average cost of sale by 114% or **₱23,262 per metric ton**.
- f. **Increase in cost of Palm Stearin by 253% or ₱3.3M** - the increase is directly related to the increase in the quantity sold by 102% or 61 metric tons with increase in average cost of sale by 75% or **₱16,068 per metric ton**.
- g. **Decrease in cost of sale of refined bleached deodorized oil (RBDO) by 100% or ₱551k** - this is due to the sale of RBDO in 2022 but none in 2023 with average cost sale of **₱26,855 and 21 metric tons** of quantity sold.

- c) **Increase in cost of water services by 17% or ₱2.4M** – due to the increased costs related to rendering water services

15% or ₱69.2M increase in General, Administrative and Selling Expenses - due to the following net effect of:

- a) **30% or ₱30.4M increase in Personnel expenses** - due to the increase in compensation and other benefits and increase in manpower in 2022
- b) **8% or ₱5.9M decrease in Marketing expenses** – due to the decrease in various sponsorships of events for ads and promotions and launching of new projects
- c) **17% or ₱5.3M decrease in Impairment Loss** – this pertains to the net of the impairment loss due to HLPC's CIP and MCPI's refundable deposit recorded in 2022 which was offset by the additional impairment loss recorded for Nakeen Corporation's bearer plants this year
- d) **115% or ₱23.4M increase in Taxes and Licenses** – pertains to the increase in business permit fees
- e) **21% or ₱5.4M decrease in Outside Services** - due to the decrease in requirement of non-professional services on additional projects
- f) **36% or ₱4.9M increase in Professional Fees** – directly related to the increase in professional services incurred on the review of consolidated financial statements related to the Preferred Shares Offering – Series B and Series C
- g) **112% or ₱37.9M increase in Depreciation** – due to additional depreciation on assets used in the CPO production as well as additional depreciation from new equipment purchased
- h) **100% or ₱50.2M decrease in Provision for inventory losses** - due to the identified obsolete and damaged inventories which was recorded in 2022 but none in 2023
- i) **7% or ₱530k increase in Rental expense** – due to higher rental fee paid for an office space
- j) **65% or ₱10.6M increase in Utilities and supplies** – due to the increase in usage of utilities and supplies during the year.
- k) **2% or ₱898k increase in Transportation and Travel**– directly related to the various site visitations for real estate projects, plantation operations and power group operations.
- l) **7% or ₱778k increase in Retirement Benefits expense** – due to the increase in interest expense on defined benefit obligation of **₱2.6M** off-set by the *decrease in current service cost of ₱1.7M* and increase in interest income on plan assets of **₱190k**
- m) **66% or ₱6.3M increase in Repairs and Maintenance** – due to the increase in cost of repairs and maintenance to upkeep assets for lease during the year.
- n) **82% or ₱1.8M increase in Insurance** – due to additional properties and units insured
- o) **17% or ₱162k increase in Director Fees** – directly related to the per diem paid to directors on various directors' meetings conducted during the year which increased due to higher number of

meetings that were being paid this year as compared to last year.

- p) **74% or ₱19.4M increase in Others** – includes notarization, insurance, bank charges, and expenses arising from business and research development and software maintenance.

7% or ₱23.5M increase in Equity in net earnings of associates – this pertains to the Group's 20% share on the net income of associates, e.g. PCPC and Peakpower Energy, Inc. and 33.33% share in the net loss of EWRTC, amounting to **₱339.9M versus ₱316.4M** for 2023 and 2022, respectively.

149% or ₱4k decrease in Unrealized foreign exchange loss – this pertains to the related higher foreign exchange gain translation from previous year's unrealized foreign exchange gain of **₱2.5k** to current year's unrealized foreign exchange loss of **₱1.2k**

176% or ₱42.8M increase in Interest Expense – directly related to the group's various loan availments

48% or ₱13.63M increase in Other Income - net – due to the net effect of the following:

- a) **Increase in Income from forfeited deposits by 9% or ₱1.6M** – foreclosed accounts in 2023 is higher compared last year.
- b) **Decrease in Dividend Income by 50% or 5k** – this pertains dividend income received from EIFVOCI
- c) **Decrease in Gain on disposal of PPE by 100% or ₱100k** – this pertains to the sale of other equipment in 2022 but none in 2023
- d) **Decrease in Interest income by 79% or ₱1.8M** – due to the decrease in the in-house financing of real estate sales this year as compared last year.
- e) **Increase in Rental income by 360% or ₱11.7M** – due to the increase in the rental income from the lease of ABERDI's milling plant
- f) **Increase in Other income- Tapping fees, transfer fees and other water charges by 55% or ₱2.3M** – income from tapping fees due to increase turn-over of units; transfer fees and other water charges

₱386k increase in Income Tax Expense - caused by the increased income tax expense applicable to the corresponding increase in taxable income before income tax.

With the foregoing decrease of after-tax income, total comprehensive income also decreased by **14% or ₱98.2M** due to additional net effect of the following:

- a.) decrease by **₱262k** of the net change in fair value of EIFVOCI
- b.) decrease by **102% or ₱5.9M** of the remeasurement loss on defined benefit plan-net of tax from prior year's remeasurement gain on defined benefit plan-net
- c.) decrease by **621% or ₱1.3M** of the share in other comprehensive loss of associates from prior year's share in other comprehensive loss of associates
- d.) decrease by **3134% or ₱1.7M** of the exchange differences in foreign currency translation

Key Performance Indicator

Financial Ratios Consolidated Figures	Audited 12/31/2023	Audited 12/31/2022
Current ratio ¹	2.00:1	2.34:1
Current Debt to Equity Ratio ²	0.38:1	0.32:1
Total Debt to Equity ratio ³	0.66:1	0.53:1
Return on Assets ⁴	5.03%	6.82%
Return on Equity ⁵	8.02%	10.14%

¹Current assets/Current liabilities

²Current liabilities/Stockholders' equity

³Total liabilities/Stockholders' equity

⁴Net income/Average Total assets

⁵Net income/ Average Stockholders' equity

Current ratio decreased from 2.34:1 to 2.00:1 in 2023 primarily due to lower net increase in current assets with only 11% or ₱514.5 million relative to the increase by 29% or ₱612.5 million of current liabilities. The lower increment in current assets relative to the increase in current liabilities was brought

by the decrease in cash; lower current portion of contract assets; decrease in other inventories and receivables from related parties in 2023 while the increase in current liabilities is due to the increase in accounts and other payables; short-term debt and the current portion of the long-term debt. This ratio is a liquidity ratio that measures the Company's ability to pay short-term obligations or those within one year.

Current debt to equity ratio increased from 0.32:1 to 0.38:1 in 2023 was due to the increase in current liabilities by 29% or ₱612.5 million as against the increase in equity of only 8% or ₱512.1 million. The ratio indicates how much equity is available to cover the current debt.

Total debt to equity ratio increased from 0.53:1 to 0.66:1 in 2023 as a result of net increase in total liabilities by 35% or ₱1.2 billion as compared to the increase in equity by only 8% or ₱512.1 million. This ratio evaluates a company's financial leverage and is a measure of the degree to which a company is financing its operations through debt versus wholly-owned funds.

Return on assets (ROA) decreased in 2023 from 6.82% to 5.03% due to the net income after tax of ₱ 546.5 million which decreased by 11% or ₱88.7 million relative to the increase in the average total assets. ROA measures how efficient the company uses the assets it owns to generate profits.

Return on equity (ROE) also decreased from 10.14% to 8.02% in 2023 due to the decrease in net income after tax by 11% or ₱88.7 million relative to the increase in the average total equity. ROE measures the Corporation's profitability in relation to stockholders' equity.

Other Information

The following discussion outlines the overall impact of the adjustments to the Consolidated Statement of Cash Flows for the year ended December 31, 2025. In aggregate, the adjustments will decrease both 'net cash flows used in operating activities' and 'net cash flows provided by investing activities' by ₱347.56 million.

The adjustments primarily relate to the correction of misclassification between operating and investing activities, including the appropriate presentation of non-cash items and reclassifications to reflect the underlying transactions, such as expected credit losses on receivables and advances to third parties and input VAT impairment.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as at December 31, 2025, 2024, and 2023 have been audited by SGV & Co, independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus.

The stockholders approve the appointment of the independent auditors of the Company. The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the Board of Directors and ensures that audit services rendered shall not impair or derogate the independence of the independent auditors or violate SEC regulations. Likewise, the Audit Committee evaluates and determines any non-audit work performed by independent auditors, including the fees therefor, and ensures that such work will not conflict with Independent Auditors' duties as such or threaten its independence.

The audit and audit-related fees cover professional services related to the performance of the audit or review of the Company's annual financial statements by the external auditor. The Audit Committee reviews and approves the audit and non-audit services rendered by the Company's independent auditors to ensure that the Company does not engage the independent auditors for certain non-audit services expressly prohibited by regulations of the SEC to be performed by an external auditor for its audit clients. The proposal of independent auditors for professional services was submitted to, and reviewed by, the Audit Committee which, in turn, is endorsed to the Board of Directors for approval.

For the audit years 2025, 2024, 2023, the Partner-In-Charge of the audit is Alvin M. Pinpin.

External Audit Fees and Services

Aggregate fees billed for the calendar years 2025 and 2024 for the audit of financial statements:		
<i>Amounts in PHP</i>	2025	2024
Total Audit Fees	3,438,000	3,169,000

The nature of services comprising the fees includes the following: audit in accordance with generally accepted auditing standards; examination of the Company's internal control structure for the purpose of establishing a basis for determining the nature, timing and extent of auditing procedures necessary for expressing an opinion; procedures designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements; and audit and business advisory.

Aggregate fees billed for the calendar years 2025 and 2024 for non-audit services are as follows:

	2025	2024
Other Assurance services	4,200,000	-
Tax Services	-	-
All other services	-	2,325,000
Total Non-Audit Fees	4,200,000	2,325,000

The nature of services comprising the fees includes the following: in-depth review of company's records to ascertain compliance with the rules and regulations of the Bureau of Internal Revenue and the local government; review completeness of documents for BIR and local government purposes; evaluation of income and business tax positions based on past and current operations to determine tax savings and/or exposures; recommend corrective measures to ensure compliance with tax laws; and recommend measures for tax- savings purposes.

The tax services evaluated the tax position of the Company and determined tax savings and/or exposures on a prospective transaction with different scenarios.

There were no other fees paid to the independent auditors other than for the above-described services.

The Company's Audit Committee recommends to the Board and stockholders the appointment of the external auditor and the fixing of audit fees. The Board and stockholders approve the Audit Committee's recommendation.

During end-of-audit, an initial conference by the external auditors with the management's authorized representatives discuss the initial findings. After the clarification conference, the external auditors together with the partner in-charge will discuss before the rest of the Audit Committee. If there are any revisions, another round of discussion will be set before the audited reports are finalized, accepted and approved.

Changes in and Disagreements with Accountants

The Company has not had any changes in or disagreements with its independent accountants/auditors on any matter relating to financial or accounting disclosures.

No interest in the Company

There is no arrangement that any of the foregoing experts shall receive a direct or indirect interest in the Company or was a promoter, co-manager, voting trustee, director, officer, or employee of the Company.

LEGAL MATTERS

All legal opinions/matters in connection with the issuance of each Offer will be passed upon by Picazo Buyco Tan Fider Santos & Dee ("**Picazo Law**") for the Company and SyCip Salazar Hernandez & Gatmaitan ("**SyCipLaw**") for the Underwriter. Picazo Law and SyCipLaw have no direct interest in the Company. None of the legal counsels will receive any direct or indirect interest in any of our securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

Picazo Law and SyCipLaw may from time to time be engaged to advise in the transactions of the Company and perform legal services on the basis that Picazo Law and SyCipLaw can provide such services to its other clients.

Separately, in connection with the registration and issuance of the Bonds pursuant to Annex C of the Securities Regulation Code, ACA Law issued the Opinion regarding Legality and Taxation and the Opinion on Permits and Licenses. ACA Law has no direct or indirect interest in the Company.

REGULATIONS

The statements herein are based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the regulatory and environmental considerations that may be relevant to the Company or the Offer.

GENERAL BUSINESS REGULATORY FRAMEWORK

Revised Corporation Code

Republic Act No. 11232, also known as the Revised Corporation Code, was signed into law on February 20, 2019, and took effect on February 23, 2019. Among the salient features of the Revised Corporation Code are as follows:

- Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Revised Corporation Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.
- A corporation vested with public interest must submit to its shareholders and to the Philippine SEC an annual report of the total compensation of each of its directors or trustees, and a director or trustee appraisal or performance report and the standards or criteria used to assess each director, or trustee.
- Banks, quasi-banks, pawnshops, non-stock savings and loan associations, and corporations engaged in money service business, preneed trust and insurance companies, and other financial required, must have at least 20% independent directors in the Board, in accordance with the Securities and Regulation Code. The Philippines is party to the United Nations Convention on Recognition and Enforcement of Foreign Arbitral Awards, though it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, a judgment or final order of a foreign court is, through the institution of an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment. This requirement also applies to other corporations engaged in businesses imbued with public interest, as may be determined by the Philippine SEC.
- The Revised Corporation Code allows the creation of a “One Person Corporation”. However, it expressly prohibits banks and quasi-banks, preneed, trust, insurance, public and publicly listed companies, among others, from being incorporated as such. This restriction also applies with respect to Close Corporation.
- Material contracts between the Company and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.
- The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option.
- As to the filing of the by-laws and any amendments made to the by-laws of any bank, banking institution, building and loan association, trust company, insurance company, public utility, and

other corporations governed by special laws, the Revised Corporation Code requires that a prior certificate of the appropriate government agency to the effect that such bylaws or amendments are in accordance with law, must be submitted.

- A favorable recommendation by the appropriate government agency is likewise required for banks or banking institutions, building and loan associations, trust companies, insurance companies, public utilities, and other corporations governed by special laws, before the Philippine SEC approves any merger or consolidation, or any voluntary dissolution.
- In case of transfer of shares of listed companies, the Philippine SEC may require that these corporations whose securities are traded in trading markets, and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Philippine SEC.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

Philippine Competition Act

On July 21, 2015, the President of the Philippines signed into law Republic Act No. 10667 or the Philippine Competition Act, which became effective on August 8, 2015. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration which will manipulate or constrict the discipline of free markets, and penalize all forms of anti-competitive agreements, abuse of dominant position and anti-competitive mergers and acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development. Although the Philippine Competition Act is silent on its applicability specifically to the electric power industry, Section 55(c) of the Philippine Competition Act provides that insofar as Section 43(u) of the EPIRA is inconsistent with provisions of the Philippine Competition Act, it shall be repealed. In view of this, the Philippine Competition Commission (the “**PCC**”) now has the original and exclusive jurisdiction over anti-competitive cases in the energy sector.

On May 31, 2016, the PCC promulgated rules and regulations in order to effectively carry out the provisions of the Philippine Competition Act. Under the Rules, parties to a merger or acquisition are required to provide notification to the PCC when the following thresholds are met: (i) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent company of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent company controls, directly or indirectly (“**Size of Party/Person**”), exceeds ₱1,000,000,000.00; and (ii) the value of the transaction (“**Size of Transaction**”) exceeds ₱1,000,000,000.00.

The Size of Party/Person and Size of Transactions have been gradually increased by the PCC to ensure that the thresholds maintain their real value over time and relative to the size of the economy. Beginning March 1, 2019 and for every subsequent year, the notification thresholds will be indexed based on the official estimates by the Philippine Statistics Authority of the nominal GDP growth for the previous calendar year rounded up to the nearest hundred million.

Effective March 1, 2026, the threshold for the Size of Party/Person was increased to ₱9,100,000,000.00, and the threshold for the Size of Transaction was increased to ₱3,800,000,000.00.

A transaction that requires mandatory notification and does not comply with the notification requirements and waiting periods shall be considered void and will expose the therein parties to an administrative fine of 1 to 5.0% of the value of the transaction. Further, criminal penalties for such parties may be imposed, which include: (i) a fine of not less than ₱50,000,000.000 but not more than ₱250,000,000.00; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100,000,000.00 to ₱250,000,000.00 may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the

PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Intellectual Property Code

Under the Intellectual Property Code of the Philippines, as amended, the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal government agency involved in the registration of brand names, trademarks, patents, and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office shall issue a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The said certificate of registration shall also serve as *prima facie* evidence of the validity of registration and the registrant's ownership of the mark. A certificate of registration shall remain in force for an initial period of ten (10) years and may be renewed for periods of ten (10) years at its expiration.

Data Privacy Act of 2012

The Data Privacy Act of 2012 ("**DPA**"), protects all forms of information, be it private, personal, or sensitive. It applies to any natural or juridical persons involved in processing of information (which refers to any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure, or destruction of data), whether in the government or private sector, and whether in or outside the Philippines.

The law defines personal information as any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual. On the other hand, sensitive personal information refers to personal information:

- About an individual's race, ethnic origin, marital status, age, color, and religious, philosophical or political affiliations;
- About an individual's health, education, genetic or sexual life or a person, or to any proceeding for any offence committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings;
- Issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers, previous or current health records, licenses or its denials, suspension or revocation, and tax returns; and
- Specifically established by an executive order or an act of the Philippine Congress to be kept classified.

In general, the processing of sensitive personal information and privileged information is prohibited except where: (1) the data subject has given his or her consent, specific to the purpose prior to the processing, or in the case of privileged information, all parties to the exchange have given their consent prior to processing; (2) the processing is provided for by existing laws and regulations; (3) the processing is necessary to protect the life and health of the data subject or another person, and the data subject is not able to give consent; (4) the processing is carried out for limited non-commercial purposes by public organizations and their associations; (5) the processing is necessary for purposes of medical treatment, is carried out by a medical practitioner or a medical treatment institution, and an adequate level of protection of personal information is ensured; or (6) the processing is necessary for court proceedings or legal claims, or is provided to the government or a public authority.

The processing of personal information shall be allowed, subject to compliance with the requirements of the DPA and other laws allowing disclosure of information to the public and adherence to the principles of transparency, legitimate purpose, and proportionality. Personal information that is collected

must be retained only for a reasonable period of time. Such a reasonable period of time is the reasonable amount of time the collector needs the information for its purposes, and the collector must notify the owner of the personal information of that duration. The data collector must implement appropriate measures for the storage and protection of the collected personal information from accidental alteration, destruction, disclosure, and unlawful processing. Furthermore, the data controller must assign compliance officer(s) to ensure compliance with the provisions of the data privacy law and its accompanying implementing rules and regulations.

Under the DPA, the appointment of a Data Protection Officer (“**DPO**”) is a legal requirement for all personal information controllers (“**PICs**”) and personal information processors (“**PIPs**”). The DPO is accountable for ensuring the company’s compliance with all data privacy and security laws and regulations.

A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject.

The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

The DPA Implementing Rules and Regulations (“**DPA IRR**”) took effect on September 9, 2016, mandating all Philippines companies to comply with the following: (a) appointment of a Data Protection Officer; (b) conduct of a privacy impact assessment; (c) adoption of a privacy management program and privacy policy; (d) implement privacy and data protection measures; and (e) establish a breach reporting procedure. In addition, companies with at least 250 employees or access to sensitive personal information of at least 1,000 individuals are required to register their data processing systems with the Privacy Commission. The DPA IRR, furthermore provides the only instances when data sharing is allowed, to wit: (a) data sharing is authorized by law, provided that there are adequate safeguards for data privacy and security, and processing adheres to principles of transparency, legitimate purpose and proportionality; (b) in the private sector, data sharing for commercial purposes is allowed upon (i) consent of data subject, and (ii) when covered by a data sharing agreement; (c) data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available; and (d) data sharing among government agencies for purposes of public function or provision of a public service shall be covered by a data sharing agreement.

Registration under the BOI

Under the Executive Order No. 226, otherwise known as the Omnibus Investments Code, as amended, a BOI- registered enterprise enjoy certain incentives, both financial and non-financial, provided such enterprise invests in preferred areas of investment enumerated in the Investment Priorities Plan annually prepared by the Government. However, prior to registration with the BOI, the enterprise must first satisfy the minimum equity required to finance the project applied equivalent to 25.0% of the estimated project cost, or as may be prescribed by the BOI. Such incentives include: (i) income tax holiday, (ii) exemption from taxes and duties on imported spare parts; (iii) exemption from wharfage dues and export tax, duty, impost and fees; (iv) reduction of the rates of duty on capital equipment, spare parts and accessories; (v) tax exemption on breeding stocks and genetic materials; (vi) tax credits; (vii) additional deductions from taxable income; (viii) employment of foreign nationals; simplification of customs procedure; and (x) unrestricted use of consigned equipment.

Mass housing projects are included in the enumeration of eligible projects or activities under the 2022 SIPP. BOI Memorandum Circular No. 2023-005 amended the 2022 SIPP and its specific guidelines in relation to mass housing by increasing the price ceiling for low-cost housing from ₱2.00 million to ₱3.00 million. In addition, BOI Memorandum Circular No. 2023-005 clarified that qualified housing projects are only eligible for ITH and duty exemption on capital equipment, raw materials, spare parts, or accessories and requires that 25% of a project’s construction materials must be sourced from domestic manufacturers. Additionally, projects that are eligible for five to six years of ITH are required to submit proof of compliance with the requirement of 300 trees or 500 trees, respectively, planted within the

project location itself and/or within the community where the project will be located within one year prior to availing the ITH.

Based on the latest BOI guidelines, economic and low-cost housing projects must meet the following criteria to qualify for registration: (a) the selling price of each housing unit shall not exceed ₱3,000,000.00 and shall not fall below the price ceiling of socialized housing based on the prevailing price ceiling issued by the DHSUD (*i.e.*, ₱2,500,000.00); (b) the project must be located outside the National Capital Region; (c) the project must have a minimum of 100 livable dwelling units in a single site or building; (d) the project must be new or expanding economic/low-cost housing project; and (e) for residential condominium projects, at least 51% of the total gross floor area must be devoted to housing units.

Economic housing projects with selling price not exceeding ₱2,500,000.00 are required to comply with the socialized housing requirement by building socialized housing units in an area equivalent to at least 15% of the total registered project area or total BOI-registered project cost for subdivision housing and 15% of the total floor area of qualified saleable housing units for residential condominium projects.

Further, low-cost housing projects with selling price exceeding ₱2,500,000.00 but not exceeding ₱3,000,000.00 must build socialized housing units in an area equivalent to at least 20% of the total registered project area or total BOI-registered project cost for subdivision housing and 20% of the total floor area of qualified saleable housing units for residential condominium projects.

On April 12, 2019, Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act, was enacted. Under the said law, upon certification by the DOE, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to the incentives provided under Executive Order No. 226, as amended, and any other applicable laws for 10 years from the effectivity of the Act. Said energy efficiency projects shall also be exempt from the requirements provided under Article 32(1) of Executive Order No. 226. Energy efficiency projects refer to projects designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used in any building, facility, or vehicle including the manufacturing and provision of services related thereto: provided, that such projects shall be cost-effective and shall lead to lower energy or utility costs during operation and maintenance.

The CREATE Act, which took effect on April 11, 2021, sought to rationalize the tax incentives provided by investment promotion agencies, such as the BOI. In view of the effectivity of the CREATE Act, registered business enterprises with incentives granted prior to the effectivity of the CREATE Act shall be subject to the following rules:

- (i) registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of the law shall be allowed to continue to avail of the income tax holiday for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the income tax holiday but have not yet availed of such incentive upon the effectivity of the law may use the income tax holiday for the period specified in the terms and conditions of their registration;
- (ii) registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the law and that are entitled to 5% tax on gross income earned incentive after the income tax holiday shall be allowed to avail of the 5% tax on gross income incentive subject to the ten-year limit under the CREATE Act; and
- (iii) registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the law shall be allowed to continue of such tax incentive for ten (10) years.

Local Government Code

Republic Act No. 7160, otherwise known as the Local Government Code of 1991 (the “**LGC**”) establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit (the “**LGU**”) shall

exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

The power to tax and police power are exercised by the LGU through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, impose real property taxes, regulate business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Labor and Employment

The Department of Labor and Employment (“**DOLE**”) is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines and the Occupational Safety and Health Standards (which sets out, among others, the guidelines applicable to different establishments intended for the protection of every workingman against the dangers of injury, sickness or death through safe and healthful working conditions), as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 11199, the Social Security Act of 2018 to ensure coverage of employees following procedures set out by the law and the Social Security System (“**SSS**”). Under the said law, an employer must deduct from its employees their monthly contributions in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the monthly salary credits, the schedule and the rate of contributions as may be determined and fixed by the Social Security Commission, pay its share of contribution and remit these to the SSS within a period set by law and/ or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Insurance Program administered by the Philippine Health Insurance Corporation a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of Republic Act No. 10606, the National Health Insurance Act of 2013. On February 20, 2019, Republic Act No. 11223, the Universal Health Care Act, was enacted, which amended certain provisions of the National Health Insurance Act of 2013. Under the said law, all Filipino citizens are now automatically enrolled into the National Health Program. However, membership is classified into two types, direct contributors and indirect contributors. Direct contributors refer to those who have the capacity to pay premiums, are gainfully employed and are bound by an employer-employee relationship, or are self-earning, professional practitioners, migrant workers, including their qualified dependents, and lifetime members. On the other hand, indirect contributors refer to all others not included as direct contributors, as well as their qualified dependents, whose premium shall be subsidized by the national government including those who are subsidized as a result of special laws. Every member is also granted immediate eligibility for health benefit package under the program.

Under Republic Act No. 9679, the Home Development Mutual Fund Law of 2009, all employees who are covered by the SSS must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund.

Occupational Safety and Health Standards Law

On 17 August 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls, or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness, or physical harm to the

workers. It also requires employers, contractors, or subcontractors to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards Law shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor, or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Labor Code Provision on Retirement Pay

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year.

For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: 15 days salary based on the latest salary rate; in addition, 1/12 of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

DOLE Mandated Work-Related Programs

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with ten or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational, or training environment or institution also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement, or prosecution of such cases. Under Republic Act No. 7877, otherwise known as the Anti-Sexual Harassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding this, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Under Republic Act No. 11313, or the Safe Spaces Act, the employer shall have the duty to prevent, deter, or punish the performance of acts of gender-based sexual harassment in the workplace. Towards this end, the employer or person of authority, influence or moral ascendancy shall: (a) Disseminate or post in a conspicuous place a copy of this Act to all persons in the workplace; (b) Provide measures to prevent gender-based sexual harassment in the workplace, such as the conduct of anti-sexual harassment seminars; (c) Create an independent internal mechanism or a committee on decorum and investigation to investigate and address complaints of gender-based sexual harassment which shall: (1) Adequately represent the management, the employees from the supervisory rank, the rank-and-file employees, and the union, if any; (2) Designate a woman as its head and not less than half of its members should be women; (3) Be composed of members who should be impartial and not connected or related to the alleged perpetrator; (4) Investigate and decide on the complaints within ten (10) days or less upon receipt thereof; (5) Observe due process; (6) Protect the complainant from retaliation; and (7) Guarantee confidentiality to the greatest extent possible; (d) Provide and disseminate, in

consultation with all persons in the workplace, a code of conduct or workplace policy which shall: (1) Expressly reiterate the prohibition on gender-based sexual harassment; (2) Describe the procedures of the internal mechanism created under Section 17(c) of this Act; and (3) Set administrative penalties. In addition to liabilities for committing acts of gender-based sexual harassment, employers may also be held responsible for: (a) non-implementation of their above-mentioned duties; or (b) not taking action on reported acts of gender-based sexual harassment committed in the workplace. Any person who violates subsection (a) of this section, shall upon conviction, be penalized with a fine of not less than ₱5,000.00 nor more than ₱10,000.00. Any person who violates subsection (b) of this section, shall upon conviction, be penalized with a fine of not less than ₱10,000.00 nor more than ₱15,000.00.

Moreover, the Philippines AIDS Prevention and Control Act and its implementing rules and regulations require all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it is strictly limited to medical personnel.

All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

REGULATIONS RELATING TO THE REAL ESTATE BUSINESS

Property Registration

The Philippines has adopted a system of land registration which evidences land ownership that is binding on all persons, including the Government. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication and service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR by issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents such as homestead, sales, and free patents, must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under the said decree, the registration shall be made in the office of the Register of Deeds for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument, or entry affecting registered land, if filed or entered in the office of the Register of Deeds for the province or city where the land to which it relates lies, shall be constructive notice to all persons from the time it is registered, filed, or entered in the records of the Register of Deeds.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be registered by filing with the Register of Deeds the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the Register of Deeds upon the certificate of title and signed by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer of encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the purchase price. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer. To evidence ownership of condominium units, a Condominium Certificate of Title is issued by the Register of Deeds.

Nationality Restrictions

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least 60% owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning building and other permanent structures. However, pursuant to Republic Act No. 4726 (as amended), with respect to condominium developments, the ownership of condominium units where the common areas in the condominium project are co-owned by the owners of the separate units or owned by a corporation is limited to up to 40% foreign equity.

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991, and the Thirteenth Regular Foreign Investment Negative List, provide that certain investment areas and economic activities are nationalized or partly- nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly- nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

Considering the foregoing, for as long as the Company or any of its subsidiaries own land in the Philippines, or continue to conduct property development in the Philippines, foreign ownership in the Company shall be limited to a maximum of 40% of the capital stock of the Company which is outstanding and entitled to vote. Accordingly, the Company shall disallow the issuance or the transfer of shares to persons other than Philippine Nationals and shall not record transfers in its books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above. Philippine National, as defined under the Foreign Investment Act, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code, of which 100% of the capital stock outstanding and the entitlement to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

Compliance with the required ownership by Philippine Nationals of a corporation is determined on the basis of its outstanding capital stock whether fully paid or not, but only such stocks which are generally entitled to vote are considered.

In the case of *Express Investments v. Bayan Telecommunications, Inc.* (G.R. No. 174457-59) (the “**Express Investments Case**”), the Supreme Court ruled that “the term ‘capital’ in Section 11, Article XII of the Constitution refers only to shares of stock that can vote in the election of directors.”

On May 20, 2013, the SEC, however, issued Memorandum Circular No. 8 or the Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities. The Circular provides that for purposes of determining compliance with nationality restrictions, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of

stock, whether or not entitled to vote in the election of directors, which seems to contradict the Express Investments Case above. A petition questioning the constitutionality of the SEC issuance is currently pending with the Supreme Court.

More recently, in the case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp.* (G.R. No. 195580) and its corresponding motions for reconsideration (the “**Narra Nickel Case**”), the Supreme Court affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as part of Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders’ own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (1) if the corporation’s Filipino equity falls below 60%, such corporation is deemed foreign-owned, applying the Control Test; (2) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (3) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

On January 28, 2015, the Supreme Court issued a Resolution dismissing with finality the Motion for Reconsideration of its decision in the Narra Nickel Case. Thus, the Supreme Court affirmed that the Grandfather Rule is to be used jointly and cumulatively with the Control Test, as follows: (1) if the Filipino equity of the corporation falls below 60%, it is immediately considered foreign-owned, applying the Control Test; (2) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (3) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

Thus, although the Narra Nickel Case in no way abandons the use of the Control Test and the Foreign Investments Act provisions in determining the nationality of a corporation, it appears to expand and/or modify the doctrine laid in the Gamboa Case cited above. Under the Constitution, however, no doctrine or principle of law laid down by the Supreme Court in a decision *en banc* or in division may be modified or reversed except by the court sitting *en banc*.

Zoning and Land Use

Land use may be also limited by zoning ordinances enacted by LGUs. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

DAR Land Conversion Clearance/Exemption Clearance

Under DAR Administrative Order (“**AO**”) No. 1, series of 1990 (Revised Rules and Regulations Governing Conversion of Private Agricultural Land to Non- Agricultural Uses), “**agricultural land**” refers to the following: (1) those devoted to agricultural activity as defined in RA 6657 or the Comprehensive Agrarian Reform Law (“**CARL**”) and not classified as mineral or forest by DENR and its predecessor agencies, and (2) not classified in town plans and zoning ordinances as approved by the HLURB and its preceding competent authorities prior to 15 June 1988 for residential, commercial or industrial use.

Land is not agricultural, and therefore, outside of the ambit of the CARP if the following conditions concur: (i) the land has been classified in town plans and zoning ordinances as residential, commercial or industrial; and (ii) the town plan zoning ordinances embodying the land classification has been approved by the HLURB and its preceding competent authorities prior to June 15, 1988.

Conversion clearances are not needed for lands already classified as non-agricultural prior to the enactment of the CARL. Any landowner whose lands fall within this definition and desires to have an

exemption clearance from the DAR should file the application with the Regional Office of the DAR where the land is located.

Under Section 3.4 of DAR AO No. 01, series of 2002 or the 2002 Comprehensive Rules on Land Use Conversion), these rules shall apply to all applications for conversion such as conversion of agricultural lands that were "reclassified by the LGU or by way of a Presidential Proclamation to residential, commercial, industrial, or other non-agricultural uses on or after the effectivity of RA 6657 on June 15, 1988 pursuant to Section 20 of RA 7160 and other pertinent laws and regulations, and are to be converted to such uses. However, for those reclassified prior to June 15, 1988, the guidelines in securing an exemption clearance from the DAR shall apply."

NCIP Certificate of Non-Overlap

Republic Act No. 8371, or The Indigenous Peoples Rights Act of 1997 ("**IPRA**"), provides that no department or governmental agency shall issue, renew or grant any concession, license or lease, or enter into any production-sharing agreement without prior certification from the National Commission on Indigenous Peoples ("**NCIP**") that the area affected does not overlap with any ancestral domain (*i.e.*, Certificate of Non-Overlap or CNO).

Under the Implementing Rules and Regulations of the IPRA, the Ancestral Domain Office shall issue the certification only after a field-based investigation that such areas are not within any certified or claimed ancestral domains are conducted. The Certificate of Non-Overlap ("**CNO**") shall be issued by the NCIP Regional Director (RD) and concurred with by the concerned NCIP Commissioner.

Real Estate Development in the Philippines

Presidential Decree No. 957, otherwise known as the Subdivision and Condominium Buyer's Protective Decree ("**P.D. 957**") and Batas Pambansa Bilang 220 ("**B.P. 220**"), R.A. 4726 and R.A. 7279 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. P.D. 957, B.P. 220, R.A. 4726 and R.A. 7279 cover subdivision projects for residential, commercial, industrial, or recreational purposes and condominium projects for residential or commercial purposes.

On February 14, 2019, Republic Act No. 11201, otherwise known as "Department of Human Settlements and Urban Development Act" was signed into law by the President. Consequently, the Implementing Rules and Regulations of the Act was approved on July 19, 2019. The HUDCC and HLURB were consolidated to create the DHSUD. Simultaneously, the HLURB was reconstituted into the HSAC. The functions of the HUDCC and the planning and regulatory functions of HLURB were transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB. Now, DHSUD is the administrative agency of the Government which, together with LGUs, enforces these decrees and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial, and other development projects are subject to approval by the DHSUD and the relevant LGU of the area in which the project is situated. The development of subdivision and condominium projects can commence only after the LGU has issued the development permit.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project and (ii) issuance of the barangay clearance, the locational clearance, DENR permits and DAR, as applicable, conversion or exemption orders, as discussed below.

Further, all subdivision plans and condominium project plans are required to be filed with and approved by the DHSUD. Approval of such plans is conditional on, among other things, the developer's financial, technical, and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the DHSUD and the written conformity or consent of the duly organized homeowners' association, or in the absence

of the latter, by the majority of the lot buyers in the subdivision. Owners of, or dealers in, real estate projects are required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Dealers, brokers, and salesmen are also required to register with the DHSUD.

Project permits and licenses to sell may be suspended, cancelled, or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyer. A license or permit to sell may only be suspended, cancelled, or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HSAC's rules of procedure and other applicable laws.

Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the DHSUD. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance by the owner or dealer with the applicable laws and regulations.

Real estate dealers, brokers and salesmen are also required to register and secure a certificate of registration with the DHSUD before they can sell lots or units in a registered subdivision or condominium project. The certificate of registration will expire on the first day of December of each year.

There are essentially two (2) different types of residential subdivision developments, which are distinguished by different development standards issued by the DHSUD. The first type of subdivision, aimed at low-cost housing, must comply with BP 220, a Philippine statute regulating the development and sale of real property as part of a condominium project or subdivision, which allows for a higher density of building and relaxes some construction standards. All other subdivisions must comply with PD 957, which sets out standards for lower density developments. Both types of development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length of the housing blocks and house construction.

BP 220 and its Implementing Rules and Regulations ("**BP 220 IRR**") apply to the development of economic and socialized housing projects in urban and rural areas. Likewise, they apply to the development of either a house and lot or a house or lot only ("**Covered Project**").

Under BP 220 and the BP 220 IRR, the Covered Project must be approved by the DHSUD or the LGU, as the case may be, before it commences. The BP 220 IRR also provides for several obligations of the developer, such as the initiation of organization and registration of a homeowner's association, and the donation of roads and open spaces found in the project to LGUs of the area after their completion had been certified by the board¹ December 2025, the DHSUD and the Department of Economy, Planning and Development ("**DEPDEV**") issued Joint Memorandum Circular No. 2025-001, providing for adjustments of the price ceiling for socialized subdivision and condominium projects under BP 220.

For socialized house and lot packages, the maximum selling price, inclusive of land, land development, and house or unit construction, is set at ₱844,440 for units with a floor area of a minimum of 24 sqm to 26 sqm, and ₱950,000 for units with a minimum floor area of 27 sqm and above. In computing floor area, lofts and mezzanines are excluded, fractional measurements are disregarded with floor area stated in whole numbers only, and units below 24 sqm cannot be issued a License to Sell under the new ceiling; moreover, provided the ₱950,000 cap is not exceeded, no maximum total floor area is prescribed. For lot-only packages, the price may not exceed 40% of the applicable house-and-lot ceiling, based on a single detached structure.

For socialized condominium projects, the base price ceilings are ₱1,280,000 and ₱1,500,000 for three to five-storey buildings (for 24–26 sqm units and 27 sqm and above units, respectively), and ₱1,600,000 and ₱1,800,000 for buildings above five storeys. For projects in the National Capital Region and other Highly Urbanized Cities, allowable adjustments to condominium selling prices may be added to the base ceiling depending on BIR zonal land values, subject to maximum add-ons ranging from ₱50,000 to ₱200,000. These adjustments apply only to socialized condominium projects and only to new License to Sell applications, and must be supported by a BIR certificate of zonal valuation for the project location.

The DHSUD and DEPDEV issued the implementing rules and regulations relating to Joint Memorandum Circular No. 2025-001 on 22 December 2025.

Under current regulations, a developer of a residential subdivision, with an area of one hectare or more and covered by P.D. 957, is required to reserve at least 30% of the gross land area of such subdivision, which shall be non-saleable, for open space for common uses, which include roads, parks, playgrounds and recreational facilities. A developer of a subdivision is required to reserve at least 3.5% of the gross project area for parks and playgrounds.

Further, RA 7279, as amended by Republic Act No. 10884, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost, or total subdivision project cost and at least 5% of condominium area or project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the DHSUD and other existing laws. To comply with this requirement, the developers may choose to develop for socialized housing an area equal to 15% of the total area of the main subdivision project or allocate and invest an amount equal to 15% of the main subdivision total project cost, which shall include the cost of the land and its development as well as the cost of housing structures therein, in development of a new settlement through purchase of socialized housing bonds, participation in a community mortgage program, the undertaking of joint-venture projects and the building of a large socialized housing project to build a credit balance.

Under the 2022 Strategic Investment Priorities Plan issued by the Board of Investments, mass housing projects are eligible for government incentives subject to certain policies and guidelines.

The Company has benefited from providing low-income housing or projects of such types which are financially assisted by the Government. These policies and programs may be modified or discontinued in the future. The Government may also adopt regulations which may have the effect of increasing the cost of doing business for real estate developers. Under current law, income derived by domestic corporations from the development and sale of socialized housing which currently, among other things, must have a basic selling price of no more than ₱450,000.00, is exempt from project related income taxes. Sale of residential dwellings with a gross selling price of ₱3,600,000 or less, where the instrument of sale, transfer, disposition was executed and notarized on or after January 1, 2012 are exempt from VAT. However, for instruments of sales executed and notarized on or after November 1, 2005 but prior to January 1, 2012, the threshold amounts are ₱1.5 million and ₱2.5 million, respectively, and excess thereof is subject to 10% output VAT, and starting February 1, 2006, to 12% output VAT. Sale, transfer or disposal of two (2) or more adjacent residential lots or dwellings by the same seller to the same buyer within a 12-month period, even if covered by separate titles or tax declarations, will be considered as one residential area for purposes of computing the threshold levels for VAT purposes. Under the 2011 and 2012 Investment Priorities Plan issued by the BOI and approved by the President on July 5, 2011, and June 13, 2012, respectively, mass housing projects including development and fabrication of housing components, are eligible for government incentives subject to certain policies and guidelines. In the future, since the sale of socialized housing units comprise a portion of homes sold by the Company, any changes in the tax treatment of income derived from the sale of socialized housing units may affect the effective rate of taxation of the Company.

Executive Order No. 45 prescribes a specific period for a government agency and the LGUs to act on application for certifications, clearances and permits for housing projects. It also provides an option for the applicant-developer where the government agency or LGU refuses or fails to dispose an application for said housing permit, in which case an affidavit may be submitted with supporting technical studies and documents, in lieu of the certification, clearance or permit.

Real Estate Sales on Installments

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on instalment payments (including residential condominium units but excluding industrial lots and commercial buildings and sales to tenants under RA 3844). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of

instalments, the buyer is entitled to the following rights in case of a default in the payment of succeeding instalments:

- To pay, without additional interest, the unpaid instalments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of instalment payments made. However, this right may be exercised by the buyer only once every five (5) years during the term of the contract and its extensions, if any.
- If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five (5) years of instalments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments). However, the actual cancellation of the contract shall take place after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two (2) years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

Philippine Financial Reporting Standards

On August 15, 2017, the Commission approved the adoption of the Philippine Financial Reporting Standards (PFRS) Accounting Standards No. 15, *Revenue from Contracts with Customers*, effective for annual reporting periods beginning on or after January 1, 2018, as part of its financial reporting rules. PFRS Accounting Standards No. 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On January 31, 2018, and June 27, 2018, respectively, the Philippine Interpretation Committee (“**PIC**”) issued PIC Q&A 2018-12-H, *Accounting for Common Usage Area Service (“**CUSA**”) Charges*, and PIC Q&A 2018-14, *Accounting for Cancellation of Real Estate Sales*.

PIC Q&A 2018-12-H (Accounting for Common Usage Area Service (CUSA) Charges) discussed as to whether the real estate developer acts as a principal or customer in goods and services that it delivers based on contract of lease with the tenants. Based on the contract of lease, the real estate developer bills and charges the tenant for electricity, water, air conditioning, and common use service area (CUSA) expenses every month. The real estate developer may shut off all utilities to the premises occupied by the tenant/customer at any time if they have failed to pay the outstanding bills due to the real estate developer.

If a contract with a customer includes more than one specified good or service, an entity could be a principal for some specified goods or services and an agent for others. In this case, the real estate developer, being the assigned administrator of the building, is the agent who coordinates with utility companies to ensure that tenants have access to utilities. For CUSA expenses and air conditioning charges, the real estate developer is the principal and the party responsible to provide the necessary services to the CUSA and to provide proper ventilation and air conditioning to the leased premises.

On the other hand, PIC Q&A 2018-14 (Accounting for Cancellation of Real Estate Sales) discussed two (2) approaches as to how real estate developers should account for the sales cancellation and repossession of the property. The first approach recognizes the repossessed property at its fair value

less cost to repossess. The second approach recognizes the repossessed property at its fair value plus repossession cost.

In a meeting held by the Securities and Exchange Commission *en banc* on February 7, 2019, the Committee decided to provide relief to the real estate industry by deferring the application of the provisions of PIC Q&A Nos. 2018-12 (H) and 2018-14 for a period of three (3) years or until 2023.

During this period of deferral, land will be allowed to be included in the percentage of completion (“**POC**”) calculation only at historical acquisition cost. Uninstalled materials shall be included in the calculation of the POC based on the proportionate work accomplishment of significant building components procured which are specifically and directly identifiable to the project, as long as covered by contracts and purchase orders, and partially paid for.

A real estate company may opt not to avail of any of the relief provided above and instead comply in full with the requirements of PIC Q&A Nos. 2018-12-H and 2018-14. Real estate companies which opted for the deferral shall be required to disclose in the Notes to the Financial Statements the accounting policies applied, a discussion of the deferral of the subject implementation issues in the PIC Q&A and a qualitative discussion of the impact in the financial statements had the concerned application guideline in the PIC Q&A been adopted. The above relief shall form part of the PFRS Accounting Standards for the purpose of preparing and filing general-purpose financial statements with the Commission.

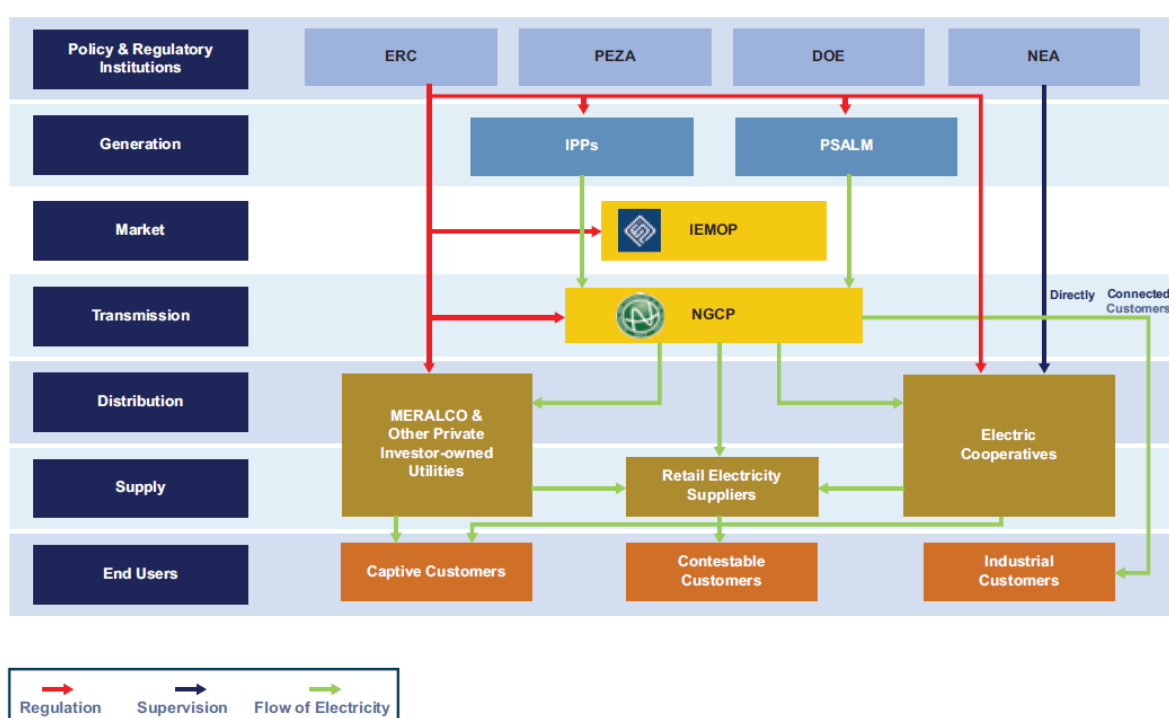
Effective January 1, 2021, real estate companies will adopt the subject pronouncements and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

REGULATIONS RELATING TO POWER AND UTILITIES BUSINESS

ORGANIZATION AND OPERATION OF THE POWER INDUSTRY

Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (“**EPIRA**”) established a framework for the organization, operation and restructuring of the electric power industry, with the industry divided into four sectors: generation, transmission, distribution and supply. The following diagram shows the current structure of the electric power industry under the EPIRA.

Industry structure under the EPIRA:



Through the EPIRA, the Government instituted major reforms with the goal of fully privatizing all aspects of the power industry. The principal objectives of the EPIRA are:

- to ensure and accelerate the total electrification of the country;
- to ensure the quality, reliability, security and affordability of the supply of electric power;
- to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;
- to enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors;
- to ensure fair and non-discriminatory treatment of public and private sector entities in the process of restructuring the electric power industry;
- to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;
- to assure socially and environmentally compatible energy sources and infrastructure;
- to promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on imported energy;
- to provide for an orderly and transparent privatization of the assets and liabilities of NPC;
- to establish a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market; and
- to encourage the efficient use of energy and other modalities of demand side management.

With a view to implementing these objectives, the DOE, in consultation with the relevant Government agencies, electric power industry participants, non-Government organizations and electricity consumers, promulgated the Implementing Rules and Regulations (the “IRR”) of the EPIRA on February 27, 2002 (subsequently amended in 2007).

The IRR governs the relations between, and respective responsibilities of, the different electric power industry participants as well as the particular Governmental authorities involved in implementing the structural reforms in the industry, including, but not limited to, the DOE, NPC, NEA, ERC and PSALM.

Reorganization of the Electric Power Industry

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (i) the generation sector; (ii) the transmission sector; (iii) the distribution sector; and (iv) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission sector will be a regulated common electricity carrier business and the distribution sector will be a regulated common carrier business requiring a national franchise, thus both the transmission and distribution sectors will be regulated as public utilities. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services.

The Generation Sector

Under the EPIRA, power generation per se is not a public utility operation. Thus, generation companies are not required to secure congressional franchises, and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. However, generation companies must obtain a certificate of compliance from the ERC, as well as health, safety and environmental clearances from appropriate Government agencies under existing laws. Furthermore, PPAs and PSAs between generation companies and distribution utilities are subject to the review and approval of the ERC. Generation companies are also subject to the rules and regulations of the ERC on abuse of market power and anticompetitive behavior. In particular, the ERC has the authority to impose price controls, issue injunctions, require divestment of excess profits and impose fines and penalties for violation of the EPIRA and the IRR policy on market power abuse, cross-ownership and anti-competitive behavior.

The goal of the EPIRA is for the generation sector to be open and competitive, while the private sector is expected to take the lead in introducing additional generation capacity. Generation companies will compete either for bilateral contracts with various RESs, electric cooperatives and private distribution utilities, or through spot sale transactions in the WESM. With the implementation of RCOA in Luzon

and Visayas, generation companies are already able to sell electricity to eligible end-users. “Open Access” is defined under the IRR as the system of allowing any qualified person the use of electric power transmission and distribution systems and associated facilities subject to the payment of transmission and/or distribution retail wheeling rates; while “Retail Competition” is defined as the provision of electricity to a contestable market (which, under prevailing regulations, refer to electricity end-users with monthly average peak demand of at least 500 KW) by persons licensed by the ERC to engage in the business of supplying electricity end-users through Open Access.

To prevent monopolies and anti-competitive behavior, House Bill No. 9260 was filed in the House of Representatives on April 27, 2021. The bill, which seeks to prohibit ownership by distribution utilities in generation companies and retail electricity suppliers, has been pending in the House of Representatives Committee on Energy since May 17, 2021.

Recovery by distribution utilities of their purchased power cost is subject to review by the ERC to determine reasonableness of the cost and to ensure that the distribution utilities do not earn any revenue therefrom. With the commencement of the RCOA, generation rates, except those intended for such end-users who may not choose their supplier of electricity (the “**Captive Market**”), ceased to be regulated.

The generation sector converts fuel and other forms of energy into electricity. It consists of the following: (i) NPC-owned-and-operated generation facilities; (ii) NPC-owned plants, which consist of plants operated by IPPs, as well as IPP-owned-and-operated plants, all of which supply electricity to NPC; and (iii) IPP-owned-and-operated plants that supply electricity to customers other than NPC.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to RESs through either bilateral contracts or the WESM as described below. With the implementation of RCOA on December 26, 2013, as supplemented by DOE Department Circular No. DC2015-06-0010, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750 KW and certified by the ERC to be contestable customers. In 2016, the ERC issued the implementing rules governing the issuance and renewal of licenses to RESs and the rules governing contestability of qualified end-users (collectively, the “**2016 ERC RES Issuances**”). However, in February 2017, the Philippine Supreme Court, acting on the petition filed by certain entities, issued a temporary restraining order enjoining the DOE and the ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances.

In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC2017-12-0013 and DC2017-12-0014 encouraging eligible contestable customers to voluntarily participate in RCOA.

Subsequently, the DOE issued DC 2019-07-11 (Amending Various Issuances on the Implementation of the RCOA), which provides that contestable customers may voluntarily register as a trading participant in the WESM and that it shall source its electricity supply requirements from ERC-licensed/authorized suppliers.

In 2020, the ERC resumed the processing of RES license applications on the basis of a 2011 ERC resolution on RES licensing (the “**2011 ERC Resolution**”) in light of the temporary restraining order issued by the Philippine Supreme Court in 2017. As of date of this Prospectus, the ERC continues to process RES license applications on the basis of the 2011 ERC Resolution as it has yet to issue supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014 in compliance with the directive of the Supreme Court.

On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, has been made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

On November 17, 2021, the ERC revoked Resolution No. 17, series of 2014, which held in abeyance the evaluation of RES license applications and suspended the issuance of RES licenses in accordance 2011 RES Resolution until the issuance of the 2016 ERC RES Issuances.

In order to address gaps, ensure adherence to policy objectives and strengthen competition, the ERC issued ERC Resolution No. 13, Series of 2024, entitled “A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market” (“**2024 Omnibus Rules for Customer Choice Program**”), which provides, among others, the procedures for obtaining a RES license. On November 20, 2025, the ERC issued ERC Resolution No. 22, Series of 2025, entitled “A Resolution Lowering the Eligibility Threshold for Retail Competition and Open Access (RCOA) and Retail Aggregation Program (RAP)” which provided that the demand threshold for eligibility to the CREM/RCOA and RAP shall be the average monthly peak demand of at least 100kW. The same resolution provided timelines to comply for all stakeholders including holders of RES licenses.

The generation sector must observe the market share limitations set in the EPIRA which states that no generation company or related group is allowed to own more than 30% of the installed generating capacity of the Luzon, Visayas or Mindanao Grids and/or 25% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50% of the distribution utility’s total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the effectivity of EPIRA. On March 13, 2025, the ERC issued Resolution No. 07, Series of 2025, which set the Installed Generating Capacity (“**IGC**”) and Market Share Limitation (“**MSL**”) per grid and for the national grid for the year 2025, in accordance with Section 45(a) of EPIRA. The established limits are as follows: (i) Luzon Grid: IGC of 19,419.6 MW with a 30% MSL cap of 5,825.9 MW; (ii) Visayas Grid: IGC of 3,383.9 MW with a 30% MSL cap of 1,015.2 MW; (iii) Mindanao Grid: IGC of 4,292.6 MW with a 30% MSL cap of 1,287.8 MW; and (iv) National Grid: IGC of 27,096 MW with a 25% MSL cap of 6,774 MW.

Historically, the generation sector has been dominated by NPC. To introduce and foster competition in the sector, and, more importantly, to lessen the debt of NPC, the EPIRA mandates the total privatization of the generation assets and IPP contracts of NPC, which exclude the assets devoted to missionary electrification through the small power utilities group of NPC. NPC is directed to transfer ownership of all the assets for privatization to a separate entity, PSALM, which is specially tasked to manage the privatization. Beginning early 2004, PSALM has been conducting public bidding for the generation facilities owned by NPC.

The Company believes that that based on data from PSALM: (a) as of April 30, 2024, PSALM has privatized and turned over to the relevant successor generating companies a combined capacity of 5,581.43MW covering 34 generating assets and assigned seven IPP contracts to IPP administrators with a combined contracted capacity of 3,610.25 MW and (b) PSALM has transferred five decommissioned plants to winning bidders. Major generation assets sold include the 747.53 MW Tiwi-Makban geothermal power plant, the 650 MW Malaya thermal power plant, the 600 MW Batangas (Calaca) coal-fired thermal power plant, the 600 MW Masinloc coal fired power plant, the 620 MW Limay combined cycle power plant, 360 MW Magat hydroelectric power plant, and the 305 MW Palinpinon-Tongonan geothermal power plant. Among the capacities privatized through IPPA Agreements include the 95.25 MW Mindanao I and II (Mt. Apo 1 and 2) geothermal power plants, 1,000 MW Sual coal-fired power plant, the 700 MW Pagbilao coal-fired power plant, the 345 MW of the San Roque Power Plant, the 70 MW Bakun hydroelectric power plant, the 40 MW Unified Leyte Geothermal Power Plant, and the 1,200 MW Ilijan combined-cycle gas-fired power plant.

Section 47(j) of the EPIRA prohibits NPC from incurring any new obligations to purchase power through bilateral contracts with generation companies or other suppliers. Also, NPC is only allowed to generate and sell electricity from generating assets and IPP contracts that have not been disposed of by PSALM.

Generation companies which are not publicly listed are required to offer and sell to the public a portion of not less than 15% of their common shares of stock. Under prevailing regulations, any offer of common shares of stock for sale to the public through any of the following modes shall be deemed as public offering:

- listing in the PSE;

- a public offering undertaken in accordance with the Securities Regulation Code and its implementing rules and regulations; and
- listing in any accredited stock exchange or direct offer of a portion of registered enterprises' capital stock to the public and/or their employees, when deemed feasible and desirable by the BOI.

Senate Bill No. 1088, filed with the Philippine Senate on August 11, 2025, aims to remove the public offering requirement of generation companies. The bill remains pending with the Philippine Senate Committees on Energy and Public Services as of September 9, 2025.

On February 15, 2024, the Philippine SEC issued SEC Memorandum Circular No. 4, Series of 2024, which provides for a simplified registration process for securities issued by generation companies and distribution utilities which are mandated to comply with the public offering requirement under the EPIRA. The guidelines cover the pre-filing clearances of the corporation, financial information and disclosures to be submitted to the SEC and documentary filing requirements for the registration statement.

On October 16, 2025, the ERC issued ERC Resolution No. 17, Series of 2025 amending sections 1.4 and 2.2 of ERC Resolution No. 9, Series of 2011. The resolution updated the definition of a holding company insofar as the public offer requirement is concerned to include those that have an indirect control or ownership of another company through one or more intermediary companies. Additionally, a publicly-listed holding company is considered to have satisfied the public offer requirement on behalf of its controlled generation company or distribution utility if the ownership structure, direct and indirect, are clearly established by such documents as may be required by the ERC.

On February 16, 2021, the ERC issued Resolution No. 03, series of 2021, dated November 11, 2020 entitled "A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies" (the "**Revised Financial Guidelines**"). The Revised Financial Guidelines apply to all generation companies including IPPAs, except those which own only generation facilities exclusively for its own consumption or unless otherwise exempted by any law or statute. Under the Revised Financial Guidelines, a generation company is required, among others, to meet a minimum annual debt service capability ratio of 1.25x throughout the period covered by its ERC certificate of compliance, provided that if its financial or loan agreements require a higher debt service capability ratio, then such higher ratio shall serve as its minimum requirement. A generation company performing below the benchmark is required to submit its program to comply, setting forth the specific activities to be undertaken in order to meet the financial capability benchmark, within 60 days from receipt of an ERC directive. A generation company that fails to comply with the requirements set forth under the Revised Financial Guidelines shall be subject to imposition of fines and penalties. In addition, non-compliance with financial capability standards may result in the disclosure by the ERC of such fact, together with any mitigating or aggravating circumstances related thereto, via periodic bulletins.

On September 13, 2023, the ERC issued Resolution No. 17, series of 2023, which adopted revised rules for the issuance of Certificates of Compliance ("**COC**") for generation facilities (the "**Revised COC Guidelines**"). The Revised COC Guidelines provides for, among others, the issuance of a provisional authority to operate in favor of a generation company pending its completion of the requirements for the issuance a COC, when the power demand and supply situation warrant the same and provided that the requirements for the grant of such interim authority have been complied with.

The Transmission Sector

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the electrical transmission function of the NPC. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code (the "**Grid Code**"). TransCo is also mandated to provide open and non-discriminatory access to its transmission system to all electricity users.

The transmission of electricity through the transmission grid is subject to transmission wheeling charges. As the transmission of electric power is a regulated common carrier business, TransCo's transmission wheeling charges are subject to regulation and approval by the ERC.

The EPIRA also requires the privatization of TransCo through an outright sale of, or the grant of, a concession over the transmission assets while the sub-transmission assets of TransCo are to be offered for sale to qualified distribution utilities. In December 2007, NGCP, comprising a consortium of Monte Oro Grid Resources, Calaca High Power Corporation and State Grid Corporation of China, won the concession contract to operate, maintain and expand the TransCo assets with a bid of U.S.\$3.95 billion. On January 15, 2009, NGCP was officially granted the authority to operate the sole transmission system of the country pursuant to a legislative franchise granted by the Philippine Congress under Republic Act No. 9511.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine Grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or TransCo; (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or the PEMC. These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC.

In order to ensure the safe, reliable and efficient operation of the Philippine Grid, the Grid Code provides for, among others, the following regulations:

- the establishment of a grid management committee, which is tasked with the monitoring of the day-to-day operations of the grid;
- performance standards for the transmission of electricity through the grid, as well as the operation and maintenance thereof, which standards shall apply to TransCo, NGCP, distribution utilities and suppliers of electricity; and
- technical and financial standards and criteria applicable to users of the grid, including generation companies and distribution utilities connected or seeking to connect thereto; and other matters relating to the planning, management, operation and maintenance of the grid.

On March 21, 2022, President Duterte signed into law Republic Act No. 11659, which amended the Public Service Act (the “**PSA Amendment**”). The PSA Amendment limited the definition of public utility to a public service that operates, manages, or controls for public use any of the following: (1) distribution of electricity; (2) transmission of electricity; (3) petroleum and petroleum products pipeline transmission systems; (4) water pipeline distribution systems and wastewater pipeline system, including sewerage pipeline systems; (5) seaports; and (6) public utility vehicles. The PSA Amendment provides for an exclusive enumeration of what constitutes a public utility, and states that “[n]o other person shall be deemed a public utility unless otherwise subsequently declared by law.” The PSA Amendment also expressly provides that “notwithstanding any law to the contrary, nationality requirements shall not be imposed by the relevant administrative agencies on any public service not classified as a public utility.” Under the PSA Amendment, transmission of electricity continues to be a public utility subject to nationality restrictions and applicable regulations.

The Distribution Sector

The distribution of electric power to end-users may be undertaken by private distribution utilities, cooperatives, local Government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from the Philippine congress, although franchises relating to electric cooperatives remained under the jurisdiction of the NEA until the end of 2006. All distribution utilities are also required to obtain a certificate of public convenience and necessity from the ERC to operate as public utilities. Based on the latest available data from the DOE, there are 26 private distribution utilities and 124 electric cooperatives in the Philippines.

They are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code (the “**Distribution Code**”) (which provides the rules and regulations for the operation and maintenance of distribution systems), the Distribution Services and Open Access Rules and the performance standards set out in the IRR of the EPIRA.

The distribution sector is regulated by the ERC, with distribution wheeling charges, as well as connection fees from its consumers, subject to ERC approval. The retail rate imposed by distribution utilities for the supply of electricity to its captive consumers is also subject to ERC approval. In addition, as a result of the policy of the Government in promoting free competition and Open Access, distribution utilities are now required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of the RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection and use of the electric distribution systems in the Philippines. The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including distribution utilities, embedded generators and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated and enforced by the ERC.

To ensure the safe, reliable and efficient operation of distribution systems in the Philippines, the Distribution Code provides for, among others, the following regulations:

- technical, design and operational criteria and procedures to be complied with by any user who is connected or seeking connection to a distribution system;
- performance and safety standards for the operation of distribution systems applicable to distributors and suppliers; and
- other matters relating to the planning, development, management, operation and maintenance of distribution systems.

The Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken largely by franchised distribution utilities. However, with the commencement of the RCOA, the supply function has become competitive. The retail supply business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to a market of end-users who have a choice on their supplier of electricity is considered a business affected with public interest. As such, the EPIRA requires all RESs to obtain a license from the ERC and they are subject to the rules and regulations of the ERC on the abuse of market power and other anti-competitive or discriminatory behavior.

A RES may only sell up to 50% of its total capacity to all of its end-user affiliates.

With the RCOA already implemented, a RES license will allow a generation company to enter into retail electricity supply agreements with contestable customers. This will encourage competition at the retail level and it is planned that retail competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

The following table summarizes the power supply and demand highlights in the Philippines for 2020 based on data from the DOE:

Grid	Installed capacity (MW)	Dependable capacity (MW)	Peak demand (MW)
Luzon	17,840	16,010	11,103
Visayas	3,863	3,369	2,201
Mindanao	4,548	4,031	1,978
Philippines	26,250	23,410	15,282

Role of the ERC

The ERC is the independent, quasi-judicial regulatory body created under the EPIRA that replaced the Energy Regulatory Board. The ERC plays a significant role in the restructured industry environment, consisting of, among others, promoting competition, encouraging market development, ensuring consumer choice and penalizing abuse of market power by industry participants.

Among the primary powers and functions of the ERC are:

- to determine, fix and approve, after conducting public hearings, transmission and distribution wheeling charges and retail rates and to fix and regulate the rates and charges to be imposed by distribution utilities on their captive end-users, as well as the universal charge to be imposed on all electricity end-users, including self-generating entities;
- to grant, revoke, review or modify the certificates of compliance required of generation companies and the licenses required of suppliers of electricity in the contestable market;
- to enforce the Grid Code and Distribution Code, which shall include performance standards, the minimum financial capability standards, and other terms and conditions for access to and use of transmission and distribution facilities;
- to enforce the rules and regulations governing the operations of the WESM and the activities of the WESM operator and other WESM participants to ensure a greater supply and rational pricing of electricity;
- to ensure that the electric power industry participants and NPC functionally and structurally unbundled their respective business activities and rates and to determine the levels of cross-subsidies in the existing and retail rates until the same is removed in accordance with the different sectors;
- to set a lifeline rate for marginalized end-users;
- to promulgate rules and regulations prescribing the qualifications of suppliers which shall include, among others, their technical and financial capability and creditworthiness;
- to determine the electricity end-users comprising the contestable and Captive Markets;
- to fix user fees to be charged by TransCo/NGCP for ancillary services to all electric power industry participants or self-generating entities connected to the grid;
- to monitor and adopt measures to discourage or penalize abuse of market power, cartelization and any anticompetitive or discriminatory behavior by any electric power industry participant;
- to review and approve the terms and conditions of service of TransCo/NGCP and any distribution utility or any changes therein;
- to perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry; and
- to have original and exclusive jurisdiction over all cases that involve the contesting of rates, fees, fines and penalties imposed in the exercise of its powers, functions and responsibilities and over all cases involving disputes between and among participants or players in the energy industry relating to the foregoing powers, functions and responsibilities except cases which involve abuse of market power, cartelization and any anticompetitive or discriminatory behavior by any electric power industry participant.

Role of the DOE

In accordance with its mandate to supervise the restructuring of the electric power industry, the DOE exercises, among others, the following functions:

- preparation and annual updating of the Philippine Energy Plan and the Philippine Power Development Program, and thereafter integrate the latter into the former;
- ensuring the reliability, quality and security of the supply of electric power;
- exercise of supervision and control over all Government activities pertaining to energy projects;
- encouragement of private investment in the power industry and promotion of the development of indigenous and renewable energy sources for power generation;
- facilitation of reforms in the structure and operation of distribution utilities for greater efficiency and lower costs;
- promotion of a system of incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply; education of the public (in coordination with NPC, ERC, NEA and the Philippine Information Agency) on the restructuring of the industry and the privatization of NPC assets; and
- establishment of the WESM in cooperation with electric power industry participants, and formulating rules governing its operations.

Role of the Joint Congressional Power Commission

The Joint Congressional Power Commission created pursuant to the EPIRA consists of 14 members selected from the members of the Philippine senate and house of representatives. Its responsibilities and functions include, among others, the following:

- monitoring and ensuring the proper implementation of the EPIRA;
- endorsement of the initial privatization plan of PSALM for approval by the President of the Philippines;
- ensuring transparency in the public bidding procedures adopted for the privatization of the generation and transmission assets of NPC;
- evaluation of the adherence of industry participants to the objectives and timelines under the EPIRA; and
- determination of inherent weaknesses in the EPIRA and recommend necessary remedial legislation or executive measures.

Pursuant to Republic Act No. 11571 which was signed into law on July 6, 2021, Section 62 of the EPIRA was amended to enhance the powers and functions of the Joint Congressional Power Commission (now named Joint Congressional Energy Commission). Republic Act No. 11571 also conferred upon the Joint Congressional Energy Commission jurisdiction to exercise oversight functions over the implementation of all existing energy laws as of the date of effectivity of Republic Act No. 11571, except Republic Act No. 9367, otherwise known as the “Biofuels Act of 2006.”

Competitive Market Devices

WESM

The EPIRA mandates the establishment of the WESM, which is a pre-condition for the implementation of the RCOA, within one year from its effectivity. The WESM provides a venue whereby generators may sell power, and at the same time, suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two.

The rules and regulations of the WESM set the guidelines and standards for participation in the market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly) trading period. These rules also provide for a mechanism for setting electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On November 18, 2003, upon the initiative of the DOE, the PEMC was incorporated as a non-stock, non-profit corporation with membership comprising an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM and was tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules. Its primary purpose is to establish, maintain, operate and govern an efficient, competitive, transparent and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines in accordance with relevant laws, rules and regulations.

The WESM commercial operations in the Luzon Grid started on June 26, 2006. The Visayas Grid was integrated into the WESM on December 26, 2010.

In anticipation of the increase of supply condition in Mindanao, the DOE, through DOE Department Circular No. DC2017-05-0009, declared the launch of the WESM in Mindanao. Similar to the operations in Luzon and Visayas, WESM's primary function is to be the venue for efficient scheduling, dispatch, and settlement of energy withdrawal and injections in the Mindanao Grid. WESM commercial operations in the Mindanao Grid commenced on January 26, 2023.

As of December 2023, there were 439 wholesale membership participants and 2,137 retail membership entities registered at the WESM based on its 2023 Annual Report.

The PEMC and the IEMOP have executed an operating agreement to formalize the transfer of all functions, assets and liabilities associated with market operations from the PEMC to the IEMOP effective September 26, 2018. With the signing of the operating agreement, the IEMOP took over the market operations of the WESM, a function that was previously performed by the PEMC. Republic Act No. 9136 requires the PEMC to divest itself of this function in favor of a separate entity that is independent of the market participants. To comply with the requirement, on February 6, 2018, the market participants and the DOE Secretary approved the transition plan calling for the formation of an independent market operator and the transfer of the market operation functions to it. The IEMOP is a non-stock, non-profit corporation led by a board of directors, all of whom are independents and do not have any interest or connection to the WESM participants, that was incorporated and organized to implement the plan. Beginning on September 26, 2018, the IEMOP has been running the electricity market and, among other things, managing the registration of market participants, receiving generation offers, announcing market prices, dispatching schedules of the generation plants and handling billing, settlement and collections. Under the policy and regulatory oversight of the DOE and the ERC, the PEMC has remained as the governing body for the WESM to monitor compliance by the market participants with the market rules.

DOE recently amended the WESM Rules to, among others: (i) clarify the roles of PEMC as the governance arm of WESM and IEMOP as market operator, and the composition of their respective boards, (ii) include the system operator and market operator within the coverage of WESM Rules, (iii) require the market operator to report to the ERC, DOE, PCC and the PEMC any incidents of non-compliance by an WESM member, including any potential anti-competitive behavior, and (iv) establish the several committees of PEMC, including the WESM Compliance Committee to monitor compliance by IEMOP and system operator, and oversee the investigations of breaches of the WESM rules and market manuals. In June 2021, the DOE further amended the WESM Rules, as well as retail rules and various market manual for the implementation of enhancements to WESM design and operations to promote participation in the retail competition. In August 2021, the WESM Rules were further amended to harmonize WESM Rules, retail rules and Renewable Energy Market rules, and to enable the Renewable Energy Registrar to carry out its functions in issuing Renewable Energy Certificates by granting it rights of access to information that are vital to its operations. In December 2021, the WESM Rules were again amended through DOE Department Circular No. DC2021-12-0041 to clarify the responsibilities of the Compliance Committee, and to amend the clauses on Enforcement and Disputes and Designation of Compliance Officers. In the same circular, the Market Manual on the WESM Compliance Officers Certification and Registration was approved and adopted.

On February 24, 2021, the DOE adopted the WESM Industry Code of Ethics which is intended to supplement other regulatory issuances, promote professionalism and integrity, and prescribe general standards of behavior which ought to be followed by the WESM participants and members, IEMOP, the WESM governance arm, the PEMC board and the WESM governance committees.

Through DOE Department Circular No. DC2021-06-0015 ("**DC2021-06-0015**"), the DOE declared the commercial operation of the Enhanced WESM Design and Operations ("**EWDO**") effective June 26, 2021 in Luzon, Visayas and Mindanao. Except for certain instances where compliance with (i) dispatch conformance standards and (ii) posting of prudential requirements is relaxed, all WESM members and concerned electric power industry participants are required to comply with the provisions of DOE Department Circular No. DC2021-060015 and the WESM Rules and market manuals covering the EWDO. On July 30, 2021, the DOE issued Department Circular No. DC2021-08-0025 which set out the policies for the adoption of the WESM penalty manual for the implementation of EWDO.

In October 2021, the DOE further amended the WESM Rules and the market manual relating to the procedures and process for the approval of amendments to the WESM Rules and/or existing market manuals or adoption of new market manuals.

On December 21, 2021, the DOE issued Department Circular No. DC2021-12-0041 which further amended the WESM Rules and market manual on the certification and registration of WESM compliance officers.

In March 2022, the WESM Rules and various market manuals were further amended to reflect, among others, on prudential requirements for billing and settlement, de-registration and cessation of eligibility of a WESM member, clarifications on accounting of bilateral contracts, exceptions to confidentiality

undertakings for DOE and ERC, and provisions for audit and performance monitoring. The DOE further amended the WESM rules and various manuals in June 2022 to include, among others, additional steps that must be undertaken when a dispute arises between and/or among WESM members, the rules on registration, suspension, deregistration criteria and procedures. In October 2022, the DOE declared in a department circular that all renewable energy resources are considered preferential dispatch generating units in WESM.

The DOE adopted further amendments to the WESM rules and market manuals in November 2022 for the implementation of the reserve market. In December 2022, the DOE amended the WESM manual guidelines on the constitution of the Philippine Electric Market (PEM) Board committees.

In January 2023, the DOE introduced amendments to various WESM manuals to improve market resource modelling and monitoring, validation timeline adjustment for purposes of metering services, billing and settlement, and procedures for the implementation of the GEOP. In April 2023, amendments to DOE Department Circular No. DC2022-06-0022 on the application process of new WESM members were approved by the DOE, which amendments included guidelines for test and commissioning registration.

In July 2023, the DOE introduced further amendments to the WESM Rules and market manuals specifically with regard to the penalty framework for test and commissioning. In January 2024, various amendments to the WESM manual were approved by the DOE, including amendments relating to dispute resolution with respect to disputes under retail rules, provisions on maximum available capacity, and preferential dispatch on renewable energy generating units.

In June 2024, the WESM rules and market manuals were further updated to incorporate DOE issuances regarding reserve market compliance such as ancillary services monitoring.

In November 2024, the WESM Rules were further amended to incorporate DOE DC No. 2024-10-0030 on dispatch protocol and market surveillance regarding refinements to procedures during market intervention or market suspension.

WESM in Mindanao

In anticipation of the increase of supply condition in Mindanao, the DOE, through DOE Department Circular No. DC2017-05-0009, has declared the launch of the WESM. Similar to the operations in Luzon and Visayas, WESM's primary function is to be the venue for efficient scheduling, dispatch, and settlement of energy withdrawal and injections in the Mindanao Grid.

The PEMC has already initiated some preparatory activities in the upcoming WESM in Mindanao. During the first quarter of 2017, PEMC have conducted a series of public consultations. The WESM Trial Operation Program commenced on June 26, 2017 where its objective is to familiarize all Mindanao participants in the implementation of the WESM. Commercial operations of WESM in Mindanao commenced on January 26, 2023, allowing the efficient transfer and settlement of electricity exchanges through the Mindanao-Visayas Interconnection, a project of the DOE under the Transition Development Plan.

RCOA

The EPIRA likewise provides for a system of Open Access on transmission and distribution wires, whereby TransCo/NGCP and distribution utilities may not refuse the use of their wires by qualified persons, subject to the payment of distribution wheeling charges. The full commercial operation of RCOA in Luzon and Visayas commenced on June 26, 2013 with a total of 275 registered participants. Conditions for the commencement of such Open Access system are as follows:

- establishment of the WESM;
- approval of unbundled transmission and distribution wheeling charges;
- initial implementation of the cross-subsidy removal scheme;
- privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPPAs.

On June 6, 2011, pursuant to Resolution No. 10, Series of 2011, the ERC declared December 26, 2011 as the “Open Access Date” to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas. Accordingly, all electricity-end users with an average monthly peak demand of one MW for the 12 months preceding the Open Access Date, as certified by the ERC to be contestable customers, shall have the right to choose their own electricity suppliers.

To ensure smooth transition from the existing structure to RCOA, the ERC promulgated Resolution No. 16, Series of 2012, providing for a transition period from December 26, 2012 until June 25, 2013. However, the ERC effectively extended the transition period when it issued Resolution No. 11, Series of 2013, which allowed contestable customers to stay with their current distribution utility until December 25, 2013, or until such time that they were able to find a RES provided that it promptly informs the distribution utility of such fact. On June 19, 2015, the Department of Energy promulgated Department Circular No. DC2015-06-0010, which mandated contestable customers to secure their RSCs by June 25, 2016, including contestable customers with an average demand of 750 KW to 999 KW for the 12-month period preceding June 25, 2016.

With the implementation of the RCOA, the contestable markets (*i.e.*, under prevailing regulations, electricity end-users with monthly average peak demand of at least 500 KW) may choose where to source their electric power requirements and can negotiate with suppliers for their electricity. Likewise, certain end-users will be allowed to directly source power through the WESM or by entering into contracts with generation companies. This will encourage competition at the retail level and it is anticipated that retail competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

With the implementation of the RCOA, certain contracts entered into by utilities and suppliers may potentially be stranded. Stranded contract cost refers to the excess of the contracted cost of electricity under eligible contracts of NPC over the actual selling price of the contracted energy output of such contracts in the market. Under the EPIRA, recovery of stranded contract cost may be allowed provided that such contracts were approved by the Energy Regulatory Board (now the ERC) as of December 31, 2000.

In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC2017-12-0013 and DC2017-12-0014 encouraging eligible contestable customers to voluntarily participate in the RCOA.

Subsequently, the DOE issued DC 2019-07-11 (Amending Various Issuances on the Implementation of the RCOA), which provides that contestable customers may voluntarily register as a trading participant in the WESM and that it shall source its electricity supply requirements from ERC-licensed/authorized suppliers. On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, has been made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

On December 28, 2020, the ERC issued Resolution No. 12, series of 2020 dated December 3, 2020 entitled “A Resolution Prescribing the Timeline for the Implementation of Retail Competition and Open Access (RCOA)”. ERC Resolution No. 12, series of 2020, mandates that RCOA shall be effective in grids where the WESM is operational and a separate rule shall be issued for the implementation of RCOA in Mindanao. Further, all suppliers of electricity shall be licensed/authorized by the ERC to supply electricity in the competitive retail electricity market.

Under ERC Resolution No. 12, the coverage of the RCOA is expanded for end-users with an average monthly peak demand of at least 500kW in the preceding 12 months, on a voluntary basis, subject to the effectivity dates prescribed by ERC. Under ERC Resolution No. 12, qualified contestable customers, with existing electronic meters capable of recording and reading interval of time with built-in communication port for remote and manual data retrieval, shall be allowed to switch to the competitive retail electricity market starting February 26, 2021. Meanwhile, qualified contestable customers with

existing electronic meters capable of recording and reading interval of time, but which would need to be enhanced with a communication port for remote and manual data removal, shall be allowed to switch to the competitive retail electricity market upon completion of installations of such enhancements until March 28, 2021.

On March 1, 2024, the DOE declared March 26, 2024 as the commencement date of commercial operations of RCOA in the Mindanao Grid and set forth relevant guidelines relating thereto. In relation thereto, the ERC issued ERC Resolution No. 06, series of 2024, which provided that all electricity end-users in Mindanao with an average monthly peak demand of at least 500kW for the 12 months preceding March 26, 2024 shall be eligible to participate in the RCOA.

On November 20, 2025, the ERC issued ERC Resolution No. 22, Series of 2025, entitled “A Resolution Lowering the Eligibility Threshold for Retail Competition and Open Access (RCOA) and Retail Aggregation Program (RAP)”. ERC Resolution No. 22, Series of 2025 provides that the demand threshold for eligibility to the CREM/RCOA and RAP shall be the average monthly peak demand of at least 100kW.

Unbundling of Rates and Removal of Cross Subsidies

The EPIRA mandates that distribution wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross-subsidies shall be phased out within a period not exceeding three years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one year if it determines that there will be a material adverse effect upon the public interest or an immediate, irreparable and adverse financial effect on a distribution utility.

These arrangements are now in place, in satisfaction of the conditions for the RCOA.

The EPIRA likewise provides for a socialized pricing mechanism called a lifeline rate to be set by the ERC for marginalized or low-income captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users are exempt from the cross-subsidy phase-out for a period of ten years, which exemption was extended until 2021 under Republic Act No. 10150. On May 27, 2021, President Duterte signed into law Republic Act No. 11552, which further amended the EPIRA by extending the implementation of the lifeline rate until 2051, unless extended by law. The amendatory law also specified the qualified marginalized end-users who are entitled to the lifeline rate, namely, (i) qualified household-beneficiaries under the *Pantawid Pamilyang Pilipino* Program of the Philippine government whose level of consumption are within the threshold determined by the ERC, and (ii) marginalized end-users who have been certified and continually validated as such by their distribution utility based on a criteria determined by the ERC.

Implementation of the Performance-Based Regulation (“PBR”)

The ERC issued the Rules for Setting Distribution Wheeling Rates that apply to privately owned distribution utilities entering PBR, which set out the manner in which the new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR is intended to replace the return-on-rate-base regulation that has historically determined the distribution charges paid by the distribution companies’ customers. Under the PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period will be set by reference to projected revenues determined through a set regulatory asset base, the efficiency of the distribution utility and the latter’s capital, all of which are reviewed and approved by the ERC and used by the ERC to determine the efficiency factor of a distribution utility. For each year during the regulatory period, the distribution charge of a distribution utility is adjusted upwards or downwards taking into consideration the efficiency factor of the utility set against changes in overall consumer prices in the Philippines. The ERC has also implemented a performance incentive scheme whereby annual rate adjustments under PBR will also take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the average time to provide connections to customers and the average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

Competitive Selection Process

Under prevailing regulations, DUs and ECs are mandated to undertake a CSP in the procurement of PSAs to ensure the security and certainty of electricity prices of electric power in the long-term.

On February 1, 2018, the DOE issued the DOE CSP Policy, which sets forth the department's policy on the conduct of CSP in the procurement by DUs and ECs. Under the DOE CSP Policy, all PSAs are required to be procured through the CSP, except in the following instances: (i) generation project owned by the DU funded by grants or donations; (ii) negotiated procurement of emergency power supply with a cooperation period not exceeding one year; (iii) provision of power supply by any mandated government owned and controlled corporations for off-grid areas prior to, and until the entry of new power providers in the area; and (iv) provision of power supply by PSALM through bilateral contracts. In the event the CSP fails twice, and there is no outstanding dispute on the conducted CSP, the DU or EC may use direct negotiation for purposes of procuring the relevant PSA. While the DOE CSP Policy effectively revoked the authority of the ERC to issue supplemental guidelines and procedures relating to implement the CSP, the DOE directed the ERC to: (i) establish and impose existing fines and/or penalties for non-compliance with the DOE CSP Policy, (ii) review compliance with the requirements of CSP, (iii) develop a template PSA to be used with electric power industry participants, and (iv) develop rules and procedures to address disputes arising from the conduct of the CSP.

On September 24, 2021, the DOE issued DC 2021-09-0030 amending and supplementing certain provisions of the DOE CSP Policy. Under the DOE CSP Policy, as amended by DC 2021-09-0030, DUs and ECs shall, as a general rule, adopt competitive public bidding. However, alternative methods of procurement may be resorted to subject to the conditions provided therein. DC 2021-09-0030 also introduced procurement through unsolicited proposal as an alternative mode of procurement. In any given year, the capacity to be procured through unsolicited proposal shall not exceed 25% of the DU's or EC's peak demand for the year of the commercial operations of such unsolicited proposal, less any capacity procured through unsolicited proposal for commercial operations in the same year.

On June 30, 2023, the DOE issued Department Circular No. DC 2023-06-0021, promulgating the policy for the mandatory conduct of the competitive selection process by the distribution utilities for the procurement of power supply for their captive market (the "**CSP Rules**"), with the intention of simplifying the CSP procedure. The CSP Rules repealed the following department circulars of the DOE: DC2015-06-0008; DC2018-02-0003; DC2021-090030; and DC2022-06-0027. Under the CSP Rules, all power supplied under bilateral contracts shall be procured through CSP, except in the following instances: (i) provision for power supply by the NPC in off-grid areas prior to and until the entry of new power providers ("**NPPs**") or in emergency circumstances; (ii) provision for power supply by the PSALM through bilateral contracts for power produced from the undisposed generating assets and contracts with an independent power producer; (iii) power supply procured by any DU exercising the Opt-in Mechanism under the Green Energy Auction Program; (iv) supply to any DU from any generating plant embedded in its franchise area utilizing renewable energy resources wherein the contracted capacity of the embedded generation plant/s shall not exceed 10 MW per DU; (v) negotiated procurement of emergency power supply wherein the emergency power supply agreement shall be filed with the ERC within 30 calendar days after the occurrence of the force majeure, without need of any prior DOE clearance and with a maximum and non extendible period of one year from execution; and (vi) off-grid areas served or to be served by NPPs with less than 1 MW demand with 24-hour electricity service not covered by (i).

Pursuant to Department Circular No. DC2024-06-0018, the DOE issued Department Circular No. DC 2025-120029 on December 22, 2025 to provide specific guidelines for the conduct of, and award of renewable energy service contracts ("**RESCs**") under an open and competitive selection process ("**OCSP**"). DC 2025-12-0029 further established the Review and Evaluation Committee which has been mandated to examine, evaluate, and review the completeness of applications of renewable energy applicants to participate in the OCSP, including their legal, technical, and financial qualifications and/or capabilities.

Reduction of Taxes and Royalties on Indigenous Energy Resources

To equalize prices between imported and indigenous fuels, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous

sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the IRR, then President Arroyo issued Executive Order No. 100, s. 2002, to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

Framework for Energy Storage System in the Electric Power Industry

DOE Department Circular No. DC2019-08-0012 dated August 1, 2019 sets forth the framework for energy storage systems in the electric power industry in the Philippines (the “**ESS Framework**”). An energy storage system (“**ESS**”) refers to a facility acting as a load and a generator, which is designed to receive, store and convert such energy to electricity. ESS technologies include BESS, compressed air energy storage, flywheel energy storage, pumped-storage hydropower, and other emerging technologies that may be identified, qualified and approved by the DOE as ESS.

Under the ESS Framework, the following electric power industry participants may own and operate ESS: (i) generation companies, either as a stand-alone generating facility or an integrated ESS in its existing generating facilities; (ii) directly connected customers, for the purpose of managing their energy demands; (iii) end-users, for the purpose of managing their energy demands; (iv) qualified third parties, in conjunction with renewable energy-based generating facilities or as part of hybrid power systems to provide continuous electric service to households in the form of either a micro-grid or a distributed energy resource. Transmission network provider, small grid owner, system operator and system operator-small grid are prohibited from owning and operating an ESS. Further, the Transmission network provider is required to consider BESS as an alternative solution in addressing transmission issues such as line congestion and to consider ESS applications to defer network upgrades. In addition, the system operator is directed to optimize the addition of BESS (or ESS) into its ancillary services pool and prioritize environmentally friendly sources of energy.

Under the ESS Framework, ESS proponents shall apply and register their ESS for one or more of the following purposes:

- provision of ancillary services;
- provision of energy through bilateral supply contract or trading in the WESM;
- manage the penetration of renewable energy;
- auxiliary load management for generation companies;
- transmission/distribution facility upgrades deferment;
- transmission congestion relief;
- end-user demand management;
- distribution utility demand management; and
- distribution utility power quality management.

An ESS that provides frequency regulation, as part of the ancillary services, must be at least 20 MW for the Luzon Grid and at least 5 MW for the Visayas and Mindanao Grids.

All ESS proponents are required to secure (i) a Certificate of Compliance as a generation company from the ERC pursuant to existing guidelines on licensing of generation facilities; (ii) an environmental compliance certificate or any other equivalent document from the DENR; and (iii) other requirements by relevant government agencies pursuant to their existing guidelines. Distribution utilities that intend to enter into a PSA with ESS proponents for the supply of electricity to its captive customers shall observe (a) market share and bilateral contract limitations under Section 45 of the EPIRA; and (b) the DOE CSP Policy.

All ESS facilities shall comply with the rules and regulations on safety, health, environmental standards and proper disposal enforced by appropriate government agencies. In addition, ESS facilities connected to the transmission system as well as ESS connected to the distribution system with capacity equal to or above the following regional thresholds:

- 10 MW for Luzon Grid;
- 5 MW for Visayas Grid; and

- 5 MW for Mindanao Grid.

are mandated to register in the WESM and shall be classified under the generation company category, in accordance with the WESM rules and market manuals. All ESS integrated in generation facilities of generation companies are required have a separate registration in the WESM and shall comply with the requirements on separate metering and monitoring facilities, among others.

Government Approval Process

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a national franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a certificate of compliance from the ERC to operate facilities used in the generation of electricity. A certificate of compliance is valid for a period of five years from the date of issuance.

In addition to the certificate of compliance requirement, a generation company must comply with government-prescribed technical, financial capability, health, safety and environmental standards. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and Distribution Code promulgated by the ERC. In this connection, the ERC has issued guidelines setting the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service capability ratio (which measures the ability of the power generation company to service its debts) of 1.5x throughout the period covered by its certificate of compliance. For certificate of compliance applications and renewals, the guidelines require the submission to the ERC of, among other things, a schedule of liabilities, and a five-year financial plan. For the duration of the certificate of compliance, the guidelines also require a generation company to submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be grounds for the imposition of fines and penalties.

With the introduction of RCOA, the rates charged by a generation company are no longer regulated by the ERC, except rates for Captive Markets (as determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local Government authorities, relating to, among others, site acquisition, construction and operation, including environmental-related licenses and permits.

In October 2020, DOE Secretary Alfonso G. Cusi announced that the periodic assessment of the country's energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants.

On January 11, 2021, the DOE issued an advisory dated December 22, 2020 with subject "Moratorium of Endorsements for Greenfield Coal-Fired Power Projects in Line with Improving the Sustainability of the Philippines' Electric Power Industry." Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters will not be affected by the moratorium:

- (i) committed power projects;
- (ii) existing power plant complexes which already have firm expansion plans and existing land site provision; and
- (iii) indicative power project with substantial accomplishments, specifically:
 - with signed and notarized acquisition of land or lease agreement for the project; and
 - with approved permits or resolutions from local government units and the relevant regional development council where the power plant will be located.

On 14 October 2025, the DOE issued an advisory with the subject “Clarification on the Non-Coverage to the Coal Moratorium Policy.” Under this advisory, the DOE outlined non-coverage to the coal moratorium, specifically, (i) industrial parks intending to develop and use coal-fired power plants for their own operations, (ii) coal power for mining and processing of critical minerals essential to energy transition projects, (iii) coal-fired power projects to be located in off-grid areas, and (iv) new capacity from on-grid coal-fired power plants solely under exceptional circumstances (such as during a declared or imminent power crisis, or when there is an imminent shortage of electricity supply that, if unaddressed, may lead to severe impacts in specific areas or regions, as determined by the DOE).

Ancillary Services

Under the EPIRA, NGCP has the obligation to ensure and maintain the reliability, adequacy, security, stability and integrity of the grid in accordance with the performance standards for its operations and maintenance, as set forth in the Grid Code, and to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services through the transmission system.

In the performance of its functions as the grid system operator, NGCP requires ancillary services to ensure the power quality and stability of the grid. Ancillary services, as defined in Section 4(b) of the EPIRA, are services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with the good utility practice and the Grid Code. These are support services to provide frequency control and include Primary Reserve, Secondary Reserve, and Tertiary Reserve.

In order to maintain the security and integrity of the grid, the system operator shall operate the grid in such a manner as to provide adequate frequency control to achieve operations within frequency limits at all times. Achieving effective frequency control requires the following ancillary services which are differentiated depending on their response time and sustainability.

- Primary Reserve Ancillary Service (“**PRAS**”). This reserve shall cover sudden outage or failure of synchronized generating unit or transmission line links or the power import from a single circuit interconnection, whichever is larger. The capacity of the PRAS provider should not be used in the regular energy supply but can be set to respond on small variations to system frequency to support the Secondary Reserves.
- Secondary Reserve Ancillary Service (“**SRAS**”). The system operator through AGC shall use the Secondary Reserve to restore the system frequency from the quasi-steady state value as established by the Primary Response and Reserve of generating units back to the nominal frequency of 60 Hz during contingent event. Small variations to system frequency to support the balance through Governor Control Mode (“**GCM**”) may be initiated. Where the Automatic Generation Control (“**AGC**”) function of the system operator is not fully operational, dispatcher may instruct the generator to transfer to GCM as well. SRAS should be controlled by the system operator through AGC with various AGC modes and frequency deadband settings in order to regulate the system frequency and the speed governing system shall be capable of accepting raise and lower signals or set point signals from the Control Center of the system operator.
- Tertiary Reserve Ancillary Service (“**TRAS**”). The capacity of the qualified generating units offered for this Ancillary Service should not be part of the regular energy supply and can either be synchronized to respond within 15 minutes or off-line provided that it can fully provide the required reserve within 30 minutes from the receipt of dispatch instruction. The Tertiary Reserve provider should be able sustain its contributed capacity for at least 60 minutes. If and only if, the Primary and Secondary Reserves have been exhausted, the system operator shall make use of the Tertiary Reserve to return/maintain the system frequency to 60Hz in cases of: tripping of a generating unit or a transmission line which creates generation-load unbalance, unplanned loss of the power import, disconnection of a large load or load blocks, system frequency increases above 60.1 Hz or reduces below 59.9 Hz and it is not possible to return it to nominal values with appropriate use of the Primary and Secondary Reserves. TRAS should be capable of operating through AGC or manual mode and shall be monitored and controlled by the system operator.

To implement and regulate the procurement of ancillary services, the ERC approved the Ancillary Services Procurement Plan (the “**ASPP**”) and the Ancillary Services — Cost Recovery Mechanism (the “**AS-CRM**”) on March 9, 2006 and October 3, 2007, respectively. Under the AS-CRM, NGCP secures Ancillary Services through the ASPA with qualified generation companies. For ancillary services arranged via the ASPA, the OATS Rules, the ASPP and the AS-CRM will be applied.

All ancillary services contracted by NGCP from qualified generators will be recovered through rates and charges from the generation customers, embedded generation customers and load customers, where applicable, subject to approval of the ERC.

ASPAs require the substantial completion of the project prior to contracting with the NGCP and are subject to ERC approval. These are generally for a term of five years, extendible for another five years with relatively standard rates, particularly for regulating reserves.

Under prevailing DOE regulations, the system operator (or NGCP as the current concessionaire of TransCo) is mandated to conduct CSP for its ASPAs in accordance with the guidelines promulgated by the DOE. On October 4, 2021, DOE issued DC2021-10-0031 which prescribes the policy for the transparent and efficient procurement of ancillary services by the system operator and requires that all ASPAs shall be entered into by NGCP in accordance with the competitive procurement mechanisms provided thereunder. DC2021-10-0031 provides that within six months from effectivity thereof, NGCP shall conduct a CSP for the procurement of ancillary services for a contract period of a maximum of five years. Direct negotiation may be made after at least two CSPs, provided that there is no outstanding dispute on the conducted CSP. The ERC, in the exercise of its powers and functions under the EPIRA shall have the power to review whether the parties have complied with the requirements of CSP for ancillary services. All non-firm ASPAs not converted to firm ASPAs upon effectivity of DC2021-10-0031 shall be valid and effective. However, for purposes of dispatching of ancillary services, the firm ASPAs will be prioritized.

Philippine Downstream Natural Gas Regulations

On November 28, 2017, DOE issued DC2017-11-0012 which provides the rules and regulations governing the Philippine Downstream Natural Gas Industry (“**PDNGI**”). DC2017-11-0012 sets forth the rules and regulations for siting, design, construction, expansion, rehabilitation, modification, operation, and maintenance of the downstream natural gas industry value chain. DC2017-11-0012 covers all downstream natural gas facilities and the operations or activities relating thereto, such as importation of LNG, storage, regasification, transmission and distribution to customers including the pipeline and its related facilities used to transport natural gas, as well as the operations or activities related thereto after the point of sale up to the last connection point to the customers.

Under DC2017-11-0012, no person, natural or juridical, shall construct, expand, rehabilitate, modify, operate or maintain a downstream natural gas facility unless authorized to do so by the DOE. Further, a person who intends to engage in the importation of any quantity of natural gas shall apply for accreditation with the Oil Industry Management Bureau of the DOE (“**DOE-OIMB**”). Prior to any importation, the accredited importer shall send a pre-importation notice to DOE-OIMB within the required period prior to loading of every importation. Upon compliance with the pre-importation requirements of the DOE, the DOE-OIMB shall issue an Acknowledgement to Import LNG which shall serve as primary authority for the accredited importer to import the specified quantity of LNG. Post-importation notice shall be submitted to the DOE-OIMB not later than 20 working days after unloading of every importation.

Retail prices of natural gas converted from LNG shall be deregulated. However, such retail price is required to be unbundled to the extent of reflecting the following basic pricing components: (i) Landed Cost of the natural gas; and (ii) Tolling Fee. The term “Landed Cost” refers to the cost of imported LNG upon delivery to the Philippines, which consists generally of the total of free on board, insurance, freight cost, currency conversion, custom duties, taxes, port-related fees, and other applicable fees. The “Tolling Fee” is composed of capacity payments, operating expenses, taxes and other incidental costs used for receiving, storage, and regasification of LNG into natural gas form usable as fuel and its delivery to the customer or buyer.

Excess capacity of the LNG import terminal facilities, transmission system (i.e., the pipeline and related facilities used to transport LNG extending between the connections from the gathering facilities to the last connection point before the distribution system), distribution system (i.e., the pipeline and related facilities used to transport LNG extending between the last delivery points of the transmission system to the last connection point to the customer) and other services offered by the grantee of a permit to operate and maintain under DC2017-11-0012 (the **"POM Grantee"**) shall be available and accessible to third parties on a transparent and non-discriminatory basis. The term "capacity" is defined under DC2017-11-0012 as the "maximum capacity of the natural gas facility to provide the services for which that natural gas facility is developed, expressed in normal cubic meters per time unit or in energy unit per time."

As of the date hereof, the guidelines for third party access has yet to be issued by the DOE. Such guidelines shall however be based on the principles espoused under Section 1, Rule 8 of the DC2017-11-0012 which focuses primarily on transparency and encouraging competition to provide efficiencies and lower costs and prices to consumers. Under DC2017-11-0012, the POM Grantee shall determine, subject to the review and recommendation of the DOE's Downstream Natural Gas Review and Evaluation Committee and approval of the DOE Secretary, the maximum and excess capacity of the natural gas facilities to be offered to third parties. The POM Grantee shall allocate such excess capacity based on, but not limited to, the following criteria, as they pertain to the third-party user:

- (a) proposed contract price and terms;
- (b) credit-worthiness;
- (c) existence of offtake facility; and
- (d) ability to meet fuel specification parameters of the LNG facility.

On February 1, 2019, the DOE issued DC2019-02-004, requiring all entities engaged in the business of importing, trading, supply and distribution of natural gas to comply with the specifications of PNS/DOE QS 011:2016 "Petroleum gases — Natural gas — Quality Specification". Non-compliance with the foregoing requirement shall be a ground for the suspension or cancellation of the accreditation and the non-issuance of Acknowledgement to Import for succeeding applications.

On January 12, 2024, the DOE issued Department Circular No. DC 2024-01-007, or the "Amended Philippine Downstream Natural Gas Regulations" (the **"Amended PDNGR"**). Under the Amended PDNGR, no person, natural or juridical, shall construct, expand, rehabilitate, modify, operate or maintain a downstream natural gas facility unless authorized and issued with a permit in accordance with the guidelines for issuance of operator's permit. The Amended PDNGR also provides, among others, that no natural or juridical person shall conduct trade of natural gas through a downstream natural gas facility unless a downstream natural gas facility unless authorized, and issued an accreditation, by the DOE in accordance with the guidelines for issuance of participant's accreditation. A person who intends to engage in the supply, aggregation and resale (including importation) of any quantity of natural gas shall apply for accreditation with the Oil Industry Management Bureau of the DOE (**"DOE-OIMB"**).

The entire capacity of a downstream natural gas facility of an accredited operator may, in its discretion, be offered for a third-party access. An accredited downstream natural gas facility operator may also publicly offer its entire or a portion of its capacity to, or enter into a negotiated third-party access arrangement with, third-party end user or non affiliates. The public offer or negotiated agreement for third-party access shall be done in accordance with the guidelines set forth in the Amended PDNGR.

Regulations relating to energy projects of national significance

On June 28, 2017, President Duterte issued Executive Order No. 30 (**"EO 30"**) which created the Energy Investment Coordinating Council (the **"EICC"**) in order to streamline the regulatory procedures affecting energy projects. In the said order, the President declared that it is the policy of the Philippine Government to ensure a continuous, adequate and economic supply of energy; and, accordingly, an efficient and effective administration process for energy projects of national significance (**"EPNS"**) should be developed in order to avoid unnecessary delays in the implementation of the Philippine Energy Plan (**"PEP"**).

The EICC is mandated to spearhead and coordinate national government efforts to harmonize, integrate and streamline regulatory processes, requirements and forms relevant to the development of

energy investments in the country, primarily with regard to EPNS, to uphold transparency and accountability among concerned agencies. The rules, regulations and processes to be agreed upon within the EICC and to be adopted by its member-agencies shall adhere to the following baselines with regard to EPNS:

- *Presumption of prior approvals* — Government agencies and instrumentalities that receive an application for a permit involving EPNS shall process such applications without awaiting the action of any other agency. The processing agency shall act on the presumption that the relevant permits from other government agencies had already been issued.
- *Action within 30 days* — Government agencies and instrumentalities shall act upon applications for permits involving EPNS within a specified processing timeframe not exceeding 30 days from the submission of complete documentary requirements. Should such application be denied, the denial should be made in writing, expressly providing the grounds therefor. If no decision is made within the specified processing timeframe, the approving authority may no longer deny the application and shall issue the relevant permit within five working days after the lapse of such period.

No deviation from the baselines shall be allowed except when absolutely necessary either to enable an agency to comply with specific statutory directive or to avoid prejudicing the public interest. The procedures for the issuance of environmental compliance certificates which may be required for EPNS shall be among the matters to be discussed within the EICC.

On April 25, 2018, the DOE issued Department Circular No. 2018-04-0013, setting for the implementing rules and regulations of EO 30. The rules provide, among others, that a project registered with the DOE as an EPNS is entitled to the following rights, among others: (i) processing time of 30-working days upon submission to the relevant government agency of complete documentary requirements, (ii) to have its application processed, without awaiting the action of other government agencies where such action is a precondition to such application, (iii) on the assumptions that the submitted requirements are complete in substance and form, actions to be taken for the project must not exceed 30 working days and (iv) upon the determination of any defect or lapses in substance and form of the submitted documents, the project proponent shall be notified and will be given appropriate time to take the necessary actions. The foregoing rights extend to associated infrastructure of the project registered as an EPNS.

The DOE, in its December 10, 2020 advisory, suspended the issuance of certificate of EPNS to allow the evaluation of the effectiveness of such certificate in terms of securing regulatory permits, licenses, endorsements, and other requirements relevant to the timely development and completion of an EPNS. On October 31, 2023, the DOE issued an advisory with respect to the renewed issuance of certificates of EPNS, in addition to current mechanism and platforms under the EVOSS system and other existing laws, rules and regulations to further streamline the processing of permitting and licensing of energy projects and thereby ensure their timely implementation.

On April 1, 2024, the DOE issued Department Order No. 2024-04-0003 providing for the revised framework and guidelines for the processing of applications for a certificate of EPNS. Department Order No. 2024-04-0003 provides, among others, that all applications shall be submitted to the DOE Investment Promotion Office, which shall commence initial evaluation of completeness of documentary submissions, subject to further technical evaluation of relevant bureaus within the DOE, depending on the type of the project.

Under Department Order No. 2024-04-0003, major energy projects that may be identified and certified as EPNS shall be those found under the Philippine Energy Plan or those that are consistent with the policy and goals specified therein for the following:

- (a) Upstream and downstream sectors – exploration, development, production, utilization, commercialization, and application of energy resources, either conventional or non conventional, including associated facilities and processes;
- (b) Power sector – power generation, transmission, distribution, and ancillary services;
- (c) Electric vehicles and alternative energy sources – development and promotion of electric vehicles, alternative energy sources, and technologies and their application; or
- (d) All other energy projects, programs, and endeavors identified by the DOE.

A project must have the following attributes to be certified as EPNS:

- (a) significant capital investment of at least ₱3.5 billion;
- (b) significant contribution to the country's economic development, provided that this pertains to the potential of the project to promote to greater access to energy and energy supply security of the country;
- (c) significant consequential economic impact, provided that this pertains to the potential of the project to generate jobs, employment and increase revenues for the government, among others;
- (d) significant potential contribution to the country's balance of payments, provided that this refers to the potential of the project to contribute to the inflow of foreign investment capital;
- (e) significant impact on the environment, provided that this pertains to the potential of the project to contribute to sustainability with minimal adverse effects to the environment;
- (f) significant complex technical processes and engineering designs, provided that these refer to projects involving newly developed or pioneering energy systems and/or technologies; and
- (g) significant infrastructure requirements, provided that the project has associated infrastructure.

A holder of a certificate of EPNS shall be entitled to, among others, an expedited processing time under the periods prescribed by the EVOSS Act or EO 30, as applicable, upon submission of the complete documentary requirements to relevant agencies and entities, without awaiting the action of other government agencies involved in the processing. A holder of a certificate of EPNS applying for a permit with a government agency shall be presumed to have been issued all relevant permits from other government agencies. This extends only insofar as the permitting process with the said government agency is concerned. In addition, the certificate of EPNS shall be equivalent to the endorsement of the DOE for the permitting by government agencies of energy projects. If there is any defect or place in the substance and form of the documents submitted by the holder of a certificate of EPNS, it shall be notified and be given time to rectify the same. If its application is denied, the holder of a certificate of EPNS shall be entitled to a written explanation from the government agency which should contain the reasons or grounds for the denial.

Energy Virtual One-Stop Shop ("EVOSS")

On March 8, 2019, Republic Act No. 11234, otherwise known as the "Energy Virtual One-Shop Act" (the "**EVOSS Act**"), was signed into law establishing an energy virtual one-stop shop under the supervision of the DOE. The EVOSS is a web-based system that allows the coordinated submission and synchronous processing of all required data and information and provides a single decision-making portal for actions on applications for permits and/or certifications necessary for, or related to, an application of a proponent for new power generation, transmission or distribution projects.

Under the EVOSS Act, the relevant government agencies have the obligation to ensure that all actions on applications before it and its attached bureaus, offices, and agencies, at both the national and local levels, government-owned and -controlled corporations as well as local government units and other entities involved in the permitting process shall be released within the time frames stated in the EVOSS Act. Failure of the mother agency and its attached bureaus, offices, and agencies at both the national and local levels, including government-owned and -controlled corporations as well as local government units and other entities involved in the permitting process, to release its action on applications duly submitted with complete supporting electronic documents within the prescribed time frame shall cause applications to be deemed approved, provided that such deemed approval shall not apply to actions by DENR and ERC on applications by fossil fuel-based technologies such as coal, natural gas, and oil.

The EVOSS Act mandates participation and compliance by all government agencies and other relevant entities involved in the permitting process of all new power generation, transmission and distribution projects. A government's official and/or employee's willful refusal to participate in the EVOSS and failure to comply with the mandated time frames as provided in the EVOSS Act and its implementing rules, or as imposed by the EVOSS steering committee, shall be considered an administrative offense, and may be penalized with suspension without pay or dismissal and perpetual disqualification from public service, as applicable, without prejudice to the filing of criminal, civil or other related charges under existing laws, as may be appropriate.

The EVOSS Steering Committee, the inter-agency body created by the EVOSS Act which was tasked to streamline the process flow of the permitting process for energy-related projects and to set up the EVOSS, was dissolved by operation of law on March 30, 2021, or two years from the effectivity of the EVOSS Act. On July 2, 2021, President Duterte issued Executive Order No. 143, series of 2021, creating the EVOSS Task Group to oversee the continued implementation of EVOSS and its implementing rules and regulations. The task force shall exercise the same functions and powers as the EVOSS Steering Committee, as provided under the EVOSS Act, and other additional functions such as monitoring and ensuring the increasing operationalization of EVOSS.

Registration under the BOI

Under the Executive Order No. 226, otherwise known as the Omnibus Investments Code, as amended, a BOI-registered enterprise enjoy certain incentives, both financial and non-financial, provided such enterprise invests in preferred areas of investment enumerated in the Investment Priorities Plan annually prepared by the Government. However, prior to registration with the BOI, the enterprise must first satisfy the minimum equity required to finance the project applied equivalent to 25% of the estimated project cost, or as may be prescribed by the BOI. Such incentives include: (i) income tax holiday, (ii) exemption from taxes and duties on imported spare parts; (iii) exemption from wharfage dues and export tax, duty, impost and fees; (iv) reduction of the rates of duty on capital equipment, spare parts and accessories; (v) tax exemption on breeding stocks and genetic materials; (vi) tax credits; (vii) additional deductions from taxable income; (viii) employment of foreign nationals; (ix) simplification of customs procedure; and (x) unrestricted use of consigned equipment.

On April 12, 2019, Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act, was enacted. Under the said law, upon certification by the DOE, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to the incentives provided under Executive Order No. 226, as amended, and any other applicable laws for 10 years from the effectivity of the Act. Said energy efficiency projects shall also be exempt from the requirements provided under Article 32(1) of Executive Order No. 226. Energy efficiency projects refer to projects designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used in any building, facility, or vehicle including the manufacturing and provision of services related thereto: provided, that such projects shall be cost-effective and shall lead to lower energy or utility costs during operation and maintenance.

In view of the effectivity of the CREATE MORE Act (which took effect on November 28, 2024), registered business enterprises with incentives granted prior to the effectivity of the CREATE Law shall be subject to the following rules:

- (i) registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of the law shall be allowed to continue to avail of the income tax holiday for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the income tax holiday but have not yet availed of such incentive upon the effectivity of the law may use the income tax holiday for the period specified in the terms and conditions of their registration;
- (ii) registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the law and that are entitled to 5% tax on gross income earned incentive after the income tax holiday shall be allowed to avail of the 5% tax on gross income incentive subject to the 10-year limit under the CREATE Law; and
- (iii) registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the law shall be allowed to continue of such tax incentive for 10 years.

The implementing rules and regulations of the CREATE MORE Act was signed on February 17, 2025, and became effective on February 20, 2025.

The Renewable Energy Act

The Renewable Energy Act of 2008 (Republic Act No. 9513) aims to promote development and commercialization of renewable and environment-friendly energy resources such as biomass, solar,

and wind through various tax incentives. Some of the tax incentives granted to renewable energy developers under the said law include (i) a seven-year income tax holiday; (ii) duty free importation of renewable energy machinery, equipment, and materials; (iii) special realty tax rates on equipment and machinery; (iv) zero percent VAT rate for power generated from these energy sources; and (v) the imposition of a reduced corporate tax of 10% on its net taxable income after the income tax holiday.

The RE Act establishes the framework for the accelerated development and advancement of renewable energy resources as well as the development of a strategic program to increase its utilization. The RE Act defines renewable energy resources as energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and their renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower conforming to internationally accepted norms and standards on dams, and other renewable energy technologies.

The DOE is the lead agency mandated to implement the provisions of the law.

On October 1, 2019, the DOE issued DC 2019-10-0013 which provided the omnibus guidelines governing the award and administration of renewable energy contracts and the registration of renewable energy developers. DC 2019-10-0013 became effective on November 22, 2019, or 15 days after its publication in two newspapers of general circulation. DC 2019-10-0013 primarily harmonized the existing guidelines and procedures governing the transparent and competitive system of awarding renewable energy contracts and registration of renewable energy projects.

Under DC 2019-10-0013, renewable energy contracts (i.e., service agreements between the government and a renewable energy developer which grant to the developer the exclusive right to explore, develop, or utilize the renewable energy resource within a particular area) shall be awarded through open and competitive selection process or direct application. The open and competitive selection process shall be adopted for the selection and award of the service contracts for pre-determined areas covering any type of resource for commercial purposes. On the other hand, direct application shall be available for the selection and award of (i) renewable energy operating contracts (i.e., service agreements for the development and/or utilization of renewable energy resources which, due to their technical characteristics need not go through pre-development stage); (ii) service contracts covering pre-determined areas following a failed open and competitive selection process; and (iii) service contracts for areas identified by the applicant and verified with and confirmed by the DOE-Information Technology Management Services as available for exploration, development and/or utilization of the proposed renewable energy resource.

On December 24, 2021, DOE issued DC2021-12-0042 which prescribed amendments to the rules and regulations implementing the RE Act. Among the amendments introduced is the requirement for registered renewable energy developers to submit a sworn undertaking to pass on the savings, which are derived from income tax incentives under the RE Act, to the end-users in the form of lower power rates. For purposes of availment of incentives under the RE Act, renewable energy developers must remain in good standing as determined based on specific criteria, such as, but not limited to: (i) compliance with obligations under the RE Act, its implementing rules and regulations and other applicable law; (ii) compliance with directives of DOE; (iii) compliance with pre-registration/registration conditions required by DOE; (iv) compliance with reportorial requirements; and (v) remittance of government shares and payment of applicable financial obligations. Failure by renewable energy developers to comply with the abovementioned criteria shall be sufficient ground for termination or cancellation of its renewable energy contract and certificate of registration.

On August 16, 2021, the ERC issued Resolution No. 08, series of 2021, dated April 22, 2021 entitled "A Resolution Adopting the Rules for the Green Energy Option Program." Issued pursuant to DOE Department Circular No. 2018-07-0019, this Resolution provides the necessary regulatory framework to operationalize Section 9 of the RE Act which calls for the establishment of a Green Energy Option Program ("GEOP") which provides end-users the option to choose RE resources as their sources of energy. The GEOP allows eligible end-users to directly contract with a renewable energy supplier for their electricity needs. Eligible end-users currently include those with a monthly average peak demand of 100 KW and above, for the past 12 months.

On June 4, 2024, the DOE issued Department Circular No. DC2024-06-0018 which set forth the revised omnibus guidelines governing the award and administration of RE Contracts and the registration of RE developers (the “**Revised Omnibus Guidelines**”). The Revised Omnibus Guidelines integrates issuances and recent policies of the DOE for an effective and efficient award and administration of RE Contracts and the registration of RE developers. Under the Revised Omnibus Guidelines, RE Contracts (i.e., service agreements between the government and an RE developer which grant to the developer the exclusive right to explore, develop, or utilize the RE resource within a particular area) shall be awarded through two methods: (i) open and competitive selection process; or (ii) direct application. The open and competitive selection process shall be adopted for the selection and award of the service contracts for pre-determined areas covering any type of resource for commercial purposes. On the other hand, direct application shall be available for the selection and award of (i) RE operating contracts (i.e., service agreements for the development and/or utilization of RE resources which, due to their technical characteristics, need not go through pre-development stage); (ii) service contracts covering pre-determined areas following a failed open and competitive selection process; and (iii) service contracts for areas identified by the applicant and verified with and confirmed by the DOE-Information Technology Management Services as available for exploration, development and/or utilization of the proposed RE resource.

A DOE certificate of registration is issued to RE developers holding valid RE service or operating contracts upon application with the DOE.

Renewable Portfolio Standards and Requirements

Under the Renewable Energy Act (Republic Act No. 9513), Renewable Portfolio Standards refers to a market-based policy that requires electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy resources. The mandated participants to the annual Renewable Portfolio Standards requirements include: (i) all distribution utilities for their captive customers; (ii) all suppliers of electricity for the contestable market; (iii) generating companies only to the extent of their actual supply to their directly connected customers; and (iv) other entities as may be recommended by the National Renewable Energy Board and approved by the DOE.

Department Circular No. DC 2017-12-0015, which prescribes the rules and guidelines governing Renewable Portfolio Standards for on-grid areas, provides that the renewable energy share of electricity coming from renewable energy resources in the energy mix should be based on the aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE. Non-compliance with the Renewable Portfolio Standards On-Grid Rules may result in administrative liability amounting to ₱100,000.00 to ₱500,000.00, criminal liability consisting of fine and/or imprisonment, or upon the DOE's discretion, the revocation of the mandated participant's license, franchise, or authority to operate.

DOE Circular No. DC2020-07-0017 was also issued to provide mandated participants with more avenues for compliance with their Renewable Portfolio Standards requirements, by providing the framework for green energy auction. Under DOE Circular No. DC2020-07-0017, there are two kinds of green energy auctions: (i) supply-only auction; and (ii) integrated open and competitive selection process (“**OCSP**”)-supply auction. In a supply-only auction, only the green energy implementation agreement will be awarded to the qualified suppliers and only renewable energy projects already covered by renewable energy contracts, which includes those that are under the pre-development and development stages, will be qualified to participate. On the other hand, in an OCSP-supply auction, renewable energy contracts will be awarded together with green energy implementation agreement resulting from an integrated process for OCSP-supply auction. DOE Circular No. DC2020-07-0017 provides further that a distribution utility that contracts for renewable energy supply through the green energy auction shall be considered as having complied with the competitive selection process requirements.

The DOE updated its guidelines for the Green Auction Energy Program (GEAP) by issuing DOE Circular No. DC2021-11-0036 (the “**Revised GEAP Guidelines**”) dated November 3, 2021, which repealed DOE Circular No. DC2020-07-0017. Under the Revised GEAP Guidelines, the distinction between supply-only auctions and OCSP-supply auctions were removed. The principles and provisions governing green energy tariffs and green energy auctions were likewise updated. Moreover, the Revised GEAP Guidelines introduced an opt-in mechanism in order to reduce FIT-All charges to the

electricity end-users, and to meet any DU supply and Renewable Portfolio Standards requirements. Under said opt-in mechanism, any distribution utility has the option to procure from the green energy auction program pool of a winning bidder under a particular auction round and thereby carve-out such DU-procured volumes from the pool compensable by the FIT-All. Under the Revised GEAP Guidelines, a distribution utility that contracts for renewable energy supply through the green energy auction, including the opt-in mechanism, shall be considered as having complied with the competitive selection process requirements.

Environmental Matters

EISS Law

The Philippine Environmental Impact Statement System (the “**EISS Law**”) established under Presidential Decree No. 1586, which is implemented by the DENR, is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical or (ii) is situated in an environmentally critical area. The DENR, through its regional offices or through the Environmental Management Bureau (“**EMB**”), determines whether a project is environmentally critical or located in an environmentally critical area and possesses all applications for an ECC.

The law requires an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area to submit an Environmental Impact Statement (the “EIS”) which is a comprehensive study of the significant impacts of a project on the environment. The EIS serves as an application for the issuance of an ECC, if the proposed project is environmentally critical or situated in an environmentally critical area; or for the issuance of a Certificate of Non-Coverage, if otherwise. An ECC is a Government certification that, among others, (i) the proposed project or undertaking will not cause significant negative environmental impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan (the “**EMP**”) in the EIS. The EMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimize negative impacts and risks of a proposed project or undertaking.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents also required to establish an Environmental Monitoring Fund (the “**EMF**”) when an ECC is eventually issued. The EMF is to support the activities of the team monitoring the project proponent’s compliance with ECC conditions, EMP and applicable laws, rules and regulations.

The Clean Water Act

The Clean Water Act (Republic Act No. 9275) and its implementing rules and regulations provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country. The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time. The DENR, together with other Government agencies and the different local Government units, is tasked to implement the Clean Water Act and to identify existing sources of water pollutants, as well as strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law.

The Clean Air Act

Pursuant to the Clean Air Act of 1999 (Republic Act No. 8749) and its implementing rules and regulations, enterprises that operate or utilize air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. The issuance of

the said permit seeks to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

Other Environmental Laws

Other regulatory environmental laws and regulations applicable to the businesses of the Group include the following:

- The Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (Republic Act No. 6969), which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines, or the keeping in storage of hazardous wastes which include byproducts, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.
- The Ecological Solid Waste Management Act of 2000 (Republic Act No. 9003), which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different local Government units, are responsible for the implementation and enforcement of the said law.
- The Code on Sanitation of the Philippines (the “**Sanitation Code**”) (Presidential Decree No. 856), which provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial establishments. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate any industrial establishment without first obtaining a sanitary permit.

REGULATIONS RELATING TO THE AGRIBUSINESS

Role of the DA

The DA is the government agency responsible for the promotion of agricultural development by providing the policy framework, public investments, and support services needed for domestic and export-oriented business enterprises. To accomplish its mandate, the DA shall have the following powers and functions:

- It shall provide integrated services to farmers/fishermen and other food produces on production, utilization, conservation and disposition of agricultural and fishery resources;
- It shall be responsible for the planning, policy, formulation, regulation, execution, monitoring and/or programs/activities relating to agriculture/ food production and supply;
- It shall promulgate and enforce all laws, rules, and regulations governing the conservation and proper utilization of agricultural and fishery resources;
- It shall establish central and regional information systems to serve the production, marketing and financing data requirements of the farmers as well as domestic and foreign investors in agribusiness ventures;
- It shall provide comprehensive and effective extension services and training to farmers and other agricultural entrepreneurs on the production, marketing and financing aspects of agricultural enterprises;
- It shall conduct, coordinate and disseminate research studies and appropriate technologies for the improvement/development of agricultural crops, fisheries and other allied commodities;
- It shall provide the mechanism for the participation of farmers/fishermen and entrepreneurs at all levels of policy making and plan/programs formulation;

- It shall coordinate with and/or call upon other public and private agencies for cooperation and assistance on matters affecting Ministry plans, policies and programs.

Health Regulations

The FDA administers and enforces the law, and issues any circular, on safety and good quality supply of food, drug and cosmetic to consumers. It also regulates the production, sale, and traffic of the same to protect the health of the people.

Consistent with the mandate to adopt and establish mechanisms and initiatives that are aimed to protect and promote the right to health of every Filipino, the FDA issued the Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, which require all food establishments obtain a LTO from the FDA before they can validly engage in the manufacture, importation, exportation, sale, offer for sale, distribution, and transfer of food products in the Philippine market. Such rules cover processed food and food products and exclude fresh or raw food derived from plant, animal, fisheries and aquaculture products or foods in the primary production and post-harvest stages of the supply chain. An initial LTO is valid for a period of two years, while a renewed license is valid for five years.

In addition to an LTO, the FDA also requires a CPR for processed food products, including food additives, food supplements and bottled water, before said products are distributed, supplied, sold or offered for sale or use in the market. A CPR covering a particular health product constitutes *prima facie* evidence of the registrant's marketing authority for said health product in connection with the activities permitted pursuant to the registrant's LTO. In case of initial registration, a CPR is valid for a minimum period of two years to a maximum period of five years. Any renewal thereafter is valid for five years.

The operation of a food business without the proper authorization from the FDA is prohibited and punishable with a fine. The closure of the establishment may also be imposed as a penalty upon a finding of a commission of a prohibited act.

The DOH is the Government agency tasked to implement the Consumer Act with respect to food products. The DOH also prescribes the Guidelines on Current Good Manufacturing Practice in Manufacturing, Packaging, Repacking, or Holding Food or food manufacturers. Under the Consumer Act, the DOH also has the authority to order the recall, ban or seizure from public sale or distribution of food products found to be injurious, unsafe or dangerous to the general public.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "domestic corporation" is a corporation created or organized in the Philippines or under its laws. A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "nonresident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

Philippine Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Act**"), took into effect. The TRAIN Act amended provisions of the Tax Code including provisions on documentary stamp tax, capital gains tax, estate tax, and donor's tax.

On March 26, 2021, President Rodrigo Duterte signed into law Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (or the CREATE Law). The CREATE Law is the second package of the tax reform program of the Philippine government. The amendments under the CREATE Law include the reduction of the regular corporate income tax rate for both domestic and foreign corporations from 30% to 25%. For domestic corporations, the regular corporate income tax rate may be further reduced to 20% depending on the net taxable income and total assets of such domestic corporation. In addition to the reduction of the regular corporate income tax, the rate of the Minimum Corporate Income Tax ("**MCIT**") was lowered to 1%, effective July 1, 2020 to June 30, 2023.

The CREATE MORE Law, which took effect on November 28, 2024, provides for further amendments regarding corporate income tax rates by giving registered business enterprises ("**RBEs**") the option to choose between the special corporate income tax rate of 5% or the enhanced deduction regime ("**EDR**") at the beginning of their commercial operations. The EDR allows RBEs to avail themselves of the 20% corporate income tax rate from registered projects or activities during each taxable year. Other amendments in the law include the increase in percentage of deductible expense items under the EDR, and the addition of new deductible expense items.

On January 22, 2024, Republic Act No. 11976 or the Ease of Paying Taxes ("**EOPT**") Act was enacted. The EOPT Act introduced administrative tax reforms aimed at modernizing tax administration, improving efficiency, and ensuring fair treatment of taxpayers, among others. The EOPT Act requires the digitalization of Bureau of Internal Revenue ("**BIR**") services, such as the adoption of an integrated

and automated system for basic tax services and setting up of electronic and online systems for data exchange. The EOPT Act amends certain provisions of the Tax Code covering income tax, value-add tax, other percentage taxes, and tax compliance. The EOPT Act now mandates all VAT-registered persons, whether engaged in the sale of goods or properties or sale of services, to issue a VAT invoice. VAT-registered persons who are engaged in the sale of services or lease of property are no longer required to issue a VAT official receipt. The relevant rules and regulations implementing the EOPT Act took effect on April 27, 2024.

On May 29, 2025, the President signed into law Republic Act No. 12214 otherwise known as the Capital Markets Efficiency Promotion Act ("**CMEPA**"), subject to the President's exercise of line-item veto powers. The law took effect on July 1, 2025.

CMEPA introduces, among others, the following amendments to the Tax Code: (i) expansion of the definition of "securities" to include (a) investment contracts, certificates of interest, or participation in a profit-sharing agreement, such as certificates of deposit for a future subscription, (b) fractional undivided interests in oil, gas, or other mineral rights, (c) certificates of assignment, certificates of participation, trust certificates, voting trust certificates, or similar instruments, and (d) other similar instruments as may be determined by the Securities and Exchange Commission; (ii) removal of the tax exemption enjoyed by taxpayers on interest from long-term deposits and the imposition of a 20% final withholding tax on interest income.; (iii) imposition of a 15% final withholding tax on capital gains from the sale, exchange, or other disposition of shares of stock in a domestic or foreign corporation, except through a local or foreign stock exchange; (iv) a change in the rate of documentary stamp tax for original issuance of shares from ₱2.00 for every ₱200.00 (or fractional part thereof) of the par value, to 75% of 1% of the par value of share such shares of stock; (v) imposition of documentary stamp tax in the amount of 75% of 1% of the value of the transaction for transactions involving selling or transferring bonds, debentures, certificates of stock, or certificates of indebtedness issued in any foreign country; (vi) imposition of documentary stamp tax in the amount of 75% of 1% of the issue price of debt instruments; and (vii) reduction of stock transaction tax from 0.60% to 0.10% for sales of shares of stock listed and traded through the local stock exchange, including transactions regarding shares of domestic corporations through a foreign stock exchange.

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and resident aliens from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a final withholding tax of 20%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 25% final withholding tax.

The foregoing rates imposed on non-resident aliens not engaged in trade or business in the Philippines and non-resident foreign corporations may be subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident income recipient. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 10% in cases where the interest arises in the Philippines in respect of a public issue of bonded indebtedness and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment or perform in the Philippines professional services from a fixed base and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment or fixed base.

Given the above, all Bondholders are required to provide the Issuer through the Paying Agent their valid Tax Identification Numbers issued by the BIR.

Tax-Exempt Status or Entitlement to Preferential Rate

The Philippine tax authorities have prescribed a certain procedure for claiming tax treaty benefits for interest income of non-resident income earners. The BIR has issued Revenue Memorandum Order (“**RMO**”) No. 14-2021 to streamline the procedures and documents for the availment of treaty benefits covering all items of income, derived by non-resident taxpayers from Philippine sources that are entitled to relief from double taxation under the relevant tax treaty.

Under this regulation, as clarified by Revenue Memorandum Circular (“**RMC**”) No. 77-2021 and RMC No. 20-2022, when the treaty rates have been applied by the withholding agent on the income earned by the non-resident, the former shall file with the International Tax Affairs Division (“**ITAD**”) of the BIR a request for confirmation on the propriety of the withholding tax rates applied on that item of income. On the other hand, if the regular rates have been imposed on the said income, the non-resident shall file a Tax Treaty Relief Application (“**TTRA**”) with ITAD. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the 4th month following the close of each taxable year. The request for confirmation or TTRA shall be supported by the documentary requirements under RMO No. 14-2021.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient’s entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

If a company withholds the regular tax rate instead of the reduced rate applicable under an income tax treaty, a non-resident holder of the company’s shares may file a claim for a refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

The claim for refund may be filed independently of, or simultaneously with, the TTRA. If the claim was not filed simultaneously with the TTRA, the office where it was filed shall coordinate with, and defer to, ITAD the resolution of the non-resident’s entitlement to treaty benefit. If, on the other hand, the claim was filed simultaneously with the TTRA, it shall be the responsibility of the ITAD to endorse the claim for refund to the proper office that handles the processing of tax refunds after the resolution of the TTRA. At any rate, all issues relating to the application and implementation of treaty provisions shall fall within the exclusive jurisdiction of the ITAD. Bondholders who are exempt from or are not subject to final withholding tax on interest income may claim such exemption by submitting the necessary documents.

Bondholders may transfer their Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax exempt entities trading with non-tax-exempt entities shall be treated as non-tax-exempt entities for the interest period within which such transfer occurred. Transfers taking place in the Electronic Registry of Bondholders after the Bonds are listed on PDEX shall be allowed between non-tax-exempt and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

Value-Added Tax

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term “gross receipt” means gross selling price less acquisition cost of the Bonds sold.

“Dealer in securities” means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and

their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Gross Receipts Tax

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

- Maturity period is five years or less 5%
- Maturity period is more than five years 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

- Maturity period is five years or less 5%
- Maturity period is more than five years 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

Documentary Stamp Tax

A documentary stamp tax is imposed upon the original issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of 75% of 1%, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal of the Bonds, documentary stamp tax is payable anew.

Taxation on Sale or Other Disposition of the Bonds

Income Tax

Any gain realized from the sale, exchange or retirement of bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 0% to 35% effective January 1, 2018 until 31 December 2022 and 15% to 35% effective

January 1, 2023 for individuals who are Philippine citizens, whether residents or non-residents, or resident foreign individuals or non-resident aliens engaged in trade or business in the Philippines, 25% final withholding tax for non-resident alien not engaged in trade or business, 25% regular corporate income tax or 20% regular corporate income tax for domestic corporations with net taxable income not exceeding ₱5 million and with total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 million, as the case may be, for domestic and resident foreign corporations, and 25% final withholding tax for non-resident foreign corporations, as the case may be. If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross income.

However, under the Tax Code, any gain realized from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such bonds, debentures or other certificates of indebtedness) shall not be subject to income tax.

Moreover, any gain arising from such sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at a fixed rate of 6%. A Bondholder shall be subject to donor's tax at the rate of 6% based on the total gifts in excess of ₱250,000 exempt gift made during the calendar year, whether the donor is a stranger or not.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and donor's tax, in respect of the Bonds, shall not be collected (i) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (ii) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the securities are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the securities exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes. However, a sale, exchange, or other transfer made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation Outside the Philippines

The tax treatment of non-resident Bondholders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such Bondholder by reason of domicile or business activities and such Bondholder's particular situation. This Prospectus does not discuss the tax considerations on such non-resident Bondholders under laws other than those of the Philippines.

APPENDIX

A. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AS OF DECEMBER 31, 2025, 2024, AND 2023

- Independent Auditor's Report
- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements

B. DESCRIPTION OF PROPERTY

APPENDIX A - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AS OF DECEMBER 31, 2025, 2024, AND 2023

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
0 0 0 0 0 0 3 1 1 6 8

COMPANY NAME
A B R O W N C O M P A N Y , I N C . A N D S U B S
I D I A R I E S

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)
X A V I E R E S T A T E S , M A S T E R S O N A V E N
U E , U P P E R B A L U L A N G , C A G A Y A N D E
O R O C I T Y

Form Type Department requiring the report Secondary License Type, If Applicable
A A C F S C R M D N / A

COMPANY INFORMATION
Company's Email Address Company's Telephone Number Mobile Number
abci_headoffice@abrown.ph (02) 8633-3135 (+63)9178737268
No. of Stockholders Annual Meeting (Month / Day) Fiscal Year (Month / Day)
Common - 2,083; Preferred - 7 During the month of June December 31

CONTACT PERSON INFORMATION
The designated contact person MUST be an Officer of the Corporation
Name of Contact Person Email Address Telephone Number/s Mobile Number
Atty. Marie Antonette U.Quinito maquinito@abrown.ph (088) 324-0150 (+63)9173146242

CONTACT PERSON'S ADDRESS
Xavier Estates, Uptown, Airport Road, Balulang, Cagayan de Oro City, Philippines

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.





April 14, 2026

The Securities and Exchange Commission
The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-Air, Makati City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **A Brown Company, Inc. and its Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

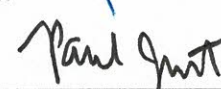
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the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

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

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group 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.


ROBERTINO E. PIZARRO
Chairman


PAUL FRANCIS B. JUAT
President


MARIE ANTONETTE U. QUINITO
Chief Financial Officer

Signed this 14th day of April 2026

SUBSCRIBED AND SWORN to before me this APR 14 2026 day of _____, affiants exhibiting to me their respective passports, as follows:

Names	Competent Evidence of Identity	Date of Issue	Place of Issue
Robertino E. Pizarro	Passport No. P8882731B	February 8, 2022	DFA – Cagayan de Oro
Paul Francis B. Juat	Passport No. P0991941B	March 11, 2019	DFA – NCR East
Marie Antonette U. Quinito	Passport No. P6933691B	June 5, 2021	DFA – Cagayan de Oro

Doc. No. 114
Page No. 27
Book No. 49
Series of 2026




ATTY. ALMIRA B. VALDEZ
NOTARY PUBLIC
NC No. 2026-53 Valid until 12-31-2027/ Roll No. 54967
For Cagayan de Oro City & Parts of Misamis Oriental
PTR No. 6222318A/12-04-2025/TIN No. 950-141-267-000
IBP Lifetime No. 018145/Mis. Or. Chapter
MCLE COMPLIANCE NO. VIII-0010396/04-14-2028
GG & J Building, Tiano-Pacana Streets, CDO

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates, Masterson Avenue
Upper Balulang, Cagayan de Oro City

Opinion

We have audited the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 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 (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 the audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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



Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; and (3) application of the output method as the measure of progress in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as past history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In determining the transaction price, the Group considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

The disclosures related to real estate revenue are included in Notes 2, 3 and 26 to the consolidated financial statements.

Audit Response

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold.

For the determination of the transaction price, we obtained an understanding of the Group's process in the determination of the population of contracts with customers related to real estate sale and election of available practical expedient. We obtained the financing component calculation of the management which includes an analysis whether the financing component of the Group's contract with customers is significant. We selected sample contracts from the sales contract database and trace these selected contracts to the calculation prepared by management.

For selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as contract price, cash discount, payment scheme, payment amortization table and percentage of completion to the contract provision and projected percentage of completion schedule. We also recomputed the financing component for each sample selected.

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the percentage of completion (POC). We obtained the certified POC reports prepared by the project engineers and assessed their competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected ongoing projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.



Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditor's 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 auditor's 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 audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit. We remain solely responsible for our audit opinion.

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

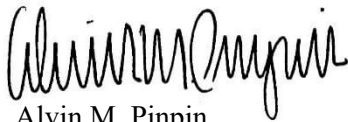
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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

The engagement partner on the audit resulting in this independent auditor's report is Alvin M. Pinpin.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 94303-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765106, January 2, 2026, Makati City

April 14, 2026



A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash (Note 4)	₱1,122,083,245	₱677,964,213
Receivables (Note 5)	1,728,484,686	955,284,846
Contract assets (Note 14)	423,316,466	131,239,842
Receivables from related parties (Note 15)	–	50,894,936
Real estate inventories (Note 6)	5,204,729,275	4,057,995,302
Other inventories (Note 7)	43,423,215	48,750,406
Other current assets (Note 8)	1,439,832,601	1,272,275,513
Total Current Assets	9,961,869,488	7,194,405,058
Noncurrent Assets		
Contract assets - net of current portion (Note 14)	1,515,250,459	1,542,267,524
Equity instruments at fair value through other comprehensive income (EIFVOCI) (Note 9)	585,443,479	428,856,522
Investments in associates (Note 10)	434,508,380	1,839,745,991
Investment properties (Note 11)	681,242,683	631,838,036
Property, plant and equipment (Note 12)	1,570,606,390	1,715,734,159
Deferred tax assets (Note 20)	978,688	–
Other noncurrent assets (Note 8)	1,329,222,567	735,687,707
Total Noncurrent Assets	6,117,252,646	6,894,129,939
TOTAL ASSETS	₱16,079,122,134	₱14,088,534,997
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 13)	₱2,384,670,480	₱1,315,630,677
Short-term debt (Note 16)	799,948,000	972,187,000
Current portion of long-term debt (Notes 15 and 16)	662,323,879	602,633,723
Contract liabilities (Note 14)	409,573,844	481,762,306
Income tax payable	3,846,645	–
Total Current Liabilities	4,260,362,848	3,372,213,706
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 15 and 16)	2,076,868,331	1,741,220,033
Retirement benefit obligation (Note 19)	93,946,421	84,475,120
Deferred tax liabilities – net (Note 20)	537,702,743	490,298,012
Lease liability – net of current portion (Note 21)	6,974,790	–
Total Noncurrent Liabilities	2,715,492,285	2,315,993,165
Total Liabilities	6,975,855,133	5,688,206,871

(Forward)



	December 31	
	2025	2024
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 17)		
Common stock	₱2,477,668,925	₱2,477,668,925
Preferred stock	27,637,650	27,637,650
Additional paid-in capital (Note 17)	3,331,502,966	3,331,502,966
Retained earnings (Note 17)	3,285,492,345	2,694,454,515
Fair value reserve of EIFVOCI (Note 9)	151,372,686	(5,214,271)
Remeasurement loss on retirement benefit obligation - net of tax (Note 19)	(19,742,738)	(20,218,050)
Remeasurement loss on defined benefit plan of an associate (Note 10)	—	(2,165,918)
Cumulative translation adjustment	(10,131,649)	(8,155,192)
Treasury shares - common (Note 17)	(140,255,859)	(94,932,275)
	9,103,544,326	8,400,578,350
Noncontrolling interest	(277,325)	(250,224)
Total Equity	9,103,267,001	8,400,328,126
TOTAL LIABILITIES AND EQUITY	₱16,079,122,134	₱14,088,534,997

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE			
Real estate sales (Note 26)	₱1,601,018,375	₱1,527,959,172	₱1,454,786,129
Sale of agricultural goods (Note 26)	259,251,928	250,550,825	142,563,286
Water and other services (Note 26)	30,711,129	29,462,585	27,433,584
	1,890,981,432	1,807,972,582	1,624,782,999
COSTS OF SALES AND SERVICE			
Cost of real estate sales (Note 6)	709,256,270	681,546,593	559,113,808
Cost of agricultural goods sold (Note 7)	221,667,519	242,092,717	122,358,936
Cost of water and other service revenue	16,543,116	12,045,256	16,660,359
	947,466,905	935,684,566	698,133,103
GROSS PROFIT	943,514,527	872,288,016	926,649,896
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 18)	581,953,562	497,573,983	513,907,600
OTHER INCOME (EXPENSES)			
Gain on sale of investment in an associate (Note 10)	1,842,653,585	—	—
Impairment loss (Notes 8, 10, 12 and 15)	(854,737,252)	(45,928,044)	(26,733,469)
Capital gains tax on sale of investment (Note 10)	(348,344,999)	—	—
Equity in net earnings of associates (Note 10)	240,584,503	140,933,418	339,947,514
Provision for expected credit loss (Notes 5 and 8)	(202,966,770)	—	(828,304)
Interest expense (Notes 6 and 16)	(197,190,942)	(127,661,586)	(67,121,886)
Miscellaneous income - net (Note 22)	85,445,046	108,256,466	41,808,568
	565,443,171	75,600,254	287,072,423
INCOME BEFORE INCOME TAX	927,004,136	450,314,287	699,814,719
PROVISION FOR INCOME TAX (Note 20)			
Current	37,262,076	18,219,312	6,250,555
Deferred	23,029,642	97,986,385	147,087,524
	60,291,718	116,205,697	153,338,079
NET INCOME	₱866,712,418	₱334,108,590	₱546,476,640

(Forward)



	Years Ended December 31		
	2025	2024	2023
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustment	(P1,976,457)	(P13,033,841)	(P1,674,818)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of EIFVOCI (Note 9)	156,586,957	66,469,565	61,356,522
Remeasurement gain (loss) on defined benefit plan - net of tax effect (Note 19)	475,312	1,352,582	(112,236)
Equity in other comprehensive loss of an associate (Note 10)	673,408	(944,406)	(1,081,972)
	155,759,220	53,843,900	P58,487,496
TOTAL COMPREHENSIVE INCOME	P1,022,471,638	P387,952,490	P604,964,136
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	P866,739,519	P334,139,396	P546,514,853
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	P866,712,418	P334,108,590	P546,476,640
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	P1,022,498,739	P387,983,296	P605,002,349
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	P1,022,471,638	P387,952,490	P604,964,136
Basic/Diluted Earnings per Share (Note 17)	P0.28	P0.06	P0.20

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Common Stock	Preferred Stock	Additional Paid-in Capital	Retained Earnings	Fair Value Reserve of EIF/OCI	Remeasurement Gain (Loss) on Refinement Obligation - net of tax	Remeasurement Gain (Loss) on Defined Benefit Plan of an Associate	Cumulative Translation Adjustment	Treasury Shares - Common	Total	Noncontrolling Interest	Total
At January 1, 2025	₱2,477,668,925	₱27,637,650	₱3,331,502,966	₱2,694,454,515	(₱5,214,271)	(₱20,218,050)	(₱2,165,918)	(₱8,155,192)	(₱94,932,275)	₱8,400,578,350	(₱250,224)	₱8,400,328,126
Dividend declaration (Note 17)	-	-	-	(274,209,179)	-	-	-	-	-	(274,209,179)	-	(274,209,179)
Treasury shares buyback (Note 17)	-	-	-	-	-	-	-	-	(45,323,584)	(45,323,584)	-	(45,323,584)
Transfer of share in other comprehensive income of an associate to equity (Note 10)	-	-	-	(1,492,510)	-	-	1,492,510	-	-	-	-	-
Net income (loss)	-	-	-	866,739,519	-	-	-	-	-	866,739,519	(27,101)	866,712,418
Other comprehensive income (loss)	-	-	-	-	156,586,957	475,312	673,408	(1,976,457)	-	155,759,220	-	155,759,220
Total comprehensive income (loss)	-	-	-	866,739,519	156,586,957	475,312	673,408	(1,976,457)	-	1,022,498,739	(27,101)	1,022,471,638
At December 31, 2025	₱2,477,668,925	₱27,637,650	₱3,331,502,966	₱3,285,492,345	₱151,372,686	(₱19,742,738)	₱-	(₱10,131,649)	(₱140,255,859)	₱9,103,544,326	(₱277,325)	₱9,103,267,001
At January 1, 2024	₱2,477,668,925	₱13,264,900	₱1,931,178,758	₱2,611,684,608	(₱71,683,836)	(₱21,570,632)	(₱1,221,512)	₱4,878,649	(₱94,932,275)	₱6,849,267,585	(₱219,418)	₱6,849,048,167
Issuance of preferred stocks, net of issue costs (Note 17)	-	14,372,750	1,400,324,208	-	-	-	-	-	-	1,414,696,958	-	1,414,696,958
Dividend declaration (Note 17)	-	-	-	(244,697,755)	-	-	-	-	-	(244,697,755)	-	(244,697,755)
Realized deferred tax asset previously recognized directly in equity (Note 20)	-	-	-	(6,671,734)	-	-	-	-	-	(6,671,734)	-	(6,671,734)
Net income (loss)	-	-	-	334,139,396	-	-	-	-	-	334,139,396	(30,806)	334,108,590
Other comprehensive income (loss)	-	-	-	-	66,469,565	1,352,582	(944,406)	(13,033,841)	-	53,843,900	-	53,843,900
Total comprehensive income (loss)	-	-	-	334,139,396	66,469,565	1,352,582	(944,406)	(13,033,841)	-	387,983,296	(30,806)	387,952,490
At December 31, 2024	₱2,477,668,925	₱27,637,650	₱3,331,502,966	₱2,694,454,515	(₱5,214,271)	(₱20,218,050)	(₱2,165,918)	(₱8,155,192)	(₱94,932,275)	₱8,400,578,350	(₱250,224)	₱8,400,328,126
At January 1, 2023	₱2,477,668,925	₱13,264,900	₱1,931,178,758	₱2,380,947,983	(₱133,040,358)	(₱21,458,396)	(₱139,540)	₱6,553,467	(₱94,932,275)	₱6,560,043,464	(₱181,205)	₱6,559,862,259
Dividend declaration (Note 17)	-	-	-	(92,854,300)	-	-	-	-	-	(92,854,300)	-	(92,854,300)
Net income (loss)	-	-	-	546,514,853	-	-	-	-	-	546,514,853	(38,213)	546,476,640
Other comprehensive income (loss)	-	-	-	-	61,356,522	(112,236)	(1,081,972)	(1,674,818)	-	58,487,496	-	58,487,496
Total comprehensive income (loss)	-	-	-	546,514,853	61,356,522	(112,236)	(1,081,972)	(1,674,818)	-	605,002,349	(38,213)	604,964,136
At December 31, 2023	₱2,477,668,925	₱13,264,900	₱1,931,178,758	₱2,834,608,536	(₱71,683,836)	(₱21,570,632)	(₱1,221,512)	₱4,878,649	(₱94,932,275)	₱7,072,191,513	(₱219,418)	₱7,071,972,095

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱927,004,136	₱450,314,287	₱699,814,719
Adjustments for:			
Gain on sale of investment in an associate (Note 10)	(1,842,653,585)	—	—
Capital gains tax on disposal of investment (Note 10)	348,344,999	—	—
Impairment loss (Notes 8, 10, 12 and 15)	854,737,252	45,928,044	26,733,469
Equity in net earnings of associates (Note 10)	(240,584,503)	(140,933,418)	(339,947,514)
Interest expense (Notes 6 and 16)	197,190,942	127,661,586	67,121,886
Depreciation (Notes 6, 12 and 18)	139,348,907	62,685,538	71,646,895
Interest income (Notes 4, 5 and 22)	(46,029,641)	(34,509,378)	(486,154)
Changes in retirement benefit obligation (Note 19)	10,104,390	9,512,461	8,677,162
Gain on sale of property, plant and equipment (Notes 12 and 22)	(122,621)	(18,666)	—
Unrealized foreign exchange loss (gain)	(34,478)	(92,371)	1,200
Dividend income (Notes 9 and 22)	(8,621)	—	(5,354)
Operating income before working capital changes	347,297,177	520,548,083	533,556,309
Decrease (increase) in:			
Receivables	(173,191,219)	(588,469,972)	(109,919,021)
Contract assets	(265,059,559)	174,093,198	(400,240,824)
Real estate inventories	(1,088,933,609)	(610,259,268)	(497,155,957)
Other inventories	5,327,191	67,542,657	83,991,255
Other current assets	(359,102,338)	(555,075,957)	(212,078,853)
Increase (decrease) in:			
Accounts and other payables	1,096,383,323	192,271,664	39,398,081
Contract liabilities	(72,188,462)	125,912,257	99,688,960
Income tax payables	3,846,645	—	—
Net cash used in operations	(505,620,851)	(673,437,338)	(462,760,050)
Income taxes paid including creditable withholding taxes	(29,792,127)	(42,390,366)	(21,675,164)
Capital gains taxes paid (Note 10)	(348,344,999)	—	—
Interest received	46,029,641	34,509,378	486,154
Net cash flows used in operating activities	(837,728,336)	(681,318,326)	(483,949,060)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment (Notes 12 and 25)	(670,995,304)	(383,755,522)	(387,997,352)
Dividends received from associates (Note 10)	236,000,000	122,000,000	266,714,239
Proceeds from sale of:			
Investment in an associate (Note 10)	3,200,000,000	—	—
Property, plant and equipment (Note 22)	122,621	18,666	—
Decrease (increase) in:			
Other noncurrent assets	(507,150,992)	(117,800,445)	(140,434,655)
Loans receivables (Note 5)	(600,000,000)	—	—
Receivables from related parties (Note 15)	(21,974,628)	—	55,916,911
Net cash flows from (used in) investing activities	1,636,001,697	(379,537,301)	(205,800,857)

(Forward)



	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Long-term debt (Note 25)	₱1,457,233,600	₱995,706,150	₱1,013,535,044
Short-term debt (Note 25)	1,305,062,000	880,192,000	830,721,000
Payments of:			
Long-term debt (Note 25)	(1,044,244,858)	(653,419,000)	(557,326,208)
Short-term debt (Note 25)	(1,477,301,000)	(526,849,274)	(405,725,063)
Share dividends (Notes 17 and 25)	(274,209,179)	(244,697,755)	(92,854,300)
Interest (Notes 16 and 25)	(252,496,344)	(224,554,173)	(181,316,214)
Debt issue cost (Note 16)	(18,499,584)	(7,396,079)	(7,372,997)
Payment of lease liability including interest (Note 21)	(2,433,401)	—	—
Acquisition of treasury shares (Note 17)	(45,323,584)	—	—
Issuance of preferred stock, net of issue costs (Note 17)	—	1,414,696,958	—
Net cash flows from (used in) financing activities	(352,212,350)	1,633,678,827	599,661,262
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(1,941,979)	(12,941,470)	(1,676,018)
NET INCREASE (DECREASE) IN CASH	444,119,032	559,881,730	(91,764,673)
CASH AT BEGINNING OF YEAR	677,964,213	118,082,483	209,847,156
CASH AT END OF YEAR (Note 4)	₱1,122,083,245	₱677,964,213	₱118,082,483

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

A Brown Company, Inc. (the Parent Company or ABCI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 1966 as Bendana Brown Pizarro and Associates, Inc. to primarily engage in the business of property development and to invest in shares of stocks of listed companies.

The Parent Company is engaged in the business of real estate development in Cagayan de Oro City and Initao in Misamis Oriental; Cainta and Tanay in Rizal; Valencia City, Kalugmanan, Bukidnon, and Butuan City and Buenavista in Agusan del Norte.

The Parent Company's common and preferred shares of stock are listed and are currently traded at the Philippine Stock Exchange (PSE) (see Note 17).

The principal place of business and registered office address of the Parent Company is Xavier Estates, Masterson Avenue, Upper Balulang, Cagayan de Oro City.

The Subsidiaries

The Parent Company, through its subsidiaries, also ventured into palm oil milling, power generation and holdings of investments. The following are the subsidiaries of the Parent Company:

A Brown Energy and Resources Development, Inc. (ABERDI)

ABERDI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on February 1, 2001 to primarily engage in the business of manufacturing and trading of palm oil and other palm products.

Nakeen Corporation (NC)

NC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. Its primary purpose is to engage in the business of agriculture in all aspects, including the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing markets. NC is also engaged in selling palm seedlings and bunch.

ABC Energy Inc. (formerly Palm Thermal Consolidated Holdings, Corp. (PTCHC))

ABCEI was registered with the SEC on November 22, 2010. Its primary purpose is to purchase, acquire, own, hold, lease, sell and convey properties of every kind and description, including land, buildings, factories and warehouses and machinery, equipment, the goodwill, shares of stock, equity, rights, and property of any person, firm, association, or corporation and other personal properties.

ABCEI, a wholly owned subsidiary of the Parent Company, held 20% equity interest in Palm Concepcion Power Corporation (PCPC), a domestic entity engaged in power generation and the operation of a coal-fired power plant in Panay Island. In 2025, ABCEI's Board of Directors divested its 20% stake in PCPC as part of the ABCEI's strategic decision to sell its interest in the said power generation company.

Northmin Renewables Corp. (NRC)

NRC was registered with the SEC on May 6, 2010, with primary purpose to invest in renewable energy projects and all other energy related investments.



Bonsai Agri Corporation (BAC)

BAC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. BAC was organized to engage in business of agriculture in all aspect, including but not limited to operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chickens and all other activities related to or incidental to the foregoing. Since its incorporation, BAC has not started its commercial operations.

Manolo Fortich Power Corporation (MFPC)

MFPC was registered with the SEC on March 17, 2025. Its primary purpose is to acquire, scheme, develop, construct, invest in, and operate power generating plants, including solar power plants, and engage in the business of a Generation Company.

Irradiation Solutions Inc. (ISI)

ISI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on January 4, 2021. ISI was organized in providing irradiation services for all types of goods e.g., food products and non-food products through exposing such goods to ionizing radiation such as gamma rays, x-rays, or accelerated electrons from electron beam machines. Commercial operations started on August 4, 2024.

Vires Energy Corporation (VEC)

VEC is a 100% owned subsidiary of the Parent Company registered with the SEC on March 11, 2015. It was organized primarily to operate, engage in, conduct and carry on the business of exploring, developing, converting, producing, processing, and refining of power energy, fuel and/or any other source of power energy, including importation, handling, distributing and marketing at wholesale either within or outside the Philippines. Since its incorporation, VEC has not started its commercial operations.

Blaze Capital Limited (BCL)

BCL is a 100% owned subsidiary of the Parent Company registered with BVI Financial Services Commission as a British Virgin Island (BVI) Business Company on August 8, 2011 under the BVI Business Companies Act 2004. Subject to the Act and any other BVI legislation, the Company has irrespective of corporate benefit (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transactions; and (b) for the purposes of (a), full rights, powers and privileges. Since its incorporation, BCL has not started its commercial operations.

Surigao Greens Agri Corp. (SGAC)

SGAC is a 100% owned subsidiary of the Parent Company registered with the SEC on February 13, 2023. The Company was organized to engage in the business of processing, milling and refining palm oil to manufacture crude palm oil.

AB Bulk Water Company, Inc. (ABBWCI)

ABBWCI is a 100% owned subsidiary of the Parent Company registered with the SEC on March 31, 2015. ABBWCI was organized primarily to engage in the business of holding and providing rights to water to public utilities and cooperatives or in water distribution. Since its incorporation, ABBWCI has not started its commercial operations.

Simple Homes Development, Inc. (SHDI)

SHDI is a 100% owned subsidiary of the Parent Company registered with the SEC on February 26, 1997. SHDI was organized primarily to invest in, purchase or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, and related activities. Since its incorporation, SHDI has not started its commercial operations.



Masinloc Consolidated Power, Inc. (MCPI)

MCPI was registered with the SEC on July 4, 2007. MCPI was organized primarily to engage in, conduct and carry on the business of construction, planning, purchase, supply and sale of electricity. MCPI is registered under the Foreign Investments Act of 1991 on July 6, 2007. MCPI has not yet started its commercial operations. On March 22, 2023, as secured the approval of the Securities and Exchange Commission (SEC) on the shortening of its corporate life from fifty (50) years from and after the date of incorporation to seventeen (17) years from and after the date of issuance of the Certificate of Incorporation, or on July 3, 2024. MCPI is a 49%-owned subsidiary of A Brown Company, Inc. (ABCI or the Parent Company), its ultimate parent, which holds 100% of the voting rights.

Approval of Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as of December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, were approved and authorized for issue by the BOD on April 14, 2026.

2. **Material Accounting Policy Information**

Basis of Preparation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as “the Group”).

The accompanying consolidated financial statements have been prepared using the historical cost basis, except for EIFVOCI that are carried at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Parent Company. All subsidiaries and associates also use a ₱ functional currency, except for BCL whose functional currency is US Dollar (\$). All amounts are rounded off to the nearest Philippine Peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Effective Percentage of Ownership (%)		
	2025	2024	2023
ABERDI	100	100	100
NC	100	100	100
ABCEI – formerly PTCHC*	100	100	100
NRC***	100	–	–
BAC*	100	100	100
MFPC*	100	–	–
NRC***	–	100	100
ISI	100	100	100
VEC*	100	100	100
BCL*	100	100	100
SGAC	100	100	100
ABBWCI*	100	100	100
SHDI*	100	100	100
MCPI**	49	49	49

* pre-operating subsidiaries (see Note 1).

** subsidiary under liquidation awaiting for approval from SEC

*** a subsidiary of ABCI in 2024 and 2023. In 2025, this was restructured and became a subsidiary of ABCEI

NCI

NCI are presented separately in the consolidated statements of comprehensive income, and within equity in the consolidated statements of financial position, separately from parent shareholder's equity. Any losses applicable to the NCI are allocated against the interests of the NCI even if this results to the NCI having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the NCI is recognized in equity of the parent in transactions where the NCI are acquired or sold without loss of control.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

Amendments to PAS 21, Lack of exchangeability

- The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.



Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

The Standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

The Group is currently assessing the impact of adopting PFRS 18 in its financial reporting, including its data collection process.

- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Material Accounting Policies

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

Fair Value Measurement

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

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



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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether or not transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Financial Instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

Financial assets

(i) Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

The Group subsequently classifies its financial assets into the following measurement categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL



Financial assets at amortized cost (debt instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Losses arising from impairment are recognized in the consolidated statements of comprehensive income under “Provision for impairment”.

The Group’s financial assets at amortized cost include cash, receivables, receivables from related parties and deposit in escrow and refundable deposits included under “Other assets” in the consolidated statements of financial position (see Notes 4, 5, 8 and 15).

Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group made irrevocable election to present in OCI subsequent changes in the fair value of all the Group’s investments in golf shares and unlisted shares of stock (see Note 9).

(iii) Derecognition

When the Group transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash



flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk (SICR) since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and deposit in escrow, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

The Group applies a simplified approach in calculating ECLs for receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For trade receivables, the Group has established a provision matrix that is based on its historical credit loss experience.

For ICR and contract assets, the Group uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default (i.e., is defined by the Group as upon cancellation of CTS) using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For all debt financial assets other than receivables, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

At each reporting date, the Group assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk



exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Debt issue costs are deducted against long-term debt and are amortized over the terms of the related borrowings using the effective interest method.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVPL
- Financial liabilities at amortized cost

Financial liabilities at amortized cost. This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost under the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest in the consolidated statements of comprehensive income.

The Group's financial liabilities measured at amortized cost as of December 31, 2025 and 2024 includes the following (see Notes 13, 16 and 21):

- Short-term debt
- Long-term debt
- Accounts and other payables (excluding statutory payables)
- Lease liabilities

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.



Classification of Financial Instruments Between Liability and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- deliver cash or another financial asset to another entity; or,
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting Financial Instruments

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

Real Estate Inventories

Real estate inventories consists of subdivision land and residential houses and lots for sale and development initially recorded at cost. Subsequent to initial recognition, these are valued at the lower of cost and net realizable value (NRV). Cost includes the acquisition cost of the land plus all costs incurred directly attributable to the construction and development of the properties. Repossessed real estate inventories are recorded at original cost.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated cost of completion and estimated costs necessary to make the sale.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Other inventories

Other inventories pertain to finished agricultural goods, construction materials and agricultural materials and supplies which are measured at the lower of cost and NRV. Provision for inventory losses is established for estimated losses on other inventories which are determined based on specific identification of slow-moving, damaged, and obsolete inventories.

Finished agricultural goods

Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion include raw materials, direct labor and overhead costs. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.



Construction materials and agricultural materials and supplies

Construction materials and agricultural materials and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

Deposits for Land Acquisition

This represents deposits made to landowners for the purchase of certain parcels of land which are intended to be held for sale or development in the future. These are recognized at cost. The deposits made are presented under other current and noncurrent assets in the consolidated statements of financial position as these are expected to be used for the Group's real estate development projects and land banking, respectively.

Prepayments

Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the consolidated statements of comprehensive income as they are consumed in operations or expire with the passage of time.

Investments in Associates

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized and is not tested for impairment separately.

The consolidated statements of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statements of comprehensive income outside operating profit as 'Equity in net earnings of associates'. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share to the extent of the interest in associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate and accounts for the investment in accordance with PFRS 9, from that date, provided the associate or joint venture does not become a subsidiary. Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any difference in the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

Investment Properties

Investment property is property (land, land improvements or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Investment properties are initially recognized at cost plus directly attributable cost incurred. Subsequent to initial recognition, the building and improvements is carried at cost less accumulated depreciation and amortization and any impairment in value while the land is carried at cost less any impairment in value.

The Group depreciates and amortizes its building and land improvements using the straight-line method over the 10-30 years estimated useful lives.



Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use

Property, Plant and Equipment

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

The initial cost of property, plant and equipment comprises its purchase price including legal and brokerage fees, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as maintenance, repairs and costs of day-to-day servicing, are recognized in profit or loss in the period the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstance indicate that the carrying values may not be recoverable.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives, except for leasehold improvements and right-of-use assets, which are amortized over their estimated lives or term of the lease, whichever is shorter, and bearer plants, which are depreciated using units-of-production (UOP) method.

	Years
Land improvements	10
Leasehold improvements	2-5 or lease term, whichever is shorter
Refined bleached deodorized (RBD) and fractionation machineries	21
Building and improvements	5-30
Machineries and equipment	2-10
Other equipment	2-10
Right-of-use assets	5-17

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits, the Group shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The Group shall account for the change prospectively as a change in an accounting estimate.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Construction in progress represents property, plant and equipment under construction or development and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and is available for use.



Bearer plants

Bearer plants pertain to the Group's palm oil trees used in the production or supply of fresh fruit bunches (FFB) as its agricultural produce and are expected to bear produce for more than twelve months and have a remote likelihood of being sold as a plant or harvested as agricultural produce, (except for incidental scrap sales).

Bearer plants are measured at cost less accumulated depreciation and any impairment in value. Bearer plants are presented as part of property, plant and equipment. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and other direct costs necessary to cultivate such plants before they are brought into the location and condition necessary to be capable of operating in the manner intended by management.

UOP method is used for depreciating the bearer plants. Depreciation is charged according to units of FFB harvested over the estimated units of FFB to be harvested during the life of the bearer plants or remaining contract period, whichever is shorter. The Group estimates its total units of FFB to be harvested based on the average yield over which the bearer plants are expected to be available for use. In addition, the estimate is based on collective assessment of internal technical evaluation and experience. Changes in the estimated total units of FFB to be harvested may impact the depreciation of bearer plants.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's investments in associates, investment properties, property plant, and equipment and other assets excluding refundable deposits and deposit in escrow (see Notes 8, 10, 11 and 12).

The Group assesses at each reporting date whether there is an indication that an asset may be impaired when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's estimated recoverable amount is the higher of the asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their estimated recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are directly charged or credited to operations in those expense categories consistent with the function of the impaired asset.

Equity

Capital stock and additional paid-in capital

Capital stock consists of common shares and preferred shares which are measured at par value for all common and preferred shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account.



Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

The retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Retained earnings

Retained earnings include all current and prior period results of operations, net of dividends declared and the effects of retrospective application of changes in accounting policies or restatements, if any. Dividends on common and preferred stocks are recognized as a liability and deducted from equity when declared and approved by the BOD or shareholders of the Parent Company. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Revenue and Cost Recognition

Revenue from contracts with customers

The Group is primarily engaged in real estate development, production and sale of agricultural goods, and water services. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Group has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in these revenue arrangements.

The disclosures of material accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales. The Group derives its real estate revenue from sale of lots and developed residential house and lots. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using physical proportion of work done. This is based on the bi-monthly project accomplishment report prepared by the Group's in-house technical team approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the Group itself.

Buyer's equity represents a certain percentage of buyer's payments of total selling price that the buyer has paid the Group and it is at this collection level that the Group assesses that it is probable that the economic benefits will flow to the Group because of certainty of collection of the remaining balance of the selling price. This gives the buyer, a stake in the property, the level of which is sufficient enough to mitigate the risks of loss through default which would motivate the buyer to honor its obligations to the Group. Management regularly evaluates the historical cancellations and back-outs if it would still support its current collection threshold before commencing revenue recognition. Any



excess of progress of work over the right to an amount of consideration that is unconditional, is recognized under 'Contract assets' in the assets section of the consolidated statements of financial position.

Any excess of collections over the total of recognized ICR and contract assets are recognized under 'Contract liabilities' account in the liabilities section of the consolidated statements of financial position.

Sales cancellation is accounted for as a modification of the contract (from non-cancelable to being cancelable) resulting to the reversal of the previously recognized real estate sales and cost of real estate sales and reinstating the real estate inventories at cost.

Cost of real estate sales. The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

In addition, the Group recognizes cost as an asset that gives rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Sale of agricultural goods. Revenue from sale of agricultural goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and acceptance by the buyer. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, noncash consideration, and consideration payable to the customer, if any.

Variable consideration - rights of return. Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

Cost of agricultural goods sold. Costs of sales include direct material costs, manufacturing expenses and monetary value of inventory adjustments. This is recognized upon delivery of the goods or when the control of the asset is transferred and when the cost is incurred, or the expense arises.

Water service, tapping fees, transfer fees and other water charges. Revenue is recognized over time as the customer receives and consumes the benefit from the performance of the related water services. Water services are billed every month. The Group recognizes revenue in the amount to which the Company has a right to invoice since the Group bills a fixed amount for every cubic meter of water delivered.



Income from forfeited deposits. Income from forfeited collections recorded under 'Other income' in the consolidated statements of comprehensive income is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Rental income. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the respective lease terms.

Contract Balances

ICR. An ICR represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

For the Group's real estate sales, contract assets are initially recognized for revenue earned from development of real estate projects as receipt of consideration is conditional on successful completion of development. The amounts recognized as contract assets are reclassified to ICR when the monthly amortization of the customer is due for collection. It is recognized under 'Receivables' in the consolidated statements of financial position.

Costs to obtain contract. The incremental costs of obtaining a contract with a customer are recognized under 'Other current assets' in the consolidated statements of financial position if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized over time using the POC method. Commission expense is included in the 'General, administrative expenses and selling expenses' account in the consolidated statements of comprehensive income.

Costs incurred prior to obtaining a contract with customer are not capitalized but are expensed as incurred.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized



when the services are used, or the expense arises while interest expenses are accrued in the appropriate period.

This consist of general administrative expenses which constitute costs of administering the business and selling expenses which constitute commission on real estate sales and advertising expenses. General administrative and selling expenses (excluding amortization of capitalized costs to obtain contracts) are recognized as incurred.

Post-employment Benefits

Pension benefits are provided to employees through a defined benefit plan. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

The following comprise the defined benefit costs:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs, which include current service costs, past service costs, and gains or losses on non-routine settlements are recognized as expense in consolidated statements of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statements of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).



Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale while the asset, which includes real estate inventories, is being constructed are capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

For investment properties, interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended sales, including but not limited to pre-construction such as permitting, design, planning and actual land development activities and are not ready to be sold in its current condition.

Starting January 1, 2024, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended use. Subsequent to January 1, 2024, these are no longer considered as a qualifying asset and thus, the related borrowing cost are expensed as incurred.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed.

If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

As Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.



ROU assets

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflected the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases. The Group applies the short-term lease recognition exemption to its short-term leases of office spaces and transportation equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Taxes

Current income tax. Current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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



Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Creditable withholding taxes (CWT). CWT pertains to taxes withheld on income payments and may be applied against income tax due. The balance of taxes withheld is recovered in future period. The balance as of end of each reporting period represents the unutilized amount after deducting any income tax payable. Creditable withholding tax is stated at its realizable value.

Value-added tax (VAT). Revenues, expenses and assets are recognized net of amount of VAT, if applicable.



When VAT from provision of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as output VAT under 'Accounts and other payables' in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from provision of services (output VAT), the excess is recognized as input taxes under 'Other current assets' in the consolidated statements of financial position up to the extent of the recoverable amount.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

Foreign Currencies

The Group's consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Functional currency. The functional currency of BCL is the US Dollar. On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso (₱) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized under 'Cumulative translation adjustment' in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income attributable to common stockholders of the Parent Company less the cumulative preferred shares dividends divided by the weighted average number of common stocks issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing net income attributable to common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an anti-dilutive effect on earnings per share.

As of December 31, 2025, and 2024, the Group has no potentially dilutive common shares.



Segment Reporting

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 24 to the consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statements of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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 could differ for such estimates.



Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue from contracts with customers

The Group is primarily engaged in real estate sales and development, sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels, and water services. The Group accounts for all of the goods and services in each contract with customer as a single performance obligation capable of being distinct.

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Real estate revenue recognition. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) assessment of the probability that the entity will collect the consideration from the buyer; (c) determination of the transaction price; and (d) application of the output method as the measure of progress in determining real estate revenue.

- *Identifying performance obligations.* The Group has various CTS covering subdivision land and residential houses and lots. The Group concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, Group accounts for them as a single performance obligation because they are not distinct in the context contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the buyer.
- *Existence of a contract.* The Group's primary document for a contract with a customer for real estate sales is a signed CTS supported by other signed documentations such as reservation agreement, official receipts, buyers' amortization schedule and invoices and it met all the criteria to qualify as contract with a customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

Collectability is also assessed by considering factors such as past history with the customer, age of receivables, and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

- *Determining transaction price.* The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell (CTS) constitute a significant financing component. The Group adjusts the promised amount of consideration for the effects of a significant financing component if it



expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be more than one year.

- *Revenue recognition method and measure of progress.* The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

The Group requires a collection threshold of 10% of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

Revenue recognition - sales of agricultural goods and water services. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

- *Identifying performance obligations.* The Group accounts for all of the goods or services in each contract with customer as a single performance obligation capable of being distinct.
- *Recognition of revenue as the Group satisfies the performance obligation of sale of agricultural goods and water services.* The Company concluded that the revenue for sale of palm oil and other palm products to be recognized at a point in time when the goods are delivered and water services to be recognized over time as the customer receives and consumes the benefit from the performance of the related water services and it has a present right to payment for the services rendered.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold or services rendered.

- *Method to estimate variable consideration and assess constraint for agricultural goods.* The Group uses historical experience from the past 12 months to determine the expected value of rights to return and constrain the consideration accordingly. The Group updates its assessment of expected returns and refund liability. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. As at December 31, 2025 and 2024, no refund liability was recognized in the consolidated statements of financial position.



Distinction between real estate inventories, investment properties and owner-occupied properties.

The Group determines whether a property will be classified as real estate inventories, investment properties or owner-occupied properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories) and whether the property generates cash flow largely independent of the other assets held by an entity.

Real estate inventories comprise of property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction. Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. Owner-occupied properties classified and presented as property, plant and equipment, generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Management's Use of Estimates and Assumptions

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

Revenue recognition on real estate projects. The Group's revenue recognition policy require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate sales are recognized based on the POC which is measured principally on the basis of the estimated completion of a physical proportion of the contract work which requires technical determination by management's specialists (project engineers) and involves significant judgment and estimation.

For the years ended December 31, 2025, 2024 and 2023, the real estate sales recognized over time amounted to ₱1,601.0 million, ₱1,528.0 million and ₱1,454.8 million, respectively (see Note 26).

Provision for expected credit losses of receivables and contract assets. The Group uses a provision matrix to calculate ECLs for trade receivables other than ICRs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation rate. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for ICRs and contract assets. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The Group considers an ICR and contract asset in default when the Group forfeits and repossesses the property from the customer through cancellation. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.



The PD is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating LGD, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Republic Act 6552, *Realty Installment Buyer Act*, and cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

The resulting recovery rate coming from the above process, resulted to zero LGD, thus resulting to no recognized ECL for ICR and contract assets in 2025, 2024 and 2023.

In 2025 and 2024, the Group recognized allowance for expected credit loss on trade receivables amounting to ₱5.8 million and ₱8.6 million, respectively (see Note 5).

Estimating NRV of real estate inventories. The Group reviews the NRV of real estate inventories and compares it with the cost. Real estate inventories are written down below cost when the estimated NRV is found to be lower than the cost.

NRV 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 having taken suitable external advice and in light of recent market transactions. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell.

The carrying values of real estate inventories are disclosed in Note 6.

Estimating fair values of financial assets and liabilities. When the fair values of financial assets and liabilities recorded in the consolidated statements of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using average selling price of price per share of similar or identical assets traded in an active market. As at December 31, 2025 and 2024, the fair values of the financial assets and liabilities are disclosed in Note 23.

Impairment of property, plant and equipment. The Group performs annual impairment review of property, plant and equipment. Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of the assets in order to determine the value of these assets. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. In addition, adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group.

In 2025, due to non-renewal of lease agreement covering the palm oil facility, which was terminated in August 2025, the management recorded impairment of related property and equipment amounting to ₱684.3 million (see Note 12). In 2024 and 2023, the Group has assessed that its bearer plants have indications of impairment due to the palm oil plantation's bearer plants not reaching their optimal fruiting stages. In 2024 and 2023, the Group recognized impairment loss amounting to ₱45.9 million and ₱26.7 million, respectively, to account for the estimated fruit loss due to some trees not reaching the optimal fruiting stages in accordance with the industry standard yield (see Note 12).



Post-employment defined benefit plan. The cost of defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

As of December 31, 2025 and 2024, the Group's retirement obligations are disclosed in Note 19.

Impairment of Other Nonfinancial Assets. The Group assesses at each reporting date whether there is an indication that an item of investments in associates, investment properties, input VAT and other noncurrent assets may be impaired. Determining the value in use of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting impairment loss could have a material impact on the consolidated financial position and performance.

The preparation of the estimated future cash flows involves judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges. In 2025 and 2024, total allowance for impairment losses recognized in the Group's investment in associates and other assets amounted to ₱305.2 million and ₱7.7 million, respectively (see Notes 8 and 10).

Estimating realizability of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group. This forecast is based on the Group's past results and future expectations on revenue and expenses.

As at December 31, 2025 and 2024, deferred tax assets that were not recognized in the consolidated statements of financial position since it is not probable that sufficient taxable income may be available in the future against which the deferred tax assets can be utilized are disclosed in Note 20. As at December 31, 2025 and 2024, the carrying values of deferred tax assets are disclosed in Note 20.

4. Cash

	2025	2024
Cash on hand	₱22,398,788	₱40,576,191
Cash in banks	1,099,684,457	637,388,022
	₱1,122,083,245	₱677,964,213

Cash in banks pertain to savings and current accounts that generally earn interest based on prevailing respective bank deposit rates. The Group earned interest from cash in banks amounting to ₱5.13 million and ₱0.6 million in 2025 and 2024, respectively (see Note 22).



5. Receivables

	2025	2024
ICR	₱919,509,511	₱857,300,438
Loans receivable	600,000,000	—
Trade receivables	65,171,778	25,747,387
Advances to officers and employees	18,315,796	14,231,056
Other receivables	131,248,566	66,639,806
	1,734,245,651	963,918,687
Less allowance for credit losses on other receivables	5,760,965	8,633,841
	₱1,728,484,686	₱955,284,846

ICR consists of accounts collectible in equal monthly installments with over a period of 2 to 10 years. Certain ICRs bear interest ranging from 14% to 18% in 2025 and 2024, depending on the projects and units. The transfer certificates of title remain in the possession of the Group until full payment has been made by the customers. Interest earned from contract assets and ICR amounted to ₱40.9 million and ₱33.9 million in 2025 and 2024, respectively (see Note 22).

As of December 31, 2025, ABCEI has ₱600.0 million unsecured, non-interest bearing loan receivables from a third party which is payable on October 31, 2026.

Trade receivables include receivables from water service and sale of palm oil and other palm products which are noninterest-bearing and are normally collected within seven (7) to sixty (60) days.

In 2025 and 2024, the Parent Company assigned accounts receivable with recourse as collateral with its short-term loan discounting agreement with a bank. The outstanding balance of the assigned accounts receivable amounted to ₱503.5 million and ₱250.1 million as of December 31, 2025 and 2024, respectively (see Note 16).

Advances to officers and employees pertain to salary advances granted to the Group's employees that are collectible through salary deduction. These are noninterest-bearing and are due within one year.

Other receivables mainly pertain to advances made to homeowners' association of one of the projects and nontrade receivables. These receivables are noninterest-bearing and are due within one (1) year.

Movements in the allowance for ECL from other receivables in 2025 and 2024 are as follows:

	2025	2024
Balance at beginning of the year	₱8,633,841	₱8,633,841
Provision for expected credit losses	2,966,770	—
Write-offs	(5,839,645)	—
Balance at the end of the year	₱5,760,966	₱8,633,841



6. Real Estate Inventories

	2025	2024
Land for sale and development - at cost	₱805,797,857	₱817,297,857
Construction and development costs	4,398,931,418	3,240,697,445
	₱5,204,729,275	₱4,057,995,302

The rollforward of this account follows:

	2025	2024
Balance at beginning of the year	₱4,057,995,302	₱3,331,999,219
Construction and development costs incurred	1,689,682,744	1,291,805,871
Cost of real estate sales	(709,256,270)	(681,546,593)
Transfers from deposit for land acquisition (Note 8)	108,507,135	—
Borrowing costs capitalized (Note 16)	43,368,695	79,123,832
Depreciation expense capitalized (Note 12)	14,431,669	21,601,442
Transfers from investment properties (Note 11)	—	15,011,531
	₱5,204,729,275	₱4,057,995,302

The real estate inventories are carried at cost. No real estate inventories are recorded at amounts lower than cost in 2025 and 2024.

Land for sale and development represents real estate subdivision projects in which the Group has been granted License to Sell (LTS) by the Department of Human Settlements and Urban Development. It also includes raw land inventories that are under development and those that are about to undergo development.

Construction and development costs incurred pertain to amounts paid to contractors and development costs in relation to the development of land and construction of housing units, and other costs directly attributable to bringing the real estate inventories to its intended condition.

Borrowing costs capitalized to real estate inventories in 2025 and 2024 amounted to ₱43.4 million and ₱79.1 million, respectively (Note 16). The capitalization rate used to determine the borrowing costs eligible for capitalization in 2025 and 2024 is 9.5% and 14.8%, respectively.

Collateralized properties

Pursuant to the loan agreement, certain real estate inventories were collateralized in favor of the bank to secure the Group's short-term and long-term debts (see Note 16). As at December 31, 2025 and 2024, the carrying values of the collateralized real estate inventories amounted to ₱1.2 billion (see Note 16).

7. Other Inventories

	2025	2024
Construction materials	₱38,290,665	₱41,213,558
Finished agricultural goods	5,132,550	7,536,848
At cost	₱43,423,215	₱48,750,406



Construction materials pertain to supplies used in the construction and development of the real estate projects.

The cost of inventories recognized under cost of agricultural goods sold in the consolidated statements of comprehensive income are as follows:

	2025	2024	2023
Purchase and harvest of FFB	₱200,223,960	₱44,929,007	₱22,213,262
Crude palm oil purchased during the year	—	172,082,600	—
FFB used in production	200,223,960	217,011,607	22,213,262
Direct labor	12,362,780	13,892,039	8,867,022
Manufacturing overhead	6,676,480	11,906,743	8,248,589
Total manufacturing cost	219,263,220	242,810,389	39,328,873
Finished goods at beginning of year	7,536,849	6,819,176	89,849,239
Finished goods at end of year	(5,132,550)	(7,536,848)	(6,819,176)
Total cost of agricultural goods sold	₱221,667,519	₱242,092,717	₱122,358,936

Agricultural materials and other supplies pertain to fertilizers, fuel and oil and other consumables.

8. Other Assets

	2025	2024
Current:		
Deposits for land acquisition	₱1,070,481,119	₱903,173,965
Creditable withholding taxes	158,648,366	162,271,670
Prepaid expenses	124,735,738	109,234,851
Advances to suppliers	45,812,740	31,278,980
Costs to obtain contracts (Note 26)	19,659,018	25,037,298
Input VAT	11,817,556	32,802,641
Refundable deposits	953,732	908,313
Other current assets	7,724,332	7,567,795
	₱1,439,832,601	₱1,272,275,513
Noncurrent:		
Deposits for land acquisition - net of current portion	₱1,136,481,490	₱347,307,831
Input VAT - net of current portion	138,699,855	103,160,287
Refundable deposits - net of current portion	49,027,913	54,568,644
Advances to third parties	244,557,368	238,298,242
Deposits for future subscription	12,500,000	—
Goodwill	43,007	43,007
	1,581,309,633	743,378,011
Less allowance for impairment on:		
Advances to third parties	200,000,000	—
Input VAT	52,087,066	7,690,304
	₱1,329,222,567	₱735,687,707



Deposits for land acquisition pertain to installment payments made by the Parent Company to the sellers of land based on the sales contract. The lands are intended to be held for sale, for development in the future and for land banking. In 2025 and 2024, the Parent Company made transfers of land from deposits to real estate inventory upon transfer of control of the land to the Parent Company amounting to ₱108.5 million and nil, respectively (see Note 6). The Parent Company also made transfers of land from deposits for land acquisition to investment properties upon transfer of control of the land to the Parent Company amounting to ₱52.3 million and ₱193.8 million in 2025 and 2024, respectively (see Note 11).

Deposits for purchased land is presented as current assets if it is intended for land for sale and development (i.e. real estate inventory). Otherwise if it is held for capital appreciation or investment property, it is presented as noncurrent assets.

Creditable withholding taxes pertain to carry over of unapplied income tax credits and are recoverable and can be applied against the income tax payable in future periods.

Prepaid expenses consist mainly of prepaid supplies, employee benefits, rent, insurance and taxes and licenses, which are applicable in the future period.

Input VAT pertains to the 12% indirect taxes passed on to the Company by its supplier and contractors in the course of its business on its acquisition of goods and services under Philippine taxation laws and regulations. Input tax is applied against output VAT. In 2025 and 2024, the Group recorded an impairment loss on Input VAT amounting to ₱44.4 million and ₱7.7 million, respectively.

Advances to suppliers and contractors represent payments related to the construction of the clubhouse, development of the deep well, and topography and site preparation services in connection with the Company's real estate and construction activities.

Advances to third parties pertain to payments made by the Group for potential joint venture partners and will be applied to the cost of the business project. The business project holds Build-Operate-Transfer Contract with Department of Environment and Natural Resources) to manage, rehabilitate, and introduce ecologically friendly technologies for waste disposal, recycling, and energy generation. In 2025, the Parent Company recognized a full allowance for impairment amounting to ₱200.0 million as a result of the stalled implementation of the associated business projects and the delays related to the BOT contract, rendering the amount unrecoverable.

Costs to obtain contracts pertain to commissions owed and paid to brokers and marketing agents on the sale of pre-completed real estate units. These capitalized costs are amortized as marketing expense under "General, administrative and selling expenses" in the consolidated statements of comprehensive income over the expected construction period using the POC following the pattern of real estate revenue recognition (see Note 26).

9. Investments in Equity Instruments

The Group's EIFVOCI include golf club shares and some equity shares. The fair values of the golf club shares are determined based on average selling price per share of the assets which is traded in an active market (Level 2 input).

The changes in the fair value of these financial instruments are recognized under "Net change in fair value of EIFVOCI" in other comprehensive income.



The rollforward analysis of investments in EIFVOCI in 2025 and 2024 follows:

	2025	2024
Cost:		
At January 1 and December 31	₱434,070,793	₱434,070,793
Fair value reserve of EIFVOCI:		
At January 1	(5,214,271)	(71,683,836)
Fair value adjustment	156,586,957	66,469,565
At December 31	151,372,686	(5,214,271)
Carrying values	₱585,443,479	₱428,856,522

The Group's dividend income from EIFVOCI amounted to ₱8,621, nil and ₱5,354 in 2025, 2024, and 2023, respectively (see Note 22).

Changes in fair value of the unquoted investments at FVOCI resulted to a gain of ₱156.6 million, ₱66.5 million, and ₱61.4 million in 2025, 2024, and 2023, respectively. This is the "Net change in fair value of EIFVOCI" in the statements of comprehensive income.

10. Investments in Associates

	2025	2024
PEI	₱434,508,380	₱427,184,915
PCPC	—	1,359,328,462
EWRTC	—	53,232,614
	₱434,508,380	₱1,839,745,991

	2025	2024
Acquisition cost, beginning of year	₱1,105,595,917	₱1,105,595,917
Disposal	(920,710,918)	—
Balances at end of year	184,884,999	1,105,595,917
Accumulated share in net earnings:		
Balances at beginning of year	736,315,992	717,382,574
Equity in net earnings	240,584,503	140,933,418
Dividends	(236,000,000)	(122,000,000)
Disposal	(438,128,008)	—
Balances at end of year	302,772,487	736,315,992
Accumulated share in OCI:		
Balances at beginning of year	(2,165,918)	(1,221,512)
Equity in other comprehensive loss	673,408	(944,406)
Disposal	1,492,510	—
Balances at end of year	—	(2,165,918)
Allowance for impairment loss	(53,149,106)	—
	₱434,508,380	₱1,839,745,991

In 2025, 2024 and 2023, PEI declared cash dividend to the Group amounting to ₱66.0 million, ₱122.0 million and ₱65.7 million respectively, while PCPC declared ₱170 million to the Group in 2025, no cash dividend in 2024, and ₱50.0 million in 2023.



Dividends received from associates amounted to ₱236.0 million, ₱122.0 million and ₱266.7 million for the years ended December 31, 2025, 2024 and 2023, respectively.

The Group's share in net income (loss) of its associates are shown below:

	2025	2024	2023
PCPC	₱167,344,545*	₱65,744,893	₱217,611,680
PEI	73,323,466	75,257,131	122,449,983
EWRTC	(83,508)	(68,606)	(114,149)
	₱240,584,503	₱140,933,418	₱339,947,514

*share in net earnings is for seven-month ended July 31, 2025

Investment in PCPC

The Group had 20% investment in PCPC. PCPC was registered with the SEC on December 18, 2007 primarily to acquire, design, develop, construct, invest in and operate power generating plants. PCPC is engaged in power generation and operator of a 270-MW coal-fired power plant in Panay Island. The Group accounts its investment in PCPC as investment in associate as it exercises significant influence over PCPC.

On July 14, 2025, the Board of Directors of ABC Energy, Inc. (ABCEI) approved the sale of its 20% equity interest in PCPC. The divestment was undertaken to enable the Group to access additional capital, strengthen its core business segments, accelerate green energy initiatives, and reduce debt levels. ABCEI completed the sale of its investment in PCPC for a total consideration of ₱3.2 billion. This resulted in the derecognition of the related carrying amount of ₱1.4 billion and the recognition of a gain from the sale arising from the ₱1.8 billion gain on the shares sold. Total capital gains tax paid on the sale amounted to ₱348.3 million.

The following table sets out the summarized financial information of PCPC as of December 31, 2024:

Assets	
Current assets	₱2,531,323,001
Noncurrent assets	7,119,318,957
Less liabilities	
Current liabilities	1,851,910,053
Noncurrent liabilities	1,276,856,554
Equity	₱6,521,875,351
Group's carrying amount of the investment	₱1,359,328,462

As of July 31, 2025 and December 31, 2024, the Group's share in PCPC's net assets amounted to ₱1,301.7 million and ₱1,303.2 million, respectively. As of July 31, 2025 and December 31, 2024, the excess of the carrying value over the Group's share in PCPC's net assets is attributable to the notional goodwill.

	July 2025 (Seven Months)	December 2024 (One Year)	December 2023 (One Year)
Revenue	₱3,939,730,605	₱7,385,464,842	₱7,970,643,496
Costs and expenses	3,103,007,878	7,056,740,379	6,882,585,095
Net income	836,722,727	328,724,463	1,088,058,401
Other comprehensive loss	—	(944,406)	(5,409,860)
Total comprehensive income	₱836,722,727	₱327,780,057	₱1,082,648,541
Group's equity in net earnings	₱167,344,545	₱65,744,893	₱217,611,680



Investment in PEI

The Group has 20% investment in PEI. PEI was incorporated and registered with the SEC on February 19, 2013 primarily to purchase, acquire, own and hold shares of stock, equity, and property of energy companies. Through its subsidiaries, PEI's focus is to develop, construct, and operate diesel power plants in Mindanao to address the ongoing power shortages in the region.

On September 9, 2025, the Parent Company's Board approved the sale and transfer of its entire 20% equity interest in PEI to its wholly owned subsidiary, ABC Energy, Inc. (ABCEI) amounting to ₱110.0 million which is equal to its cost, as part of the Group's energy portfolio reorganization. This transaction forms part of the consolidation of the Group's energy-related assets under ABCEI, as publicly disclosed in filings with the Philippine Stock Exchange.

The following table sets out the summarized financial information of PEI as of December 31, 2025 and 2024:

	2025	2024
Assets		
Current assets	₱924,145,496	₱509,137,455
Noncurrent assets	1,751,335,672	1,916,446,128
Less liabilities		
Current liabilities	425,170,837	208,013,326
Noncurrent liabilities	148,059,541	165,390,783
Equity	₱2,102,250,790	₱2,052,179,474
Group's carrying amount of the investment	₱434,508,380	₱427,184,915

As of December 31, 2025 and 2024, the Group's share in PEI's net assets amounted to ₱434.5 million and ₱416.3 million, respectively. As of December 31, 2025 and 2024, the excess of the carrying value over the Group's share in PEI's net assets is attributable to the notional goodwill.

	2025	2024	2023
Revenue	₱1,139,036,691	₱1,165,390,793	₱989,597,574
Costs and expenses	772,419,362	789,105,138	377,347,660
Net income	366,617,329	₱376,285,655	₱612,249,914
Group's equity in net earnings	₱73,323,466	₱75,257,131	₱122,449,983

Investment in EWRTC

The Group has 33.33% investment in EWRTC. The Consortium composed of EWRTC and Alloy MTD Group (represented by MTD Philippines Inc.) has submitted an unsolicited proposal to the Philippine National Railways (PNR) to build and then operate and maintain the East-West Rail Project. The East-West Rail Project is an integrated light rail mass transportation system and is intended to help alleviate the gap in the transportation infrastructure in the metropolis. This project is in line with the objective of the government to increase the ratio of rail transport systems to the rocketing ridership demand in Metro Manila and other major urban cities. The Project will involve the development, design, construction, supply, completion, testing, commissioning, and operation & maintenance of the East-West Rail Project.

On October 2022, the Revised 2022 Implementing Rules and Regulations (IRR) of the Build-Operate-Transfer (BOT) Law took into effect. Amendments to key provisions addressing concerns over the financial viability and bankability of public-private partnership (PPP) projects as well as clarification to ambiguous provisions may have caused the delays in the PPP process. The Consortium is in continuous coordination with PNR as the implementing agency and preparing a



resubmission of project related documents for approval of the PPP project to be in line with new BOT IRR provisions. As of December 31, 2024, the Consortium has been granted the Original Proponent Status (OPS) by the PNR and is endorsed to the National Economic and Development Authority (NEDA) for evaluation and approval by the Investment Coordination Committee (ICC).

The following table sets out the summarized financial information of EWRTC as of December 31, 2025 and 2024:

	2025	2024
Assets		
Current assets	₱44,954,195	₱53,197,537
Noncurrent assets	–	7,205,176
Less liabilities		
Current liabilities	549,985,197	532,394,217
Capital deficiency	(₱505,031,002)	(₱471,991,504)
Group's carrying amount of the investment	₱53,149,106	₱53,232,614
Less: allowance for impairment	53,149,106	–
	₱–	₱53,232,614

As of December 31, 2025 and 2024, the Group's share in EWRTC's capital deficiency amounted to ₱53.1 and ₱53.2 million. As of December 31, 2025 and 2024, the excess of the carrying value over the Group's share in EWRTC's net assets is attributable to the notional goodwill and translation adjustment.

In 2025, the Consortium decided to abandon the plans and developments related to the East West Rail Project due to the project's non-moving status with uncertain forward implementation. In view of this, the Group has assessed that the carrying value of its capitalized costs related to EWRTC is no longer recoverable as the project has remained inactive, with no significant progress or advancement in its development pipeline. The Group has recognized an impairment loss for the full carrying amount of the investment related to the East West Rail Project amounting to ₱53.1 million. Accordingly, the investment is carried out at nil as of December 31, 2025.

	2025	2024	2023
Revenue	₱–	₱–	₱–
Costs and expenses	250,549	205,839	342,482
	₱250,549	₱205,839	₱342,482
Share in net loss	₱83,508	₱68,606	₱114,149

11. Investment Properties

The Group's investment properties as at December 31 are classified as follows:

	2025	2024
Land held for capital appreciation	₱544,546,572	₱492,230,588
Land and building held for lease	136,696,111	139,607,448
	₱681,242,683	₱631,838,036

The aggregate fair values of investment properties as of December 31, 2025 and 2024 amounted to ₱830.2 million and ₱805.2 million, respectively.



The fair values of the land was arrived at using the Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered in the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. This valuation approach are categorized as Level 3 in the fair value hierarchy as at December 31, 2025 and 2024. The significant unobservable input to the valuation is the price per square meter.

For land, significant increases or decreases in estimated price per square meter in isolation would result in a significantly higher or lower fair value on a linear basis.

The details of land held for capital appreciation are as follows:

	2025	2024
Cost:		
Balances at beginning of year	₱492,230,588	₱313,422,532
Reclassification from deposits for purchased land (Note 8)	52,315,984	193,819,587
Reclassification to real estate inventories (Note 6)	—	(15,011,531)
Net carrying value	₱544,546,572	₱492,230,588

Land held for lease for 2025 and 2024 are as follows:

2025	Land	Land Improvements	Total
Cost:			
Balances at beginning and end of year	₱63,908,760	₱87,340,123	₱151,248,883
Accumulated depreciation:			
Balances at beginning of year	—	11,641,435	11,641,435
Depreciation (Note 18)	—	2,911,337	2,911,337
Balances at end of year	—	14,552,772	14,552,772
	₱63,908,760	₱72,787,351	136,696,111

2024	Land	Land Improvements	Total
Cost:			
Balances at beginning and end of year	₱63,908,760	₱87,340,123	₱158,391,632
Accumulated depreciation:			
Balances at beginning of year	—	8,730,098	8,730,098
Depreciation (Note 18)	—	2,911,337	2,911,337
Balances at end of year	—	11,641,435	11,641,435
	₱63,908,760	₱75,698,688	₱139,607,448

The Group also has a fully depreciated building still in use as of December 31, 2025 and 2024 costing ₱7.0 million. Rental income generated from land held under lease in the consolidated statements of comprehensive income amounted to ₱4.1 million and ₱3.0 million in 2025 and 2024, respectively. Direct operating expense related to land held for lease included under “General, administrative and selling expenses” in the consolidated statements of comprehensive income amounted to ₱2.9 million both in 2025 and 2024.



12. Property, Plant and Equipment

2025	Land	Leasehold Improvements	Bearer Plants	RBD and Fractionation Machineries	Building and Improvements	Machineries and Equipment	Other Equipment	Construction in Progress	Right of Use Assets	Total
Cost										
At January 1	₱104,107,044	₱74,334,272	₱367,787,352	₱253,060,820	₱523,623,319	₱348,891,614	₱596,348,458	₱253,874,275	₱30,535,735	₱2,552,562,889
Additions	447,109,564	8,594,680	—	—	3,663,288	89,055,341	49,028,274	86,330,160	6,281,984	690,063,291
Disposals	—	—	—	—	(19,687)	(29,357,201)	(2,597,868)	—	—	(31,974,756)
At December 31	551,216,608	82,928,952	367,787,352	253,060,820	527,266,920	408,589,754	642,778,864	340,204,435	36,817,719	3,210,651,424
Accumulated depreciation										
At January 1	—	43,324,572	12,103,619	62,522,888	61,007,355	237,864,258	235,752,617	—	7,502,606	660,077,915
Depreciation	—	4,927,070	—	19,426,556	22,251,818	35,389,775	66,533,256	—	2,340,764	150,869,239
Disposals	—	—	—	—	(19,687)	(29,357,201)	(2,597,868)	—	—	(31,974,756)
At December 31	—	48,251,642	12,103,619	81,949,444	83,239,486	243,896,832	299,688,005	—	9,843,370	778,972,398
Allowance for impairment										
At January 1	—	—	156,401,605	—	—	—	—	20,349,210	—	176,750,815
Impairment (Note 21)	—	26,781,624	199,282,128	171,111,376	5,257,994	51,049,163	25,725,073	187,503,171	17,611,292	684,321,821
At December 31	—	26,781,624	355,683,733	171,111,376	5,257,994	51,049,163	25,725,073	207,852,381	17,611,292	861,072,636
Net Book Value	₱551,216,608	₱7,895,686	₱—	₱—	₱438,769,440	₱113,643,759	₱317,365,786	₱132,352,054	₱9,363,057	₱1,570,606,390

2024	Land	Leasehold Improvements	Bearer Plants	RBD and Fractionation Machineries	Building and Improvements	Machineries and Equipment	Other Equipment	Construction in Progress	Right of Use Assets	Total
Cost										
At January 1	₱72,162,848	₱69,574,255	₱367,150,604	₱253,060,820	₱84,086,226	₱327,911,629	₱332,067,802	₱645,462,948	₱30,535,735	₱2,182,012,867
Additions	31,944,196	1,060,017	636,748	—	1,660,403	20,715,740	62,600,715	252,958,095	—	371,575,914
Reclassifications	—	3,700,000	—	—	437,876,690	264,245	202,705,833	(644,546,768)	—	—
Disposals	—	—	—	—	—	—	(1,025,892)	—	—	(1,025,892)
At December 31	104,107,044	74,334,272	367,787,352	253,060,820	523,623,319	348,891,614	596,348,458	253,874,275	30,535,735	2,552,562,889
Accumulated depreciation										
At January 1	—	36,334,161	11,989,939	61,646,953	50,654,735	221,106,465	193,585,884	—	3,773,279	579,091,416
Depreciation	—	6,990,411	113,680	875,935	10,352,620	16,757,793	43,192,625	—	3,729,327	82,012,391
Disposals	—	—	—	—	—	—	(1,025,892)	—	—	(1,025,892)
At December 31	—	43,324,572	12,103,619	62,522,888	61,007,355	237,864,258	235,752,617	—	7,502,606	660,077,915
Allowance for impairment										
At January 1	—	—	112,173,529	—	—	—	—	18,649,242	—	130,822,771
Impairment	—	—	44,228,076	—	—	—	—	1,699,968	—	45,928,044
At December 31	—	—	156,401,605	—	—	—	—	20,349,210	—	176,750,815
Net Book Value	₱104,107,044	₱31,009,700	₱199,282,128	₱190,537,932	₱462,615,964	₱111,027,356	₱360,595,841	₱233,525,065	₱23,033,129	₱1,715,734,159



There are no contractual commitments to purchase property and equipment.

The depreciation from property, plant and equipment in 2025 and 2024 are recognized as:

	2025	2024
General, administrative and selling expense (Note 18)	₱136,437,570	₱59,774,201
Capitalized as part of:		
Real estate inventories (Note 6)	14,431,669	21,601,442
Bearer plants	-	636,748
	₱150,869,239	₱82,012,391

In 2024 and 2023, the Group has assessed that its bearer plants have indications of impairment due to the palm oil plantation's bearer plants not reaching their optimal fruiting stages. In 2024 and 2023 the Group recognized impairment loss amounting to ₱44.2 million and ₱26.7 million, respectively, to account for the estimated fruit loss due to some trees not reaching the optimal fruiting stages in accordance with the industry standard yield.

In 2025, due to non-renewal of lease agreement covering the palm oil facility, which was terminated in August 2025 (see Note 21) and the management recognized full impairment of the carrying values of bearer plant and other related assets of the palm oil facility of ABERDI and Nakeen amounting to ₱496.7 million. As part of management's strategic direction, this facility ceased to operate and was put in care and maintenance.

In 2025, the Board of VEC completed an assessment of the feasibility of an LNG Power Plant Project in Simlong, Batangas and concluded that the project is no longer viable due to unresolved permitting issues, grid connection constraints, and the lack of commercially viable alternatives. Consequently, the Group recognized an additional impairment loss of ₱187.6 million related to this.

Borrowing costs capitalized as construction in progress in relation to the construction of a cold storage facility amounted to ₱12.7 million and ₱21.7 million in 2025 and 2024, respectively (see Note 16).

The Group's property, plant and equipment are not used as collateral to its short-term and long-term debts.

13. Accounts and Other Payables

	2025	2024
Trade payables	₱1,935,456,470	₱906,068,492
Statutory payables	243,964,613	255,943,481
Retention payable	93,626,858	69,932,635
Current portion of lease liability (Note 21)	2,022,660	-
Accrued expenses		
Services	22,644,771	22,809,193
Payroll	18,513,187	33,393,129
Professional fees	7,027,964	8,563,303
Others	61,413,957	18,920,444
	₱2,384,670,480	₱1,315,630,677



Trade payables are noninterest-bearing and are generally on a 30 to 60-day credit terms.

Statutory payables pertains to the output tax on the sale of real estate units, dues for remittance to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, and Bureau of Internal Revenue. These are noninterest-bearing and are normally settled within one year.

Retention payable are noninterest-bearing and pertains to the amount withheld by the Group on contractor's billings to be settled upon completion and acceptance of the relevant contracts within the year. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects.

Accrued expenses pertain to accrued contractual services, professional fees, rent expenses and taxes and licenses incurred by the Parent Company.

Others payables pertains to interest payable and other expenses incurred by the Group.

14. Contract Assets and Liabilities

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as ICR. This is reclassified as ICR when the monthly amortization of the customer is already due for collection. The movement in contract asset is mainly due to new real estate sales contract recognized during the period and increase in POC, less reclassification to ICR.

The Group requires buyers of real estate units to pay a minimum percentage of the total contract price as reservation fee before the parties enter into a sale transaction. Payments from buyers which have not yet reached the buyer's equity to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on POC are presented as "Contract liabilities" in the consolidated statements of financial position.

When the Group's current collection threshold is reached by the buyer, revenue is recognized, and these deposits and down payments are recorded as either ICR or contract asset depending on the right to demand collection. The excess of collections over the recognized revenue is applied against the receivables or contract assets in the succeeding years. The movement in contract liabilities is mainly due to the reservation sales and advance payments of buyers less real estate sales recognized upon reaching the collection threshold and from increase in POC.

The Group's contract assets and liabilities as at December 31, 2025 and 2024 are as follows:

	2025	2024
<i>Contract assets</i>		
Current portion of contract assets	₱423,316,466	₱131,239,842
Noncurrent portion of contract assets	1,515,250,459	1,542,267,524
Contract assets	₱1,938,566,925	₱1,673,507,366
<i>Contract liabilities</i>		
At January 1	₱481,762,306	₱319,515,433
Additions	61,379,720	276,978,973
Recognized as revenues	(133,568,182)	(114,732,100)
At December 31	₱409,573,844	₱481,762,306



15. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control or common significant influence which include affiliates. In considering each possible related party relationship, attention is directed to the substance of relationship and not merely the legal form. Related parties may be individuals or corporate entities.

Material related party transactions refer to any related party transactions, either individually, or in aggregate, amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements.

The Group, in the normal course of business has significant transactions with related parties, which principally consist of the following:

- Loan by the Group from shareholder (see Note 16).

Shareholder Loan - A

As of December 31, 2024, the Group has outstanding loan from shareholder, which is classified under "Long term debt" in the consolidated statements of financial position amounting to ₱60.9 million which was fully settled as of December 31, 2025. The loan bears a fixed annual interest rate of 6.0%.

- Noninterest-bearing cash advances to the Group's associate EWRTC.
The carrying amount of the receivable as of December 31, 2024 was ₱50.9 million, which increased to ₱72.9 million as of December 31, 2025. In light of the impairment of the underlying investment in the East West Rail Project (see Note 10) and the assessed recoverability of the balance, management determined that the entire amount was no longer recoverable and, accordingly, fully impaired the receivable as of December 31, 2025 amounting to ₱72.9 million.

The consolidated statements of financial position include the following amounts resulting from the above transactions with related parties:

		2025		
Category	Advances (Settlements)	*Outstanding balance)	Terms	Conditions
Shareholders				
Long-term debt (see Note 16):				
Shareholder Loan – A				
Current*	(₱60,861,940)	₱–	5-year, 6% interest-bearing	Unsecured; no collateral
Noncurrent		–		
Associates				
Receivable from related parties:				
EWRTC**	21,974,628	₱72,869,564	On demand; non- interest bearing	Unsecured; with impairment
		72,869,564		
Less allowance for impairment loss		72,869,564		
		₱–		

*Presented as Long-term debt in the statement of financial position

**Presented as Receivables from related parties in the statement of financial position



2024				
Category	Settlements	Outstanding balance	Terms	Conditions
Shareholders				
<i>Long-term debt (see Note 16):</i>				
<i>Shareholder Loan – A</i>				
Current*	(P63,473,072)	(P60,861,940)	5-year, 6% interest-bearing	Unsecured; no collateral
Noncurrent	–	–		
		P–		
Associates				
<i>Receivable from related parties:</i>				
EWRTC**	P–	P50,894,936	On demand; non-interest bearing	Unsecured; no impairment
		P50,894,936		

*Presented as Long-term debt in the statement of financial position

**Presented as Receivables from related parties in the statement of financial position

Terms and Conditions of Transactions with Related Parties

The outstanding accounts with related parties, except for the advances to key management personnel, shall be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. These accounts are generally unsecured. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. The Group has approval process and established limits when entering into material related party transactions.

The compensation of the key management personnel, included as part of salaries, wages and employee benefits under “General and administrative expenses” in the consolidated statements of comprehensive income follows:

	2025	2024	2023
Short-term employee benefits	P52,682,312	P36,717,750	P28,352,364
Other employee benefits	37,945,585	10,444,658	8,554,263
	P90,627,897	P47,162,408	P36,906,627

Key management personnel of the Group include all directors and senior management.

16. Loans Payable

Loans payable represents various secured and unsecured loans obtained from local financial institutions and shareholder to finance the Group’s real estate development projects, working capital requirements and for general corporate purposes.

The Group entered into loan agreements with the following banks: Union Bank of the Philippines (UBP), Development Bank of the Philippines (DBP), Landbank of the Philippines (LBP), China Bank Corporation (CBC), Philippine Bank of Communication (PBCOM), Philippines National Bank (PNB) and Banco de Oro Unibank, Inc. (BDO). The Parent Company also entered into loan agreements from a shareholder.



Short-term debt

Short-term debt represents peso loans obtained from local banks for working capital and financing requirements. These loans bear annual interest rates ranging from 6.5% to 8.0% and 4.13% to 9.8% in 2025 and 2024.

	2025	2024
LBP	₱499,948,000	₱233,706,000
CBC	100,000,000	170,000,000
UBP	100,000,000	130,000,000
PNB	100,000,000	150,000,000
DBP	—	244,661,000
PBCOM	—	43,820,000
	₱799,948,000	₱972,187,000

Interest expense arising from these loans amounts to ₱59.2 million, ₱64.9 million and ₱49.5 million in 2025, 2024 and 2023, respectively.

In 2025 and 2024, the Company assigned accounts receivable with recourse as collateral with its short-term loan from LBP. The outstanding balance of the assigned accounts receivable amounted to ₱503.5 million and ₱250.1 million as of December 31, 2025 and 2024, respectively (see Note 5).

Long-term debt

The long-term debt represents various loans obtained from local financial institutions and shareholder to finance the Group's real estate projects and for general corporate purposes.

	2025	2024
UBP	₱951,833,333	₱902,507,344
BDO	800,000,000	—
PNB	428,571,429	500,000,000
CBC	399,209,755	431,814,458
LBP	190,040,637	318,718,669
DBP	—	142,764,000
Shareholder Loan - A (Note 15)	—	60,861,940
	2,769,655,154	2,356,666,411
Less unamortized debt issue cost	30,462,944	12,812,655
	2,739,192,210	2,343,853,756
Less current portion	662,323,879	602,633,723
	₱2,076,868,331	₱1,741,220,033

Loans from UBP

Loans from UBP are comprised of loans subject to fixed interest rates which are payable in monthly installments and secured by real estate mortgage. Fixed-rate loans have annual interest rates ranging from 7.5% to 9.8% payable for 5 years.

On October 28, 2022, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱330.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8%, whichever is higher, payable monthly. The Parent Company has availed ₱300.0 million in 2022. On June 23, 2023, the remaining ₱30.0 million of the term loan was availed carrying a nominal interest rate of 8.0% and effective interest of 8.3%, payable in monthly installments for 5 years.



On October 3, 2023, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱120.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread payable monthly. On October 31, 2023, the maximum aggregate principal of ₱120.0 million was availed with this agreement carrying a nominal interest rate of 8.1% and effective interest rate of 8.5%, payable in monthly installments for 5 years.

On August 27, 2024, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱470.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8.3%, whichever is higher, payable monthly. On August 28, 2024, the maximum aggregate principal of ₱470.0 million was availed with this agreement carrying a nominal interest rate of 7.9% and effective interest rate of 8.3%, payable in monthly installments for 5 years.

On April 22, 2025, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱1.0 billion available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread payable monthly. On April 28, 2025, the ₱360.0 million of the maximum aggregate principal was availed with this agreement carrying a nominal interest rate of 7.5% and effective interest rate of 8.03%, payable in monthly installments for 5 years. As of December 31, 2025 and 2024, the outstanding balance of the loan amounted to ₱951.8 million and ₱902.7 million, respectively.

Loans from BDO

On December 26, 2025, the Parent Company entered into a loan agreement with BDO for a term loan that grants a maximum aggregate principal of ₱800.0 million with the agreement carrying a nominal interest rate of 8.0% payable in monthly installments for 5 years.

Loan from PNB

On December 23, 2024, the Parent Company entered into a loan agreement with PNB for a term loan that grants a maximum aggregate principal of ₱500.0 million with the agreement carrying a nominal interest rate of 8.0% and effective interest of 8.3% payable in quarterly installments for 7 years. As of December 31, 2025 and 2024, the outstanding balance of the loan amounted to ₱428.6 million and ₱500.0 million, respectively.

Loans from CBC

These loans are payable in monthly installments for 2 to 5 years pertaining to secured car loans subject to fixed annual interest rates ranging from 6.0% to 10.6%.

On September 30, 2022, ISI was granted a 10-year ₱400 million credit facility by CBC of various drawdown depending on the percentage of completion of its E-Beam and Cold Storage Facility project, with interest rate of 8.0% payable quarterly. In 2025 and 2024, the Group has availed ₱16.1 million and ₱333.1 million, respectively, carrying a nominal interest rate of 8.0% and effective interest of 8.3%. Principal is payable in quarterly amortizations starting after the grace period of 13 quarters of the first drawdown on December 19, 2022 and will mature on December 19, 2032.

In addition, the Group has availed ₱41.7 million and ₱9.6 million in 2025 and 2024, respectively, as various car loans from CBC carrying a nominal interest rate of 6.0% to 10.6%, payable in monthly installments for 2 to 5 years. All car loan balances were fully settled within the reporting year. Accordingly, the outstanding loan balance as of December 31, 2025 and 2024 amounted to ₱399.2 million and ₱431.8 million, respectively.



Loans from LBP

These loans are payable in quarterly installments for 5 years secured by real estate mortgage which are subject to fixed interest rate of 6.0% to 8.0%.

On November 29, 2022, the Parent Company entered into a loan agreement with LBP for a term loan that grants a maximum aggregate principal of ₱500.0 million available for drawing within 1 year from the date of signing of loan documents. On March 27, 2023, the maximum aggregate principal of ₱500.0 million was availed with this agreement carrying a nominal interest rate of 8.0% and effective interest of 8.3%, payable in quarterly installments for 5 years. As of December 31, 2025 and 2024, the outstanding balance of the loan amounted to ₱190.0 million and ₱318.7 million, respectively.

Loan from DBP

This loan is payable in quarterly installments for 6 years secured by real estate mortgage which is subject to a fixed annual interest rate of 6.0%. The loan from DBP was fully settled during the year. Accordingly, the outstanding balance of the loan as of December 31, 2025 amounted to nil and ₱142.8 million, respectively.

Shareholder Loan - A

This loan is payable in monthly installments for 5 years, unsecured and subject to a fixed annual interest rate of 6.0% (see Note 15). As of December 31, 2025 and 2024, total payments made to shareholder amounted to ₱60.9 million and ₱63.5 million, respectively. In 2025 and 2024, total interest expense paid on the shareholder loan amounted to ₱1.9 million and ₱6.1 million, respectively. The shareholder loan – A was fully settled during the year. Accordingly, the outstanding balance of the loan as of December 31, 2025 and 2024 amounted to nil and ₱60.9 million, respectively.

Borrowing Cost

Total interest expense arising from long-term loans and from those due to related parties amounted to ₱181.4 million, ₱142.7 million and ₱133.3 million in 2025, 2024 and 2023, respectively.

Total borrowing costs for short-term and long-term debt recognized in 2025, 2024 and 2023 amounted to ₱43.4 million, ₱79.1 million and ₱102.0 million, respectively, are capitalized as part of real estate inventories (see Note 6), while ₱12.6 million, ₱21.6 million and ₱16.0 million, respectively, are capitalized as construction in progress under property, plant and equipment (see Note 12).

The capitalization rate used to determine the borrowing costs eligible for capitalization is 9.5%, 14.8% and 8.3% for 2025, 2024 and 2023, respectively.

The movement of the unamortized debt issue cost follows:

	2025	2024
At January 1	₱12,812,655	₱8,233,638
Additions	18,499,584	7,396,079
Amortization	(849,295)	(2,817,062)
At December 31	₱30,462,944	₱12,812,655



Repayment schedule

The repayment schedule of the long-term debt follows:

Year	2025	2024
2025	₱-	₱609,182,046
2026	668,025,848	1,747,484,366
2027-2032	2,101,629,306	-
	₱2,769,655,154	₱2,356,666,412

Security and Debt Covenants

Real estate inventories with carrying amounts of ₱1.2 billion as of December 31, 2025 and 2024 are collateralized for its long-term debts for UBP, LBP, and PNB (see Note 6).

Accounts receivable with carrying amounts of ₱503.5 million and ₱250.1 million are assigned to short-term loans for LBP as of December 31, 2025 and 2024 (see Note 5).

The BDO loan is by a real estate mortgage with an appraised value of ₱400.0 million over properties located in Sta. Ana, City of Manila owned by a shareholder of the Company. The properties were provided as collateral to support the Company's credit facilities in accordance with the terms of the loan agreement.

The Group is not subject to any financial covenants from its short-term and long-term debts.

17. Equity

Common Stock

As of December 31, 2025 and 2024, the Company has 3,250.0 million authorized shares with ₱1 par value. The Parent Company's common stock consists of:

	2025	2024
Authorized:	3,250,000,000	3,250,000,000
Common Stock		
Number of Issued Shares	2,477,668,925	2,477,668,925
Less treasury shares	(153,674,925)	(105,301,014)
Number of Outstanding Shares	2,323,994,000	2,372,367,911

Preferred Stock

On April 12, 2021, the BOD approved the amendment of the Articles of Incorporation (AOI) of the Parent Company to reclassify and divide the authorized capital stock into: (i) 3,250.0 million common shares with a par value of ₱1.00 per share; and (ii) 50.0 million preferred shares with a par value of ₱1.00 per share. The amendment of AOI was approved by the shareholders representing at least 2/3 of the outstanding capital stock during the Annual Stockholders' Meeting on June 24, 2021.

On May 25, 2021, the BOD authorized the shelf registration of 50 million preferred shares, and the offer and sale of up to 15.0 million preferred shares at an offer price of ₱100.00 per share.

On October 5, 2021, the SEC approved the Parent Company's proposal to create preferred shares by reclassifying its authorized capital stock from the current 3,300.0 million common shares to 3,250.0 million common shares and 50.0 million preferred shares.



On November 10, 2021, the Parent Company secured the approval from PSE for the shelf-listing of up to 50.0 million preferred shares and the follow-on public offer of up to 15.0 million preferred shares.

On November 12, 2021, the Parent Company secured the approval from SEC for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable “Series A” preferred shares at the option of the Parent Company. The “Series A” preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, May 29, August 29 and November 29 each year. The offering allowed the Parent Company to raise ₱1,326.5 million as new capital.

The Parent Company received on the same day from the Securities and Exchange Commission (SEC) the Permit to Offer Securities for Sale (“Permit to Sell”), dated 08 February 2024, covering the Second Tranche Offer Shares - Preferred Shares Series B and Series C.

On February 12, 2024, the Parent Company secured the approval from PSE for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable “Series B and C” preferred shares at the option of the Parent Company. The “Series B” and “Series C” preference shares are entitled to fixed rate cash dividends at 8.25% and 8.75% per annum, respectively.

On February 23, 2024, the Parent Company concluded its follow-on offering (FOO) and has listed its Series B and Series C preferred shares on the Philippine Stock Exchange. A total of 7,341,750 and 6,941,000 Series B and Series C preferred shares were issued, respectively. The offering allowed the Parent Company to raise ₱1,414.7 million as new capital with ₱1,400.3 million recognized as additional paid-in capital net of stock issuance costs.

The details of the Parent Company’s preferred stock as at December 31, 2025 and 2024 follows:

	No. of shares	Amount
Authorized:	50,000,000	
Preference shares:		
Series A, ₱1 par value	13,264,900	₱13,264,900
Series B, ₱1 par value	7,431,750	7,431,750
Series C, ₱1 par value	6,941,000	6,941,000
	27,637,650	₱27,637,650

Record of Registration of Securities with the SEC

Common Stock

The Securities and Exchange Commission (SEC) issued the following orders related to the Group's registration of its securities which are offered to the public: SEC-BED Order No. 1179 issued on December 17, 1993 of 200.0 million shares at an issue price of ₱4.50 per share; SEC-BED Order No. 847 issued on August 15, 1994 of 230.0 million shares; and, SEC-CFD Order No. 64 issued on March 12, 1996 of 530.0 million shares.

There are 2,083 and 2,086 common stockholders as of December 31, 2025 and 2024, respectively. There are 7 preferred stockholders in 2025 and 2024 in the records of the transfer agent, Professional Stock Transfer, Inc. (PSTI).

The share price closed at ₱0.93 and ₱0.56 on December 29, 2025 and December 27, 2024, respectively.



Preferred Stock

The SEC issued the following orders related to the Group's registration and issuance of its "Series A" preferred shares securities which are offered to the public: (1) SEC MSRD Order No. 76 s. 2021 ("Order of Registration") for the shelf registration of up to 50.0 million cumulative, non-voting, non-participating, non-convertible, and redeemable perpetual preferred shares; and (2) Permit to Offer Securities for Sale ("Permit to Sell") covering the Initial Offer Shares dated November 12, 2021. The "Series A" preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, May 29, August 29, and November 29 each year.

On November 29, 2021, there were 13,264,900 "Series A" preferred shares that were issued and listed in the PSE with "BRNP" as its ticker symbol.

On February 23, 2024, there were 7,431,750 "Series B" preferred shares that were issued and listed in the PSE with "BRNPB" as its ticker symbol. Moreover, there were 6,941,000 "Series C" preferred shares that were issued and listed in the PSE with "BRNPC" as its ticker symbol

The Parent Company received on the same day from the Securities and Exchange Commission (SEC) the Permit to Offer Securities for Sale ("Permit to Sell"), dated 08 February 2024, covering the Second Tranche Offer Shares - Preferred Shares Series B and Series C. As of December 31, 2025, there were three (3) registered "Series A" preferred stockholders, 2 (two) registered "Series B" preferred stockholders and 2 (two) registered "Series C" preferred stockholders in the records of the transfer agent, PSTI.

For "Series A" share price closed at ₱99.5 on December 26, 2025 and ₱96.5 on December 27, 2024.

For "Series B" share price closed at ₱103.5 on December 26, 2025 and ₱104 on December 19, 2024.

For "Series C" share price closed at ₱105.5 on December 29, 2025 and ₱107.2 on December 26, 2024.

Additional Paid-In Capital (APIC)

APIC pertains to the excess proceeds over the par value of the issued shares. APIC for common shares amounted to ₱638.0 million as of December 31, 2025 and 2024.

In 2024, the Parent Company has recognized APIC for preferred shares for the excess proceeds of subscriptions over the par value amounting to ₱1,422.9 million in relation to its issuance of preferred shares. Incremental costs directly attributable to the issue of new shares such as underwriter fees, legal fees, and other professional fees are presented in equity as a deduction from APIC amounting to ₱22.6 million.

As of December 31, 2025 and 2024, the APIC on preferred shares is ₱2,693.5 million.

Treasury Shares

In 2016, the Group has acquired all of the unissued fractional common shares arising from the stock dividend declaration in 2013, constituting an aggregate of 1,014 shares. These 1,014 shares were reflected as subscribed and issued shares and recognized as treasury shares at cost equal to par value of ₱1.00.

On August 17, 2020, the BOD of the Parent Company has approved the implementation of a share buyback program of up to ₱50.0 million worth of the Parent Company's common shares. On May 25, 2021, the initial approved budget of the program has been extended from ₱50.0 million to ₱100.0 million as recommended and approved by the BOD.



In 2022, the Parent Company has bought back from the market a total of 105,301,014 common shares with cost of ₱94.9 million.

On November 14, 2025, the Board of Directors approved the implementation of a Share Buy-Back Program authorizing the Corporation to repurchase up to ₱100 million worth of its common shares. The program is intended to enhance long-term shareholder value by returning capital to shareholders and taking advantage of the Corporation's shares being undervalued in the market. The buy-back program shall be effective for a period of one (1) year from the date of Board approval, or until the authorized amount is fully utilized, whichever comes first. Share repurchases will be conducted through the open market using the trading facilities of the Philippine Stock Exchange (PSE), subject to the required disclosures to the PSE and the Securities and Exchange Commission.

The movement in the Parent Company's treasury shares follows:

	2025		2024	
	No. of shares	Amount	No. of shares	Amount
Common				
Balance at beginning of year	105,301,014	₱94,932,275	105,301,014	₱94,932,275
Additions	48,373,911	45,323,584	—	—
Balance at end of year	153,674,925	₱140,255,859	105,301,014	₱94,932,275

Retained Earnings

Retained earnings amounting to ₱3,285.5 million and ₱2,694.4 million as of December 31, 2025 and 2024, respectively, including the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱189.0 million and ₱154.9 million, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

Declaration of Dividends

On February 3, 2023, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Company's unrestricted retained earnings as of December 31, 2022 to all preferred stockholders of record as of February 17, 2023, payable on March 1, 2023, all preferred stockholders of record as of May 3, 2023, payable on May 29, 2023, all preferred stockholders of record as of August 1, 2023, payable on August 29, 2023 and all preferred stockholders of record as of November 3, 2023, payable on November 29, 2023. In 2023, the Company declared and paid dividends amounting to ₱92.9 million.

On February 1, 2024, pursuant to the yearly cash dividends on "Series A" preferred shares, the BOD approved the declaration of cash dividends in the amount of ₱1.75 per share out of the Parent Company's unrestricted retained earnings as of December 31, 2023 to all holders of "Series A" preferred shares on record as of February 16, 2024, payable on March 1, 2024, all preferred stockholders of record as of May 3, 2024, payable on May 29, 2024, all preferred stockholders of record as of August 1, 2024, payable on August 29, 2024 and all preferred stockholders of record as of November 5, 2024, payable on November 29, 2024.

On April 8, 2024, the BOD approved the declaration of quarterly cash dividends for Series B and Series C Preferred Shares. Series B carries a dividend rate of 8.25% per annum, amounting to ₱2.0625 per share per quarter, while Series C carries a rate of 8.75% per annum, or ₱2.1875 per share per quarter. These dividends have payment dates set on May 23, 2024. The cash dividends will be paid out of the Corporation's unrestricted retained earnings as of December 31, 2023.



On July 12, 2024, the BOD approved the declaration of a cash dividend of ₱0.025 per share for the Corporation's common shareholders. The record date for entitlement was set on August 1, 2024, with the payment date scheduled for August 15, 2024. This dividend will also be sourced from the Corporation's unrestricted retained earnings as of December 31, 2023. In 2024, the Company declared and paid dividends totaling to ₱244.7 million.

On February 3, 2025, the Company's Board of Directors approved the declaration of cash dividends on its Series A, Series B, and Series C Preferred Shares, payable from unrestricted retained earnings as of December 31, 2024. For the Series A Preferred Shares, dividends were declared at a rate of 7.00% of the ₱100.00 par value, equivalent to ₱1.75 per share per quarter, payable quarterly in arrears. The scheduled payment dates for 2025 are 17 February, 05 May, 05 August, and 05 November, in accordance with the corresponding record dates set by the Company. For the Series B and Series C Preferred Shares, quarterly cash dividends were declared at fixed amounts of ₱2.0625 per share and ₱2.1875 per share, respectively. These dividends are payable on 05 May, 05 August, and 05 November 2025, and 09 February 2026, based on the approved record and payment schedules. The Board also authorized the Chief Financial Officer to implement and settle the said dividend distributions. The total cash dividends declared on preferred shares for the year amounted to ₱214.9 million.

On July 8, 2025, the Board of Directors authorized a cash dividend of ₱0.025 per common share, totaling approximately ₱59.3 million. The dividends were paid on August 15, 2025 for shareholders of record as of August 1, 2025. This dividend was sourced from unrestricted retained earnings as of December 31, 2024, and was released based on the record and payment dates set by the Company.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong and healthy consolidated statements of financial position to support its current business operations and drive its expansion and growth in the future.

The Group undertakes to establish the appropriate capital structure for each business line, to allow it sufficient financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group attempts to continually lengthen the maturity profile of its debt portfolio and makes it a goal to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. To maintain or adjust the capital structure, the Group may issue new shares, obtain loan from local banks or obtain additional funding from shareholders as additional paid-up capital or debt.



The Group is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital in 2025 and 2024. The table below pertains to the account balances the Group considers as its core economic capital:

	2025	2024
Short-term debt	₱799,948,000	₱972,187,000
Long-term debt	2,739,192,210	2,343,853,756
Common stock	2,477,668,925	2,477,668,925
Preferred stock	27,637,650	27,637,650
Additional paid-in capital	3,331,502,966	3,331,502,966
Treasury shares	(140,255,859)	(94,932,275)
Retained earnings	3,285,492,345	2,694,454,515
	₱12,521,186,237	₱11,752,372,537

Earnings Per Share

Basic and diluted earnings per share amounts attributable to common equity holders of the Parent Company are as follows:

	2025	2024	2023
Net income attributable to the common shareholders of the Parent Company	₱866,739,519	₱334,139,396	₱546,514,853
Less cumulative preferred shares dividends, net of tax	193,409,989	181,413,909	82,307,912
Net income attributable to the common shareholders of the Parent	673,329,530	152,725,487	464,206,941
Weighted average number of outstanding common shares*	2,370,902,835	2,372,367,911	2,372,367,911
Basic and diluted earnings per share	₱0.28	₱0.06	₱0.20

**Weighted average common shares considering the effect of treasury shares*

Earnings per share are calculated using the consolidated net income attributable to the common shareholders of the Parent Company less cumulative preferred shares dividends divided by the weighted average number of outstanding common shares.

For the years ended December 31, 2025 and 2024, there were no issued and outstanding share options that could potentially dilute the Group's earnings per share.



18. General, Administrative and Selling Expenses

	2025	2024	2023
Depreciation (Notes 11 and 12)	₱139,348,907	₱62,685,538	₱71,646,895
Personnel cost	119,520,574	138,004,668	131,444,467
Marketing (Note 26)	114,329,773	107,098,376	70,975,998
Taxes and licenses	42,086,334	53,194,642	43,590,207
Professional fees	28,797,571	14,235,123	18,410,290
Transportation and travel	17,162,544	25,484,655	44,131,525
Outside services	16,489,763	19,400,060	20,731,060
Rental (Note 21)	15,661,217	9,419,407	8,166,192
Directors' fee	12,478,000	721,000	1,121,000
Fines and penalties	12,606,903	9,190,636	4,144,443
Utilities and supplies	11,153,780	10,475,158	26,808,571
Retirement benefits expense (Note 19)	10,104,390	11,949,765	11,408,597
Notarial fees	5,714,686	—	—
Repairs and maintenance	2,633,767	4,600,864	15,867,354
Bank charges	2,320,411	1,922,079	920,598
Insurance	2,018,418	2,799,807	3,989,566
Others	29,526,524	26,392,205	40,550,837
	₱581,953,562	₱497,573,983	₱513,907,600

Marketing expenses significantly include amortization of the costs to obtain contracts on real estate sales and advertising expenses incurred by the Group.

“Others” includes notarization, bank charges, subscription fees and expenses arising from business and research development and software maintenance.

19. Retirement Benefit Obligation

The Group has a funded non-contributory retirement plan covering all regular and full-time employees effective July 1, 2002 (anniversary date was amended to take effect every January 1, retroactive 2003). Benefits are dependent on the years of service and the respective employee's compensation.

The defined benefit obligation is determined using the Projected Unit Credit method. There was no plan of termination, curtailment or settlement for the years ended December 31, 2025 and 2024.

Responsibilities of Trustee

The retirement fund is being administered and managed through a Multi-Employer Retirement Plan (the “Plan”) by a trustee bank. The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed between the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Plan and the management of the retirement fund.

The Retirement Plan Trustee may seek the advice of counsel and appoint an investment manager or managers to manage the retirement fund, an independent accountant to audit the fund, and an actuary to value the retirement fund.



The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position.

The components of retirement benefit expense recognized as retirement benefits under “General, administrative and selling expenses” in the consolidated statements of comprehensive income are as follows (see Note 18):

	2025	2024	2023
Current service cost	₱6,411,976	₱6,230,549	₱6,236,494
Interest expense on defined benefit obligation	4,043,393	6,233,285	5,470,422
Interest income on plan assets	(350,979)	(514,069)	(298,319)
Total retirement benefit expense	₱10,104,390	₱11,949,765	₱11,408,597

The components of remeasurements loss (gain) on defined benefit plan recognized in OCI are as follows:

	2025	2024	2023
Remeasurement loss (gain) on plan assets	(₱633,751)	₱96,682	₱149,647
Remeasurement gain on defined benefit obligation	—	(2,116,403)	—
Income tax effect	158,439	667,139	(37,411)
Remeasurement loss (gain) at end of year	(₱475,312)	(₱1,352,582)	₱112,236

Remeasurement loss on defined benefit obligation recognized in the consolidated statements of financial position are as follows:

	2025	2024
At January 1	₱20,218,050	₱21,570,632
Remeasurement loss on fair value of plan assets	(633,751)	96,682
Remeasurement gain on defined benefit obligation	—	(2,116,403)
Income tax effect	158,439	667,139
At December 31	₱19,742,738	₱20,218,050

The breakdown of the retirement benefit obligation recognized in the consolidated statements of financial position follow:

	2025	2024
Present value of defined benefit obligation	₱103,518,257	₱93,062,888
Fair value of plan assets	(9,571,836)	(8,587,768)
Retirement benefit obligation	₱93,946,421	₱84,475,120



Changes in the present value of the defined benefit obligation follow:

	2025	2024
Balance at beginning of year	₱93,062,888	₱83,152,761
Current service cost	6,411,976	6,230,549
Interest cost	4,043,393	6,233,285
Benefits paid from company operating fund	—	(437,304)
Remeasurement gain	—	(2,116,403)
Balance at end of year	₱103,518,257	₱93,062,888

Changes in the fair value of plan assets follow:

	2025	2024
Balance at beginning of year	₱8,587,106	₱6,170,381
Contributions to the retirement fund	—	2,000,000
Interest income	350,979	514,069
Remeasurement gain (loss)	633,751	(96,682)
Balance at end of year	₱9,571,836	₱8,587,768

The fair values of plan assets by each class as of December 31 are as follows:

	2025	2024
Equity investments	₱2,275,465	₱4,854,002
Investment in UITF	1,804,071	1,946,292
Debt instruments	5,412,187	1,686,656
Deposits in banks	3,763	3,865
Others	76,350	96,953
Balance at end of year	₱9,571,836	₱8,587,768

For determination of the retirement benefit obligation, the following actuarial assumptions for December 31, 2025 and 2024 were used:

Discount rates used	6.11%
Expected rate of salary increases	2.00%

Assumptions regarding future mortality and disability are based on the 2001 CSO table-Generational and The Disability Study, Period 2, Benefit 5, respectively.

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefit obligation as of December 31, 2025 and 2024, assuming all other assumptions were held constant.

	Increase (Decrease)	Effect	
		2025	2024
Discount rate	1.00%	(₱4,760,853)	(₱4,280,883)
	-1.00%	5,352,962	4,813,298
Salary increase rate	1.00%	5,928,376	5,330,701
	-1.00%	(5,350,470)	(4,811,057)



The average duration of the defined benefit obligation is 8.4 in December 31, 2025 and 2024, respectively.

The average duration of the defined benefit obligation as at December 31, 2025 and 2024 is 8.4 years. Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2025 and 2024.

	2025	2024
Less than 1 year	₱39,990,195	₱35,958,544
1 to less than 5 years	30,344,830	27,276,594
5 to less than 10 years	46,419,686	41,739,840
10 to less than 15 years	58,402,010	52,514,154
15 to less than 20 years	44,989,240	40,453,605
20 years and above	86,782,724	78,033,638

20. Income Taxes

Provision for current income tax pertains to regular corporate income tax (RCIT) and minimum corporate income tax (MCIT) as follows:

	2025	2024	2023
RCIT	₱36,959,518	₱930,620	₱1,092,402
MCIT	302,558	17,288,692	5,158,153
	₱37,262,076	₱18,219,312	₱6,250,555

The reconciliation of provision for income tax computed at the statutory tax rate to provision for income tax reported in the consolidated statements of comprehensive income follows:

	2025	2024	2023
Provision for income tax computed at 25%	₱231,751,034	₱112,578,572	₱174,953,680
Adjustments for:			
Gain on disposal of investment in associate	(568,572,271)	—	—
Tax exempt dividend income	(569,002,525)	—	—
Equity in net earnings of associates	(60,146,126)	(35,233,355)	(84,986,879)
Nondeductible expenses	174,732,735	30,887,537	42,816,889
Change in unrecognized deferred tax assets	852,791,896	19,048,572	20,586,222
Interest income already subjected to final tax	(1,263,025)	(145,908)	(31,833)
Preferred share issue costs recognized in APIC	—	(12,316,244)	—
Expiration of MCIT	—	1,386,523	—
	₱60,291,718	₱116,205,697	₱153,338,079



The components of net deferred tax assets as of December 31, 2025 and 2024 follow:

	2025	2024
Deferred tax assets on:		
Retirement benefit liability	₱978,688	₱—

The components of net deferred tax liabilities as of December 31, 2025 and 2024 follow:

	2025	2024
In profit and loss:		
Deferred tax liabilities on:		
Excess of real estate sales based on POC over real estate sales based on tax rules	(₱609,490,225)	(₱537,176,224)
Unamortized debt issue cost	(7,615,736)	(3,203,164)
Prepaid commission	(4,914,755)	(6,259,325)
Others	(100,053)	(32,695)
	(622,120,769)	(546,671,408)
Deferred tax assets on:		
Allowance for impairment on receivables	51,440,241	698,549
Retirement benefit liability	16,250,176	14,505,315
Fair value adjustment arising from business combination	13,301,338	13,301,338
MCIT	—	24,940,746
	80,991,755	53,445,948
In equity:		
Deferred tax assets (liabilities) on:		
Remeasurement loss on retirement benefit plan	6,257,742	6,417,738
Cumulative translation adjustment	(2,831,471)	(3,490,290)
	3,426,271	2,927,448
Deferred tax liabilities – net	(₱537,702,743)	(₱490,298,012)

Unrecognized deferred tax assets

The details of unrecognized deferred tax assets from ABERDI, BAC, ABCEI, ABBWCI, NRC, SHDI, MCPI, VEC and ISI as at December 31, 2025 and 2024 are as follows:

	2025		2024	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
NOLCO	₱437,796,948	₱109,449,237	₱287,587,405	₱71,896,851
Excess MCIT	1,274,832	1,274,832	633,396	633,396
	₱439,071,780	₱110,724,069	₱288,220,801	₱72,530,247

In 2025 and 2024, The Group also did not recognize deferred tax assets on allowance for impairment losses on property, plant and equipment amounting to ₱684.3 million and ₱44.2 million, respectively, as based on management's assessment, it is not probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized..



NOLCO.

The details of NOLCO are as follow (in thousands):

Year Incurred	Expiry Date	At December 31, 2024	Application	Additions	Expired	At December 31, 2025
2020	December 31, 2025	₱42,691	(₱537)	₱—	(₱42,154)	₱—
2021	December 31, 2026	40,584	—	—	—	40,584
2022	December 31, 2026	42,622	—	—	(42,622)	—
2023	December 31, 2026	105,239	—	—	—	105,239
2024	December 31, 2027	117,124	—	—	—	117,124
2025	December 31, 2028	—	—	₱174,850	—	174,850
		₱348,260	(₱537)	₱174,850	(₱84,776)	₱437,797

In 2025, the Group applied NOLCO and MCIT amounting to ₱0.54 million and ₱24.9 million, respectively, and reversed the previously recognized deferred taxes recognized.

MCIT.

The details of excess MCIT are as follow (in thousands):

Year Incurred	Expiry Date	At December 31, 2024	Application	Addition	Expired	At December 31, 2025
2022	December 31, 2026	₱5,052	(₱4,701)	₱—	(₱351)	₱—
2023	December 31, 2027	5,158	(4,876)	—	—	282
2024	December 31, 2028	16,071	(15,364)	—	—	707
2025	December 31, 2029	—	—	286	—	286
		₱26,281	(24,941)	₱286	(₱351)	₱1,275

21. Lease Agreements

Group as a Lessor

The Group leased its various properties under operating leases. The term of the lease agreements is for 8 months to one year and is renewable upon mutual agreement of both parties. The agreements provide that the lessees shall pay for all major and minor repairs, business taxes, and charges for water, light, telephone and other utilities expense. There is no escalation clause and the leases are classified as operating leases.

On March 2023, ABERDI entered into lease agreements with PALMA LANA OPC for its milling facility located in Impasug-ong, Bukidnon with lease term of 8 months and a monthly rental of ₱1.3 million. On April 2024, the Company subsequently renewed its leasing agreement for a period of one year ending April 2025. After its lease expiration, ABERDI went on a lease on a monthly basis with the lessee until August 2025 and was no longer renewed.

Rental income from third parties under these operating leases amounted to ₱15.8 million, ₱19.6 million and ₱14.9 million in 2025, 2024 and 2023, respectively (see Note 22).

Group as a Lessee

In 2025 and 2024, the Group entered into lease agreements with related and non-related parties for its office spaces in Cagayan de Oro City, Impasug-ong and Metro Manila which have lease terms of 8 to 12 months or less and are renewable upon the agreement of both parties. The Group applies the 'short-term lease' recognition exemption for these leases.



There are no other significant restrictions imposed by lease agreements such as those concerning dividends, additional debt and further leasing.

In 2025, 2024 and 2023, rent expense amounted to ₱15.6 million, ₱9.4 million, and ₱8.2 million, respectively (see Note 18).

The Group paid advance rentals for the rights to use parcels of land in Impasugong, Kalabugao, Salawaga Tingalan, Opol, Misamis Oriental and Tignapoloan, Cagayan de Oro City and to develop them as palm oil commercial plantations under the Group's development contracts (DC) with KASAMAKA and KMBT identified as contracts containing leases scoped in under PFRS 16. There are no future lease payments related to these lease contracts. The lease agreement commenced on January 1, 2009 and expired on January 1, 2014. The lease agreement was further renewed on April 1, 2022 and expired on April 1, 2025. After its lease expiration, the Group went on a lease on a monthly basis with the lessee until August 2025 and was no longer renewed.

In 2025, the ABC Energy, Inc. entered into a lease agreement with Exquadra, Inc. (the "Lessor") for the lease of office space and two (2) parking slots for a period of five (5) years, commenced on January 1, 2025 and ending on December 31, 2029, unless earlier terminated in accordance with the terms of the lease contract. In addition, the Company entered into a separate lease for one (1) parking slot for a period of one (1) year, commenced on October 1, 2025 and ending on September 30, 2026.

The lease liability for the year ended December 31, 2025 is as follows:

Balance at beginning of year	₱—
Additions	10,784,058
Interest expense	646,793
Lease payments	(2,433,401)
Balance at ending of year	8,997,450
Less current portion (Note 13)	2,022,660
	<u>₱6,974,790</u>

As of December 31, 2025, the Company has future undiscounted lease payment obligations under non-cancelable lease agreements totaling ₱10.2 million. Of this amount, ₱2.5 million is payable within one year, while ₱7.6 million is payable after one year but within five years. In 2024, the Group has no future lease payments as rentals were paid in advance.

22. Miscellaneous Income

	2025	2024	2023
Interest income (Notes 4 and 5)	₱45,919,469	₱34,509,378	₱486,154
Income from forfeited deposits (Note 22)	18,454,575	23,846,049	20,026,646
Rental income (Notes 11 and 21)	15,815,354	19,624,353	14,944,353
Gain on disposal of property, plant and equipment	122,621	18,666	—
Unrealized forex gain (loss)	34,478	92,371	(1,200)
Dividend income	8,621	—	5,354
Others	5,089,928	30,165,649	6,347,261
	<u>₱85,445,046</u>	<u>₱108,256,466</u>	<u>₱41,808,568</u>



23. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities in relation to its financial instruments which include financial assets comprising cash, receivables (excluding advances to officers and employees), receivables from related parties, EIFVOCI and deposit in escrow and refundable deposits included under “Other assets”. This also includes financial liabilities comprising accounts and other payables (excluding statutory payables), short-term and long-term debts. The main types of risks are market risk (mainly interest rate and equity price risks), credit risk and liquidity risk which arise in the normal course of the Group’s business activities.

The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group’s results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle. The management takes charge of the Group’s overall risk management strategies and for approval of risk strategies and policies under the direction of the Group’s BOD.

The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

There were no changes in the Group’s financial risk management objectives and policies in 2025 and 2024.

The main risks arising from the use of financial instruments are credit risk, liquidity risk, interest rate risk and equity price risk. The Group’s BOD reviews and agrees with policies for managing each of these risks. These are summarized below:

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group trades only with recognized, creditworthy third parties. The Group’s receivables are monitored on an ongoing basis to manage exposure to bad debts and to ensure timely execution of necessary intervention efforts. The Group’s debt financial assets are not subject to collateral and other credit enhancement except for ICRs. Real estate buyers are subject to standard credit check procedures, which are calibrated based on payment scheme offered. The Group’s respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

In addition, the credit risk for ICRs is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject real estate property in case of refusal by the buyer to pay on time the due ICR. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossession of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%).

With respect to credit risk arising from the other debt financial assets of the Group, which comprise cash and due to a related party, the Group’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The



Group transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

For financial assets recognized on the consolidated statements of financial position, the gross exposure to credit risk equals their carrying amount except for ICR and contract assets where exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid.

The Group's maximum exposure to credit risk is equal to the carrying values of its debt financial assets except for ICR and contract assets as discussed above. The table below shows the credit quality and aging analysis of the Group's financial assets and contract assets:

	2025	2024
Financial assets:		
Cash in banks (Note 4)	₱1,099,684,457	₱637,388,022
Receivables (Note 5)	1,734,245,651	963,918,687
Receivables from related parties (Note 15)	—	50,894,936
Refundable deposits (Note 8)	49,981,645	55,476,957
Deposit in escrow*	7,424,332	7,424,332
Contract assets (Note 14)	1,938,566,925	1,673,507,366
	₱4,829,903,010	₱3,388,610,300

*Included under other current assets account

The aging analysis per class of financial assets as at December 31 is as follows:

2025							
Total	Neither Past Due nor Impaired	Past Due But not Impaired				Impaired	
		Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days		
Financial assets:							
Cash in banks	₱1,099,684,457	₱1,099,684,457	₱—	₱—	₱—	₱—	₱—
Receivables	1,734,245,651	1,670,009,830	51,953,309	468,634	—	6,052,913	5,760,965
Deposit in escrow	7,424,332	7,424,332	—	—	—	—	—
Refundable deposits	49,981,645	49,981,645	—	—	—	—	—
	₱2,891,336,085	₱2,827,100,264	₱51,953,309	₱468,634	₱—	₱6,052,913	₱5,760,965

2024							
Total	Neither Past Due nor Impaired	Past Due But not Impaired				Impaired	
		Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days		
Financial assets:							
Cash in banks	₱637,388,022	₱637,388,022	₱—	₱—	₱—	₱—	₱—
Receivables	963,918,687	724,476,861	—	—	—	230,807,984	8,633,842
Receivables from related parties	50,894,936	50,894,936	—	—	—	—	—
Refundable deposits	55,476,957	55,476,957	—	—	—	—	—
Deposit in escrow	7,424,332	7,424,332	—	—	—	—	—
	₱1,715,102,934	₱1,475,661,108	₱—	₱—	₱—	₱230,807,984	₱8,633,842

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2025 and 2024.

Low credit risk simplification approach

- *Cash and Deposit in Escrow* - These are of high quality as the amounts are deposited in reputable banks which have good bank standing and is considered to have a low credit risk. Accordingly, management assessed that no ECL relating to the cash and deposit in escrow of the Group is recognized.



General approach

- *Receivables (except ICR and trade receivables), receivables from related parties and refundable deposits* - These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables and deposits of the Group is recognized. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.

Simplified approach

- *ICR and contract assets* - These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables of the Group is recognized. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.
- *Trade receivables* - These are high grade since these pertain to receivables from customers who have established good credit standing with the Company. The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. Accordingly, management assessed and recognized ECL relating to trade receivables amounting to nil in 2025 and 2024, respectively. Trade receivables are regarded as short-term and while there are certain accounts that are past-due, the Group evaluates the credit risk with respect to trade receivables as low as there were no history of default payments.

Below is summary of financial assets of the Group with corresponding ECL as of December 31, 2025 and 2024:

	2025				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱1,912,415,761	₱—	₱—	₱2,923,248,214	₱4,835,663,975
ECL allowance	—	—	—	(5,760,965)	(5,760,965)
Carrying amount	₱1,912,415,761	₱—	₱—	₱2,917,487,249	₱4,829,903,010

	2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱840,688,950	₱—	₱—	₱2,556,555,191	₱3,397,244,141
ECL allowance	—	—	—	(8,633,841)	(8,633,841)
Carrying amount	₱840,688,950	₱—	₱—	₱2,547,921,350	₱3,388,610,300

Applying the expected credit risk model resulted to recognition of impairment loss of ₱5.8 million and ₱8.6 million from receivables in 2025 and 2024, respectively.



Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed adequate by management to finance its operations and capital requirements and to mitigate the effects of fluctuations in cash flows. The Group considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, this is backed up by contracts to sell and collaterals. Further, the Group's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt. In addition, the Group also has credit lines available if immediate payment is needed.

The tables below summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of its financial liabilities as of December 31, 2025 and 2024 based on contractual undiscounted payments:

	2025			
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
<i>Financial assets at amortized cost</i>				
Cash	₱1,122,083,245	₱—	₱—	₱1,122,083,245
Receivables	—	1,728,484,686	—	1,728,484,686
Refundable deposits	—	953,732	49,027,913	49,981,645
Deposit for escrow	7,424,332	—	—	7,424,332
<i>Financial assets at FVOCI</i>				
EIFVOCI	—	—	585,443,479	585,443,479
	1,129,507,577	1,729,438,418	634,471,392	3,493,417,387
Contract assets	—	423,316,466	1,515,250,459	1,938,566,925
	1,129,507,577	2,152,754,884	2,149,721,851	5,431,984,312
Financial Liabilities				
<i>Financial liabilities at amortized cost</i>				
Accounts and other payables*	—	2,140,705,867	—	2,140,705,866
Short-term debt				
Principal	—	799,948,000	—	799,948,000
Interest	—	35,021,066	—	35,021,066
Long-term debt				
Principal	—	36,164,913	2,101,629,304	2,137,794,217
Interest	—	167,102,999	332,969,459	500,072,458
	—	3,178,942,845	2,434,598,763	5,613,541,607
Net Inflow (Outflow)	₱1,129,507,577	(₱1,026,187,960)	(₱284,876,913)	(₱181,557,296)

* Excluding statutory payables



	2024			
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
<i>Financial assets at amortized cost</i>				
Cash	₱677,964,213	₱—	₱—	₱677,964,213
Receivables	9,000,000	946,284,846	—	955,284,846
Receivables from related parties	50,894,936	—	—	50,894,936
Refundable deposits	—	908,313	54,568,644	55,476,957
Deposits in escrow	7,424,332	—	—	7,424,332
Contract Assets	—	131,239,842	1,542,267,524	1,673,507,366
<i>Financial Assets at FVOCI</i>				
EIFVOCI	—	—	428,856,522	428,856,522
	745,283,481	1,078,433,001	2,025,692,690	3,849,409,172
Financial Liabilities				
<i>Financial liabilities at amortized cost</i>				
Accounts and other payables*	—	1,059,687,196	—	1,059,687,196
Short-term debt				
Principal	—	972,187,000	—	972,187,000
Interest	—	35,021,066	—	35,021,066
Long-term debt				
Principal	—	606,037,475	1,750,628,936	2,356,666,411
Interest	—	167,102,999	332,969,459	500,072,458
	—	2,840,035,736	2,083,598,395	4,923,634,131
Net Inflow (Outflow)	₱745,283,481	(₱1,761,602,735)	(₱57,905,705)	(₱1,074,224,959)

* Excluding statutory payables

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes.

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all variables held constant, of the Group's income before tax and equity, through the impact on floating rate borrowings:

2025		2024	
Increase (decrease) in basis points	Effect on profit before tax	Increase (decrease) in basis points	Effect on profit before tax
200	(₱28,345,320)	200	(₱25,976,066)
100	(14,172,660)	100	(12,988,033)
(100)	14,172,660	(100)	12,988,033
(200)	28,345,320	(200)	25,976,066

Equity Price Risk. The Group's equity investments in golf and club shares are susceptible to market price risk arising from uncertainties about future values of the investment securities.



In 2025 and 2024, changes in fair value of equity instruments held as financial assets at FVOCI due to a reasonably possible change in equity indices, with all other variables held constant, will increase equity by ₱2.27 million and ₱1.0 million if equity prices will increase by 1.5%.

Fair Value of Financial Assets and Liabilities

The following table presents a comparison by category of carrying values and estimated fair values of the Group's financial instruments as at December 31:

	2025		2024	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Cash	₱1,122,083,245	₱1,122,083,245	₱677,964,213	₱677,964,213
Receivables	1,728,484,686	1,728,484,686	955,284,846	955,284,846
Receivables from related parties	—	—	50,894,936	50,894,936
EIFVOCI	585,443,479	585,443,479	428,856,522	428,856,522
Refundable deposits	49,981,645	49,981,645	55,476,957	55,476,957
Deposit in escrow	7,424,332	7,424,332	7,424,332	7,424,332
	₱3,493,417,387	₱3,493,417,387	₱2,175,901,806	₱2,175,901,806
Financial Liabilities				
Accounts and other payables*	₱2,140,705,867	₱2,140,705,867	₱1,059,687,196	₱1,059,687,196
Short-term debt	799,948,000	799,948,000	972,187,000	972,187,000
Long-term debt	2,769,655,154	2,798,586,236	2,356,666,411	2,425,654,442
	₱5,710,309,021	₱5,739,240,103	₱4,388,540,607	₱4,457,528,638

* Excluding statutory payables

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash, receivables, deposit in escrow, accounts and other payables and short term-debt.* The fair values approximate their carrying amounts as of reporting dates due to the short-term maturity of these financial instruments.
- *ICR.* The fair value of ICR due within one year approximates its carrying amount.
- *Receivables from related parties.* Carrying amounts of receivables from related parties which are collectible on demand approximate their fair values. Receivables from related parties are unsecured and have no foreseeable terms of repayments.
- *EIFVOCI.* For unquoted equity securities, the fair value is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair values are determined based on average selling price of price per share of similar or identical assets traded in an active market (Level 2 input).
- *Refundable deposits.* The fair values of refundable deposits are not determinable since the timing of each refund is not reasonably predictable, hence presented at cost.
- *Long-term debt.* The fair value of borrowings with fixed interest rate is based on the discounted net present value of cash flows using the PH BVAL. Discount rates used range from 7.7% to 8.2% and 7.7% to 8.2% in 2025 and 2024, respectively. The Group classifies the fair value of its long-term debt under Level 3.



Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2025, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
EIFVOCI	₱585,443,479	₱—	₱585,443,479	₱—
Disclosed at fair value:				
Long-term debt	2,798,586,236	—	—	2,798,586,236

As at December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

24. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The segments where the Group operate follow:

- Real estate development - Development of land into commercial and residential subdivision, sale of lots and residential houses and the provision of customer financing for sales;
- Agricultural - Development of land for palm oil production and sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.
- Power and utilities - Operating of power plants and/or purchase, generation, production supply and sale of power. However, there was no commercial operations yet as of December 31, 2024. The results of operations of the associates operating in the power and utilities industry are presented in this segment.
- Holding - Holding of properties of every kind and description.
- Services - Provide irradiation services for all types of goods.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.



For the years ended December 31, 2025, 2024 and 2023, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information about the operations of these operating segments is summarized below (in thousands):

For the Year Ended December 31, 2025							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Revenue							
External customers	₱1,629,999	₱259,252	₱—	₱—	₱1,730	₱—	₱1,890,981
Inter-segment	—	234,241	—	—	—	(234,241)	—
Total revenue	1,629,999	493,493	—	—	1,730	(234,241)	1,890,981
Costs and expenses	723,617	455,909	—	—	2,182	(234,241)	947,467
Gross profit	906,382	37,584	—	—	(452)	—	943,514
General, administrative and selling expenses	390,596	101,767	8,686	26,119	61,479	(7,796)	580,851
Other income (expenses)	(2,041,214)	(799,210)	2,330,773	1,780,213	(30,980)	(675,241)	564,341
Income (loss) before income tax	(1,525,428)	(863,393)	2,322,087	1,754,094	(92,911)	(667,445)	927,004
Provision for (benefit from) income tax	59,366	546	173	91	116	—	60,292
Net income (loss)	(₱1,584,794)	(₱863,939)	₱2,321,914	₱1,754,003	(₱93,027)	(₱667,445)	₱866,712

As of December 31, 2025							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Other information							
Segment assets	₱15,106,332	₱497,081	₱932,765	₱961,545	₱737,212	(₱2,111,781)	₱16,123,155
Deferred tax assets	—	977	—	—	—	1	978
Total Assets	15,106,332	498,059	932,765	961,545	737,212	(2,112,758)	16,124,133
Segment liabilities	5,645,783	1,681,714	439,260	139,468	442,930	(1,865,398)	6,483,164
Deferred tax liabilities	537,505	—	—	91	9,984	(9,877)	537,703
Total Liabilities	₱6,183,288	₱1,681,714	₱439,260	₱139,559	₱452,914	(₱1,875,868)	₱7,020,867

For the Year Ended December 31, 2024							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Revenue							
External customers	₱1,557,313	₱250,551	₱—	₱—	₱109	₱—	₱1,807,973
Inter-segment	—	182,265	—	—	—	(182,265)	—
Total revenue	1,557,313	432,816	—	—	109	(182,265)	1,807,973
Costs and expenses	693,396	424,358	—	—	196	(182,265)	935,685
Gross profit	863,917	8,458	—	—	(87)	—	872,288
General, administrative and selling expenses	(387,973)	(110,176)	(10,575)	(1,460)	(39,979)	6,661	(543,502)
Other income (expenses)	(20,002)	19,388	261,128	1	(10,914)	-128,072	121,529
Income (loss) before income tax	455,942	(82,330)	250,553	(1,459)	(50,980)	-121,411	450,315
Provision for (benefit from) income tax	105,750	933	—	—	5,204	4,319	116,206
Net income (loss)	₱350,192	(₱83,263)	₱250,553	(₱1,459)	(₱56,184)	(₱125,730)	₱334,109

As of December 31, 2024							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Other information							
Segment assets	₱13,812,730	₱1,155,096	₱1,839,026	₱1,079,184	₱753,872	(₱4,551,408)	₱14,088,534
Deferred tax assets	—	—	—	—	—	—	—
Total Assets	₱13,812,730	₱1,155,096	₱1,839,026	₱1,079,184	₱753,872	(₱4,551,408)	₱14,088,534
Segment liabilities	4,759,405	1,433,474	32,344	140,488	766,680	(1,934,516)	5,197,909
Deferred tax liabilities	489,017	—	—	—	9,867	(8,586)	490,298
Total Liabilities	₱5,248,422	₱1,433,474	₱32,344	₱140,488	₱776,547	(₱1,943,068)	₱5,680,207



For the Year Ended December 31, 2023							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Revenue							
External customers	₱1,482,220	₱142,563	₱—	₱—	₱—	₱—	₱1,624,783
Inter-segment	—	113,205	—	—	—	(113,205)	—
Total revenue	1,482,220	255,768	—	—	—	(113,205)	1,624,783
Costs and expenses	575,774	235,564	—	—	—	(113,205)	698,133
Gross profit	906,446	20,204	—	—	—	—	926,650
General, administrative and selling expenses	(339,373)	(191,566)	(7,184)	(566)	(9,503)	6,723	(541,469)
Other income (expenses)	(37,879)	15,452	805,782	2	(2)	(468,721)	314,634
Income (loss) before income tax	529,194	(155,910)	798,598	(564)	(9,505)	(461,998)	699,815
Provision for (benefit from) income tax	135,654	12,784	(3)	—	584	4,319	153,338
Net income (loss)	₱393,540	(₱168,694)	₱798,601	(₱564)	(₱10,089)	(₱466,317)	₱546,477

As of December 31, 2023							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Other information							
Segment assets	₱11,255,743	₱1,155,565	₱1,796,770	₱1,045,440	₱559,424	(₱4,103,440)	₱11,709,502
Deferred tax assets	—	—	—	—	—	—	—
Total Assets	₱11,255,743	₱1,155,565	₱1,796,770	₱1,045,440	₱559,424	(₱4,103,440)	₱11,709,502
Segment liabilities	₱3,704,983	₱1,345,085	₱16,251	₱853,432	₱521,052	(₱2,259,044)	₱4,181,759
Deferred tax liabilities	467,523	—	1	—	663	(12,416)	455,771
Total Liabilities	₱4,172,506	₱1,345,085	₱16,252	₱853,432	₱521,715	(₱2,271,460)	₱4,637,530

25. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities:

2025					
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	₱972,187,000	₱1,305,062,000	(₱1,477,301,000)	₱—	₱799,948,000
Long-term debt*	2,343,853,756	1,457,233,600	(1,062,744,442)	849,295	2,739,192,209
Lease liability**	—	—	(2,433,401)	—	(2,433,401)
Interest payable	9,200,465	—	(252,496,344)	252,496,344	9,200,465
	₱3,325,241,221	₱2,762,295,600	(₱2,794,975,187)	253,345,639	₱3,545,907,273

*inclusive of debt issue costs amounting to ₱18.5 million

**inclusive of interest amounting to ₱646,793.

2024					
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	₱745,414,000	₱880,192,000	(₱653,419,000)	₱—	₱972,187,000
Long-term debt	1,879,575,897	995,706,150	(534,245,353)	2,817,062	2,343,853,756
Interest payable	8,102,638	—	(224,554,173)	225,652,000	9,200,465
	₱2,633,092,535	₱1,875,898,150	(₱1,412,218,526)	₱228,469,062	₱3,325,241,221

*inclusive of debt issue costs amounting to ₱7.4 million

“Others” includes interest expenses paid, capitalized borrowing costs and amortized debt issue costs during the year.

The Group’s noncash investing and financing activities pertain to the following:

- In 2025 and 2024, capitalized borrowing cost on real estate inventories amounted to ₱43.4 million and ₱79.1 million, respectively.
- In 2025 and 2024, capitalized borrowing cost on property, plant and equipment amounted to ₱12.7 million and ₱21.7 million, respectively.



- In 2025 and 2024, capitalized depreciation expense to real estate inventory amounted to ₱14.4 million and ₱21.6 million, respectively.
- In 2025 and 2024, capitalized depreciation expense to property, plant and equipment amounted to nil and ₱0.6 million, respectively.
- In 2025 and 2024, increase in right-of-use assets arising from new lease contracts amounted to ₱6.3 million and nil, respectively (Note 21).
- In 2023, the Group has outstanding payable in relation to the additions in property, plant and equipment amounting to ₱34.5 million. The amount is nil in 2025 and 2024.

26. Revenue from Contracts with Customers

Revenue Disaggregation

The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

	2025	2024	2023
<i>Type of product:</i>			
Real estate sales			
Lot-only units	₱936,917,109	₱939,288,549	₱836,143,956
House and lot units	664,101,266	588,670,623	618,642,173
Sale of agricultural goods			
Crude palm oil	259,251,928	236,460,385	126,844,087
Palm acid oil	—	7,132,300	3,679,120
Palm kernel nut	—	4,839,702	1,571,894
Palm olein	—	1,112,053	4,152,175
Palm stearin	—	655,203	4,148,250
Palm fatty acid distillate	—	351,182	2,030,160
Palm kernel	—	—	137,600
Water and other services	30,711,129	29,462,585	27,433,584
	₱1,890,981,432	₱1,807,972,582	₱1,624,782,999

The real estate sales and water service revenue are revenue from contracts with customers that are recognized over time while revenue from sale of agricultural goods are recognized at a point in time.

Cost to obtain contract are derecognized if sales are subsequently cancelled. The balances below pertain to the costs to obtain contracts:

	2025	2024
Balance at January 1	₱25,037,298	₱12,077,001
Additions	63,035,615	36,878,172
Amortization (Note 18)	(68,413,895)	(23,917,875)
Balance at December 31	₱19,659,018	₱25,037,298

The amortization of prepaid commissions which are expensed as the related revenue is recognized totaling ₱68.4 million, ₱23.9 million, and ₱40.7 million in 2025, 2024 and 2023, respectively, are recognized as marketing expenses presented under "General, administrative and selling expenses" account in the consolidated statements of comprehensive income (see Note 18).



Performance obligation

Information about the Parent Company's significant performance obligation is summarized below:

Real estate sales

The Parent Company entered into contracts to sell with one identified performance obligation, which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii), and service lot and house and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payments of 10% to 25% of the contract price spread over a certain period (e.g., three months to four years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The remaining performance obligation is expected to be recognized within one year which relate to the continuous development of the Group's real estate projects. The Group's real estate projects are completed within 6 months to 12 months, from start of construction.

Income from forfeited deposits

Income from forfeited deposits amounting to ₱18.5 million, ₱23.8 million and ₱20.0 million in 2025, 2024 and 2023, respectively pertains to collections from potential buyers deemed nonrefundable due to prescription of the period for entering into a contracted sale and/or payment from defaulting buyers upon prescription of the period for payment of the required amortizations subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act* (see Note 22).

27. Subsequent Events

The Company has evaluated events that occurred after the reporting period and up to the date of issuance of the Annual Financial Statements.

- On October 23, 2025, the Board of Directors of ABCEI approved and completed the acquisition of a 40% equity interest in two Alternergy project companies, namely Alternergy Tanay Wind Corporation (ATWC) and Alabat Wind Power Corporation (AWPC), for an aggregate amount of ₱2.4 billion. These entities are currently developing the 128-MW Tanay Wind Project and the 64-MW Alabat Wind Project, respectively. Alternergy Holding Corporation's (Alternergy) wind holding company, Alternergy Wind Holdings Corporation, will retain a 60% ownership interest in ATWC and AWPC.

In March 2026, ABCEI received certification from the Philippine Competition Commission (PCC) clearing its proposed acquisition of a 40% equity stake in both Alternergy Tanay Wind Corporation and Alabat Wind Power Corporation. The parties continue to advance the construction of both wind projects toward successful completion and commercial operation.



- As part of the Corporation's Share Buy-Back Program approved by the Board of Directors on November 14, 2025, the Corporation continued to repurchase its common shares in the open market after the reporting period. From January 5, 2026 up to the date of authorization for issuance of these financial statements, the Corporation reacquired a total of 36.5 million common shares for an aggregate consideration of ₱37.9 million. These transactions qualify as non-adjusting subsequent events under the applicable financial reporting framework. The repurchased shares will be recognized as treasury shares and presented as a deduction from equity in the next reporting period. As of March 31, 2026, the Corporation had 2,287,468,000 outstanding common shares.
- On January 30, 2026, the Board approved the declaration of cash dividends on "Series A; Series B and Series C" Preferred Shares.

1. "Series A" Preferred Shares

The Board approved the declaration of cash dividend for the four quarters of the year in the amount of ₱1.75 per Preferred Share.

The Board likewise approved the following schedule of the record and payment/distribution dates of the quarterly cash dividends for the "Series A" Preferred Shares in 2026:

	Record Date	Payment Date
First Quarter 2026	February 16, 2026	March 2, 2026
Second Quarter 2026	May 5, 2026	May 29, 2026
Third Quarter 2026	August 5, 2026	September 1, 2026
Fourth Quarter 2026	November 5, 2026	December 1, 2026

2. "Series B" and "Series C" Preferred Shares

The Board approved the declaration of cash dividend for the four quarters of the year in the amount of ₱2.0625 per "Series B" Preferred Share and ₱2.1875 per "Series C" Preferred Share.

The Board likewise approved the following schedule of the record and payment/distribution dates of the quarterly cash dividends for the "Series B" and "Series C" Preferred Shares in the three quarters of 2026 and 1st Quarter of 2027:

	Record Date	Payment Date
Second Quarter 2026	May 5, 2026	May 25, 2026
Third Quarter 2026	August 5, 2026	August 24, 2026
Fourth Quarter 2026	November 5, 2026	November 23, 2026
First Quarter 2027	February 9, 2027	February 23, 2027

The cash dividend on "Series A; Series B and Series C" Preferred Shares will be paid out of the Corporation's unrestricted retained earnings as of December 31, 2025.

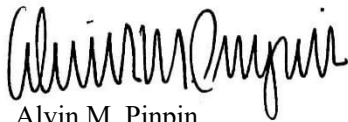


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates, Masterson Avenue
Upper Balulang, Cagayan de Oro City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 14, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin
Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 94303-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

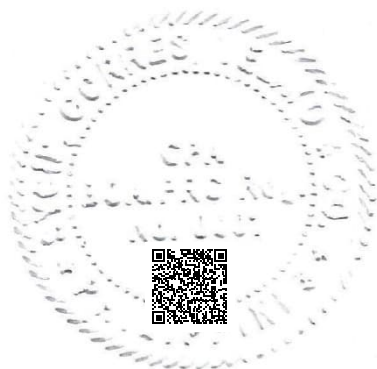
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765106, January 2, 2026, Makati City

April 14, 2026

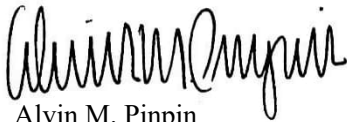


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates, Masterson Avenue
Upper Balulang, Cagayan de Oro City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 14, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin
Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 94303-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

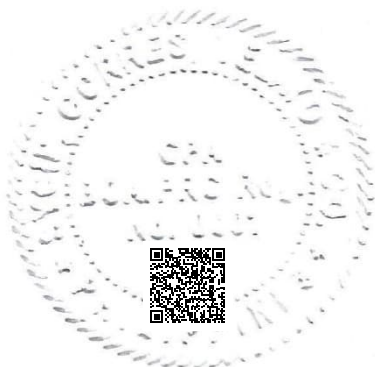
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765106, January 2, 2026, Makati City

April 14, 2026



A BROWN COMPANY, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Consolidated Financial Statements

Report of Independent Auditors' Report

Consolidated Statements of Financial Position as of December 31, 2025 and 2024

Consolidated Statements of Comprehensive Income for the Years Ended
December 31, 2025, 2024 and 2023

Consolidated Statements of Changes in Equity for the Years Ended
December 31, 2025, 2024 and 2023

Consolidated Statements of Cash flows for the Years Ended
December 31, 2025, 2024 and 2023

Notes to Consolidated Financial Statements

A BROWN COMPANY, INC. AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock
- Schedule H: External Auditor Fee-Related Information

SCHEDULE I

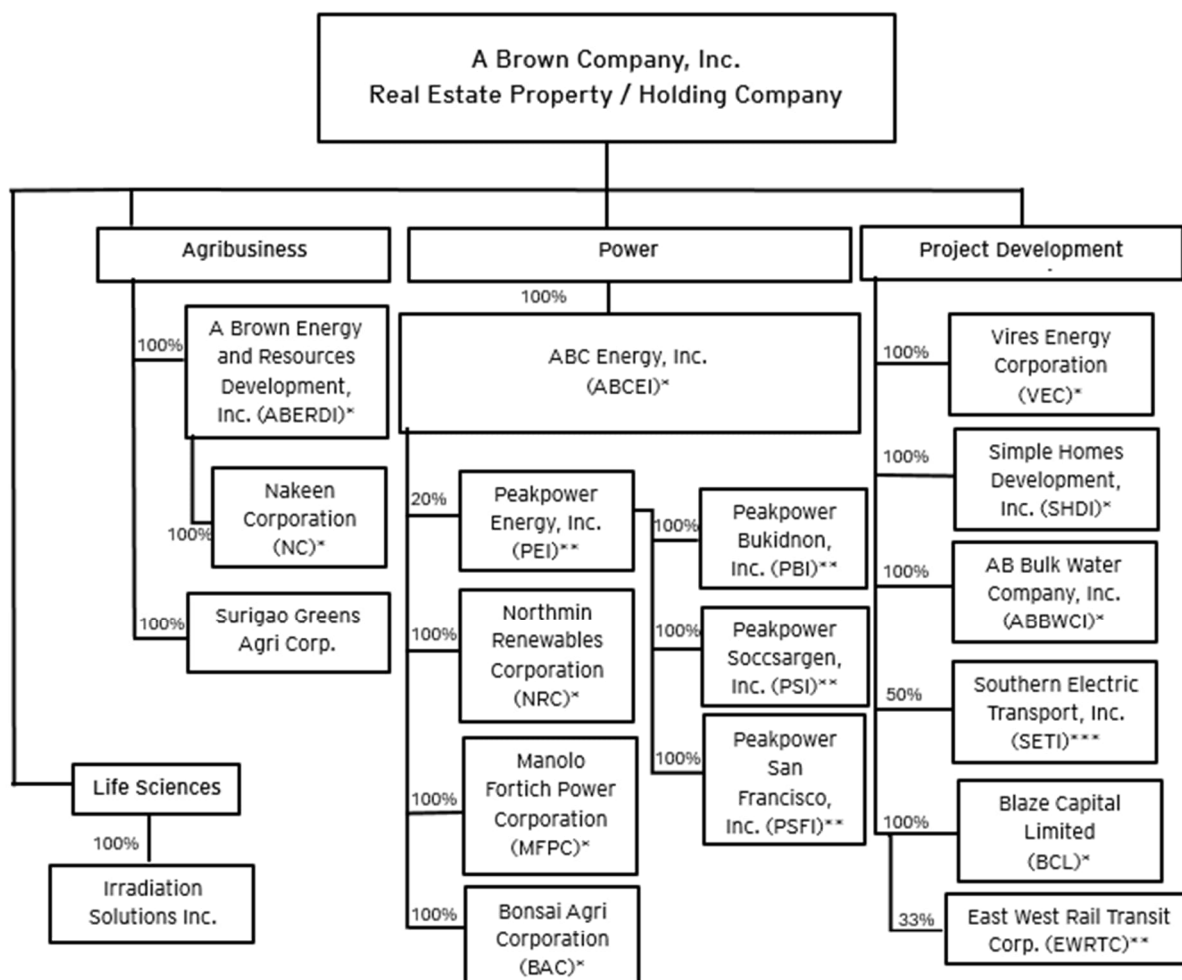
A BROWN COMPANY, INC. AND SUBSIDIARIES

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
DECEMBER 31, 2025**

Items	Amount
Unappropriated Retained Earnings, Beginning	₱2,719,739,498
Net adjustment in prior years for portion not available for dividend declaration	
Treasury shares	—
Deferred tax assets	—
Unappropriated retained earnings as of December 31, 2025 available for dividend declaration	2,719,739,498
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	274,209,179
Effect of restatements or prior-period adjustments	—
Others	45,323,584
Unappropriated Retained Earnings, as adjusted	2,400,206,735
Add: Net Income for the current year	521,325,089
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	26,911,996
Others	—
Subtotal	26,911,996
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION	₱2,894,619,828

A BROWN COMPANY, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2025



*Subsidiary

**Associate

***Joint Venture

Associates are entities wherein the Company holds 20% to less than 50% of the voting power (directly or through the Company's subsidiaries).

SCHEDULE III - A

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2025

	Number of shares or principal amount of bonds and notes	Amount shown in the consolidated statement of financial position	Income received or accrued
Cash	—	₱1,122,083,245	₱2,035,629
Receivables			
Trade receivable	—	65,171,778	—
ICR	—	919,509,511	40,903,096
Advances to officers and employees	—	18,315,796	—
Other receivables*	—	131,248,566	—
Loans receivables	—	600,000,000	—
EIFVOCI	588	585,443,479	—
Deposit in escrow	—	7,424,332	—
Refundable deposits	—	49,981,645	—
	588	₱3,499,178,352	₱42,938,725

*Gross of allowance for credit losses

SCHEDULE III - B

A BROWN COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES) DECEMBER 31, 2025

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at the end of the period
<i>Not applicable. The Group's receivables from officers and employees pertain to ordinary purchases subject to usual terms, travel and expense advances and other transactions arising from the Group's ordinary course of business.</i>						

A BROWN COMPANY, INC. AND SUBSIDIARIES
**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
 RELATED PARTIES WHICH ARE ELIMINATED DURING THE
 CONSOLIDATION OF FINANCIAL STATEMENTS
 DECEMBER 31, 2025**

Intercompany receivable and payable

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱77,411,625	(₱23,989,129)	₱53,422,496
ABERDI	4,981,872	(8,413,102)	(3,431,230)
ABBWCI	—	(15,594,442)	(15,594,442)
SHDI	—	(2,615,279)	(2,615,279)
BAC	298,515	(1,297,213)	(998,698)
NC	26,641,738	(1,519,553)	25,122,185
BCL	—	(51,359,435)	(51,359,435)
ISI	—	(5,094,334)	(5,094,334)
VEC	—	(105,386)	(105,386)
SGAC	4,691,464	(3,838,711)	852,753
NRC	—	(198,630)	(198,630)
Total Eliminated Receivables/Payables	₱114,025,214	(₱114,025,214)	₱—

Deposit for future stock subscription (DFFS) classified as

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱1,324,622,407	₱—	₱1,324,622,407
ABERDI	248,047,978	(1,006,701,000)	(758,653,022)
NC	—	(248,047,978)	(248,047,978)
ABCEI (<i>formerly PTCHC</i>)	—	(21,600,000)	(21,600,000)
ABBWCI	150,000,000	—	150,000,000
BCL	—	(12,109,707)	(12,109,707)
ISI	—	(40,000,000)	(40,000,000)
SGAC	—	(212,500,000)	(212,500,000)
SHDI	—	(31,711,700)	(31,711,700)
MFPC	—	(150,000,000)	(150,000,000)
Total Eliminated DFFS	₱1,722,670,385	(₱1,722,670,385)	₱—

SCHEDULE III - D**A BROWN COMPANY, INC. AND SUBSIDIARIES**

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2025

Long-term Debt			
Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related consolidated statement of financial position	Amount shown under caption "long-term debt" in related consolidated statement of financial position
Term Loan	—	₱662,323,879	₱2,076,868,331

A BROWN COMPANY, INC. AND SUBSIDIARIES**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)****DECEMBER 31, 2025**

Indebtedness to related parties (Long-term loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
Shareholders	₱60,861,940	₱—

A BROWN COMPANY, INC. AND SUBSIDIARIES**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES
OF OTHER ISSUERS****DECEMBER 31, 2025**

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
Not applicable				

SCHEDULE III - G

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2025

Title of Issue	Number of shares			Number of shares held by		
	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options warrants, conversion and other rights	Affiliates	Directors, officers and employees	Others
Common stock	3,250,000,000	2,323,994,000	–	1,516,103,440	24,879,310	783,011,250
Preferred stock – Series A		13,264,900	–	–	64,000	13,200,900
Preferred stock - Series B		7,431,750	–	100,000	50,000	7,281,750
Preferred stock – Series C	50,000,000	6,941,000	–	–	100,000	6,841,000
Preferred stock Total		27,637,650	–	100,000	214,000	27,323,650
Total	3,300,000,000	2,351,631,650	–	1,516,203,440	25,093,310	810,334,900

*Preferred Shares Series A were issued on November 29, 2021

**Preferred Shares Series B and C were issued on February 23, 2024

A BROWN COMPANY, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2025

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2025 and 2024.

Ratios	Formula	2025	2024
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.34	2.13
Acid test ratio	$\frac{\text{Quick assets}}{\text{Current liabilities}}$	0.67	0.50
Solvency ratio	$\frac{\text{Net income} + \text{Depreciation}}{\text{Total liabilities}}$	0.14	0.07
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.77	0.68
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.77	1.68
Interest rate coverage ratio	$\frac{\text{EBITDA}}{\text{Total interest paid}}$	5.00	2.85
Return on equity	$\frac{\text{Net income}}{\text{Average total equity}}$	0.10	0.04
Return on assets	$\frac{\text{Net income}}{\text{Average total assets}}$	0.06	0.03
Net profit margin	$\frac{\text{Net income}}{\text{Net revenue}}$	0.46	0.18

SCHEDULE III - H**A BROWN COMPANY, INC. AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED
INFORMATION
DECEMBER 31, 2025**

Below are the audit and non-audit fees of the Group for the years ended December 31, 2025 and 2024:

	2025	2024
Total Audit Fees	₱3,438,000	₱3,169,000
Non-audit service fees:		
Other assurance services	4,200,000	—
Tax services	—	—
All other services	—	2,325,000
Total Non-audit Fees	4,200,000	2,325,000
Total Audit and Non-audit Fees	₱7,638,000	₱5,494,000



Tax Department <taxdept@abrown.ph>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>

Wed, Apr 15, 2026 at 12:48 PM

To: TAXDEPT@abrown.ph

Cc: TAXDEPT@abrown.ph

Hi A BROWN COMPANY INC,

Valid file

- EAFS002724446AFSTY122025.pdf

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- <None>

Transaction Code: **AFS-0-N2Q24QRN03ZS3V3TXNWW4ZQMN098AKCCKD**

Submission Date/Time: **Apr 15, 2026 12:48 PM**

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COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	3	1	1	6	8

COMPANY NAME

A	B	R	O	W	N	C	O	M	P	A	N	Y	,	I	N	C	.	A	N	D	S	U	B	S
I	D	I	A	R	I	E	S																	

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

X	A	V	I	E	R	E	S	T	A	T	E	S	,	M	A	S	T	E	R	S	O	N	A	V	E	N
U	E	,	U	P	P	E	R	B	A	L	U	L	A	N	G	,	C	A	G	A	Y	A	N	D	E	
O	R	O	C	I	T	Y																				

Form Type

A	A	C	F	S

Department requiring the report

C	R	M	D

Secondary License Type, If Applicable

N	/	A	

COMPANY INFORMATION

Company's Email Address

abci_headoffice@abrown.ph

Company's Telephone Number

N/A

Mobile Number

(+63)9178737268

No. of Stockholders

Common - 2,090; Preferred - 7

Annual Meeting (Month / Day)

During the month of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Atty. Marie Antonette U. Quinito

Email Address

maquinito@abrown.ph

Telephone Number/s

(088) 324-0150

Mobile Number

(+63)9173146242

CONTACT PERSON'S ADDRESS

Xavier Estates, Uptown, Airport Road, Balulang, Cagayan de Oro City, Philippines

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.





The Securities and Exchange Commission
The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-Air, Makati City

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

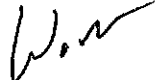
The management of **A Brown Company, Inc. and its Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed 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 Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

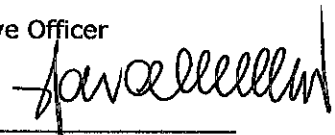
Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



WALTER WILLIAM B. BROWN
Chairman



ROBERTINO E. PIZARRO
President and Chief Executive Officer



MARIE ANTONETTE U. QUINITO
Chief Finance Officer

Signed this 9TH day of MAY 2025

SUBSCRIBED AND SWORN to before me this 09 MAY 2025 day of MAY, affiants exhibiting to me their respective passports, as follows:

Names	Competent Evidence of Identity	Date of Issue	Place of Issue
Walter William B. Brown	P0742117C	June 30, 2022	NCR Central
Robertino E. Pizarro	P8882731B	February 8, 2014	Cagayan de Oro
Marie Antonette U. Quinito	P6933691B	June 8, 2014	Cagayan de Oro

Doc. No. 499
Page No. 101
Book No. 11-0
Series of 1023

ATTEST: JOSE F. VALMORA
NOTARY PUBLIC
June 3, 2025
ADJ. MATTER NO. 003
PTR NO. 7016197 / 01-02-2025 / Q.C
IBI NO. 472850 / 10-23-2024 / Q.C
ROLL NO. 28435
MCLE NO. VIII-0008500 / 05-07-2024
Add. #473 Boni Serrano Road, Barangay
San Roque, Murphy Quezon City

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates, Masterson Avenue
Upper Balulang, Cagayan de Oro City

Opinion

We have audited the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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



Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; and (3) application of the output method as the measure of progress in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as past history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

Effective January 1, 2024, the Group adopted Philippine Interpretations Committee (PIC) Q&A 2018-12-D (as amended by PIC Q&A 2020-04) in assessing if the transaction price includes significant financing component. The Group applied the modified retrospective in its initial adoption.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

The disclosures related to real estate revenue are included in Notes 2, 3 and 26 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. On a sampling basis, we traced the historical analysis to supporting documents such as the buyer's collection report and official receipts.

For the determination of the transaction price, we obtained an understanding of the Group's process in implementing PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04), including the determination of the population of contracts with customers related to real estate sale, the selection of the transition approach and election of available practical expedient. We obtained the financing component calculation of the management which includes an analysis whether the financing component of the Group's contract with customers is significant. We selected sample contracts from the sales contract database and trace these selected contracts to the calculation prepared by management.

For selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as contract price, cash discount, payment scheme, payment amortization table and percentage of completion to the contract provision and projected percentage of completion schedule. We also recomputed the financing component for each sample selected.



For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the percentage of completion (POC). We obtained the certified POC reports prepared by the project engineers and assessed their competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected ongoing projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

We performed test computation of the transition adjustments and evaluated the relevant disclosures made on the initial adoption of the above PIC Q&A.

Impairment of Bearer Plants

The Group's bearer plants has not been reaching its optimal fruiting stages. This indicates that the carrying amount of the Group's bearer plants of ₱191.4 million as of December 31, 2024, may not be recoverable. The Group performed an impairment testing on its property, plant and equipment of the palm oil business which resulted in the recognition of an impairment loss of ₱44.2 million in 2024. The impairment testing is significant to our audit because the assessment of the recoverable amount of the bearer plants requires significant judgment and involves estimation and assumptions about future fresh fruit bunches (FFB) production, FFB prices, direct costs, and discount rate.

The disclosures in relation to bearer plants are included in Notes 3 and 12 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used such as: (a) future FFB production against the forecasted FFB production in accordance with the industry standard yield, and (b) FFB prices and direct costs with externally published data.

We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of property, plant and equipment of palm oil business.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's 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 audit, or otherwise appears to be materially misstated.



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Alvin M. Pinpin.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin
Partner

CPA Certificate No. 94303

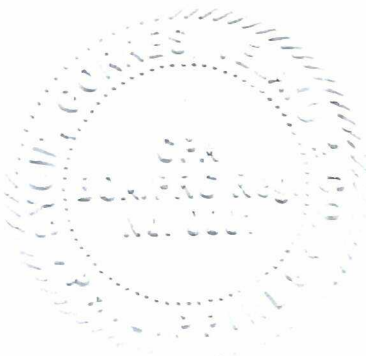
Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, August 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

May 9, 2025



A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash (Note 4)	₱677,964,213	₱118,082,483
Receivables (Note 5)	955,284,846	366,814,874
Contract assets (Note 14)	131,239,842	494,203,019
Receivables from related parties (Note 15)	50,894,936	50,894,936
Real estate inventories (Note 6)	4,057,995,302	3,571,105,773
Other inventories (Note 7)	48,750,406	116,293,063
Other current assets (Note 8)	1,272,275,513	693,028,502
Total Current Assets	7,194,405,058	5,410,422,650
Noncurrent Assets		
Contract assets - net of current portion (Note 14)	1,542,267,524	1,375,188,278
Equity instruments at fair value through other comprehensive income (EIFVOCI) (Note 9)	428,856,522	362,386,957
Investments in associates (Note 10)	1,839,745,991	1,821,756,979
Investment properties (Note 11)	631,838,036	455,941,317
Property, plant and equipment (Note 12)	1,715,734,159	1,472,098,680
Other noncurrent assets (Note 8)	735,687,707	811,706,849
Total Noncurrent Assets	6,894,129,939	6,299,079,060
TOTAL ASSETS	₱14,088,534,997	₱11,709,501,710
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 13)	₱1,315,630,677	₱1,160,270,667
Short-term debt (Note 16)	972,187,000	745,414,000
Current portion of long-term debt (Notes 15 and 16)	602,633,723	480,838,826
Contract liabilities (Note 14)	481,762,306	319,515,433
Total Current Liabilities	3,372,213,706	2,706,038,926
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 15 and 16)	1,741,220,033	1,398,737,070
Retirement benefit obligation (Note 19)	84,475,120	76,982,380
Deferred tax liabilities - net (Note 20)	490,298,012	455,771,239
Total Noncurrent Liabilities	2,315,993,165	1,931,490,689
Total Liabilities	5,688,206,871	4,637,529,615

(Forward)



	December 31	
	2024	2023
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 17)		
Common stock	₱2,477,668,925	₱2,477,668,925
Preferred stock	27,637,650	13,264,900
Additional paid-in capital (Note 17)	3,331,502,966	1,931,178,758
Retained earnings (Note 17)	2,694,454,515	2,834,608,536
Fair value reserve of EIFVOCI (Note 9)	(5,214,271)	(71,683,836)
Remeasurement loss on retirement benefit obligation - net of tax (Note 19)	(20,218,050)	(21,570,632)
Remeasurement loss on defined benefit plan of an associate (Note 10)	(2,165,918)	(1,221,512)
Cumulative translation adjustment	(8,155,192)	4,878,649
Treasury shares - common (Note 17)	(94,932,275)	(94,932,275)
	8,400,578,350	7,072,191,513
Noncontrolling interest	(250,224)	(219,418)
Total Equity	8,400,328,126	7,071,972,095
TOTAL LIABILITIES AND EQUITY	₱14,088,534,997	₱11,709,501,710

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
REVENUE			
Real estate sales (Note 26)	₱1,527,959,172	₱1,454,786,129	₱1,378,739,155
Sale of agricultural goods (Note 26)	250,550,825	142,563,286	116,143,469
Water and other service (Note 26)	29,462,585	27,433,584	25,323,973
	1,807,972,582	1,624,782,999	1,520,206,597
COSTS OF SALES AND SERVICE			
Cost of real estate sales (Note 6)	681,546,593	559,113,808	477,722,261
Cost of agricultural goods sold (Note 7)	242,092,717	122,358,936	87,730,319
Cost of water and other service revenue	12,045,256	16,660,359	14,212,257
	935,684,566	698,133,103	579,664,837
GROSS PROFIT	872,288,016	926,649,896	940,541,760
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 18)	543,502,027	541,469,373	472,282,218
OTHER INCOME (EXPENSES)			
Equity in net earnings of associates (Note 10)	140,933,418	339,947,514	316,397,960
Interest expense (Notes 14 and 16)	(127,661,586)	(67,121,886)	(24,354,370)
Unrealized foreign exchange gain (loss)	92,371	(1,200)	2,472
Interest income (Notes 4 and 5)	34,509,378	486,154	2,331,406
Income from forfeited deposits (Note 26)	23,846,049	20,026,646	18,401,162
Rental income (Note 21)	19,624,353	14,944,353	3,245,353
Other income (Note 22)	30,184,315	6,352,615	4,206,058
	121,528,298	314,634,196	320,230,041
INCOME BEFORE INCOME TAX	450,314,287	699,814,719	788,489,583
PROVISION FOR INCOME TAX (Note 20)			
Current	18,219,312	6,250,555	5,331,878
Deferred	97,986,385	147,087,524	147,620,365
	116,205,697	153,338,079	152,952,243
NET INCOME	₱334,108,590	₱546,476,640	₱635,537,340

(Forward)



	Years Ended December 31		
	2024	2023	2022
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustment	(P13,033,841)	(P1,674,818)	P55,193
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of EIFVOCI (Note 9)	66,469,565	61,356,522	61,618,982
Remeasurement gain (loss) on defined benefit plan - net of tax effect (Note 19)	1,352,582	(112,236)	5,792,145
Equity in other comprehensive income (loss) of an associate (Note 10)	(944,406)	(1,081,972)	207,803
	53,843,900	P58,487,496	67,674,123
TOTAL COMPREHENSIVE INCOME	P387,952,490	P604,964,136	P703,211,463
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	P334,139,396	P546,514,853	P639,005,498
Noncontrolling interest	(30,806)	(38,213)	(3,468,158)
	P334,108,590	P546,476,640	P635,537,340
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	P387,983,296	P605,002,349	P706,679,621
Noncontrolling interest	(30,806)	(38,213)	(3,468,158)
	P387,952,490	P604,964,136	P703,211,463
Basic/Diluted Earnings per Share (Note 17)	P0.06	P0.20	P0.23

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Common Stock	Preferred Stock	Additional Paid-in Capital	Retained Earnings	Fair Value Reserve of EIF/OCI	Remeasurement Gain (Loss) on Refinement Obligation - net of tax	Remeasurement Gain (Loss) on Defined Benefit Plan of an Associate	Cumulative Translation Adjustment	Treasury Shares - Common	Total	Noncontrolling Interest	Total
At January 1, 2024	₱2,477,668,925	₱13,264,900	₱1,931,178,758	₱2,834,608,536	(₱71,683,836)	(₱21,570,632)	(₱1,221,512)	₱4,878,649	(₱94,932,275)	₱7,072,191,513	(₱219,418)	₱7,071,972,095
Effect of adoption of standards (Note 2)	—	—	—	(222,923,928)	—	—	—	—	—	(222,923,928)	—	(222,923,928)
As of January 1, 2024, as restated	2,477,668,925	13,264,900	1,931,178,758	2,611,684,608	(71,683,836)	(21,570,632)	(1,221,512)	4,878,649	(94,932,275)	6,849,267,585	(219,418)	6,849,048,167
Issuance of preferred stocks, net of issue costs (Note 17)	—	14,372,750	1,400,324,208	—	—	—	—	—	—	1,414,696,958	—	1,414,696,958
Dividend declaration (Note 17)	—	—	—	(244,697,755)	—	—	—	—	—	(244,697,755)	—	(244,697,755)
Realized deferred tax asset previously recognized directly in equity (Note 20)	—	—	—	(6,671,734)	—	—	—	—	—	(6,671,734)	—	(6,671,734)
Net income (loss)	—	—	—	334,139,396	—	—	—	—	—	334,139,396	(30,806)	334,108,590
Other comprehensive income (loss)	—	—	—	—	66,469,565	1,352,582	(944,406)	(13,033,841)	—	53,843,900	—	53,843,900
Total comprehensive income (loss)	—	—	—	334,139,396	66,469,565	1,352,582	(944,406)	(13,033,841)	—	387,983,296	(30,806)	387,952,490
At December 31, 2024	₱2,477,668,925	₱27,637,650	₱3,331,502,966	₱2,694,454,515	(₱5,214,271)	(₱20,218,050)	(₱2,165,918)	(₱8,155,192)	(₱94,932,275)	₱8,400,578,350	(₱250,224)	₱8,400,328,126
At January 1, 2023	₱2,477,668,925	₱13,264,900	₱1,931,178,758	₱2,380,947,983	(₱133,040,358)	(₱21,458,396)	(₱139,540)	₱6,553,467	(₱94,932,275)	₱6,560,043,464	(₱181,205)	₱6,559,862,259
Dividend declaration (Note 17)	—	—	—	(92,854,300)	—	—	—	—	—	(92,854,300)	—	(92,854,300)
Net income (loss)	—	—	—	546,514,853	—	—	—	—	—	546,514,853	(38,213)	546,476,640
Other comprehensive income (loss)	—	—	—	—	61,356,522	(112,236)	(1,081,972)	(1,674,818)	—	58,487,496	—	58,487,496
Total comprehensive income (loss)	—	—	—	546,514,853	61,356,522	(112,236)	(1,081,972)	(1,674,818)	—	605,002,349	(38,213)	604,964,136
At December 31, 2023	₱2,477,668,925	₱13,264,900	₱1,931,178,758	₱2,834,608,536	(₱71,683,836)	(₱21,570,632)	(₱1,221,512)	₱4,878,649	(₱94,932,275)	₱7,072,191,513	(₱219,418)	₱7,071,972,095
At January 1, 2022	₱2,477,668,925	₱13,264,900	₱1,931,178,758	₱1,834,803,085	(₱194,659,340)	(₱27,250,541)	(₱347,343)	₱6,498,274	(₱70,618,247)	₱5,970,538,471	₱3,286,953	₱5,973,825,424
Acquisitions of treasury shares (Note 17)	—	—	—	—	—	—	—	—	(24,314,028)	(24,314,028)	—	(24,314,028)
Dividend declaration (Note 17)	—	—	—	(92,860,600)	—	—	—	—	—	(92,860,600)	—	(92,860,600)
Net income (loss)	—	—	—	639,005,498	—	—	—	—	—	639,005,498	(3,468,158)	635,537,340
Other comprehensive income (loss)	—	—	—	—	61,618,982	5,792,145	207,803	55,193	—	67,674,123	—	67,674,123
Total comprehensive income (loss)	—	—	—	639,005,498	61,618,982	5,792,145	207,803	55,193	—	706,679,621	(3,468,158)	703,211,463
At December 31, 2022	₱2,477,668,925	₱13,264,900	₱1,931,178,758	₱2,380,947,983	(₱133,040,358)	(₱21,458,396)	(₱139,540)	₱6,553,467	(₱94,932,275)	₱6,560,043,464	(₱181,205)	₱6,559,862,259

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱450,314,287	₱699,814,719	₱788,489,583
Adjustments for:			
Equity in net earnings of associates (Note 10)	(140,933,418)	(339,947,514)	(316,397,960)
Depreciation (Notes 11, 12 and 18)	62,685,538	71,646,895	33,790,156
Interest expense (Notes 14 and 16)	127,661,586	67,121,886	24,354,370
Impairment loss (Notes 12 and 18)	45,928,044	26,755,369	32,068,874
Retirement expense, net of benefits paid and contribution (Note 19)	9,512,461	8,677,162	6,679,996
Interest income (Notes 4 and 5)	(34,509,378)	(486,154)	(2,331,406)
Dividend income (Notes 9 and 22)	–	(5,354)	(10,618)
Unrealized foreign exchange loss (gain)	(92,371)	1,200	(2,472)
Provision for inventory losses (Note 18)	–	–	50,241,232
Gain on sale of property, plant and equipment (Notes 12 and 22)	(18,666)	–	(99,685)
Operating income before working capital changes	520,548,083	533,578,209	616,782,070
Decrease (increase) in:			
Receivables	(588,469,972)	(109,919,021)	158,495,105
Contract assets	174,093,198	(400,240,824)	(799,123,017)
Real estate inventories	(610,259,268)	(497,155,957)	(787,727,299)
Other inventories	67,542,657	83,991,255	(72,320,568)
Other current assets	(597,466,323)	(233,754,017)	(133,574,083)
Increase in:			
Accounts and other payables	192,271,664	39,376,181	329,573,208
Contract liabilities	125,912,257	99,688,960	50,423,854
Net cash used in operations	(715,827,704)	(484,435,214)	(637,470,730)
Interest received	34,509,378	486,154	2,331,406
Net cash flows used in operating activities	(681,318,326)	(483,949,060)	(635,139,324)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment (Note 12)	(383,755,522)	(387,997,352)	(285,121,797)
Dividends received from associates (Note 10)	122,000,000	266,714,239	190,010,618
Proceeds from sale of property, plant and equipment	18,666	–	99,685
Decrease (increase) in:			
Other noncurrent assets	(117,800,445)	(140,434,655)	(396,925,016)
Receivables from related parties	–	55,916,911	19,498,427
Net cash flows used in investing activities	(379,537,301)	(205,800,857)	(472,438,083)

(Forward)



	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Long-term debt (Note 25)	₱995,706,150	₱1,013,535,044	₱484,720,800
Short-term debt (Note 25)	880,192,000	830,721,000	326,857,000
Payments of:			
Short-term debt (Note 25)	(653,419,000)	(557,326,208)	(298,298,812)
Long-term debt (Note 25)	(526,849,274)	(405,725,063)	(257,176,255)
Interest (Notes 16 and 25)	(224,554,173)	(181,316,214)	(95,992,851)
Share dividends (Notes 17 and 25)	(244,697,755)	(92,854,300)	(92,860,600)
Debt issue cost (Notes 16 and 25)	(7,396,079)	(7,372,997)	(3,555,000)
Acquisition of treasury shares (Note 17)	—	—	(24,314,028)
Issuance of preferred stock, net of issue costs (Note 17)	1,414,696,958	—	—
Net cash flows from financing activities	1,633,678,827	599,661,262	39,380,254
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(12,941,470)	(1,676,018)	57,665
NET INCREASE (DECREASE) IN CASH	559,881,730	(91,764,673)	(1,068,139,488)
CASH AT BEGINNING OF YEAR	118,082,483	209,847,156	1,277,986,644
CASH AT END OF YEAR (Note 4)	₱677,964,213	₱118,082,483	₱209,847,156

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

A Brown Company, Inc. (the Parent Company or ABCI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 1966 as Bendana Brown Pizarro and Associates, Inc. to primarily engage in the business of property development and to invest in shares of stocks of listed companies.

The Parent Company is engaged in the business of real estate development in Cagayan de Oro City and Initao in Misamis Oriental; Cainta and Tanay in Rizal; Valencia City, Bukidnon and Butuan City and Buenavista in Agusan del Norte.

The Parent Company's common and preferred shares of stock are listed and are currently traded at the Philippine Stock Exchange (PSE) (see Note 17).

The principal place of business and registered office address of the Parent Company is Xavier Estates, Masterson Avenue, Upper Balulang, Cagayan de Oro City.

The Subsidiaries

The Parent Company, through its subsidiaries, also ventured into palm oil milling, power generation and holdings of investments. The following are the subsidiaries of the Parent Company:

A Brown Energy and Resources Development, Inc. (ABERDI)

ABERDI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on February 1, 2001 to primarily engage in the business of manufacturing and trading of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.

Palm Thermal Consolidated Holdings, Corp. (PTCHC)

PTCHC is a 100% owned subsidiary of the Parent Company registered with the SEC on November 22, 2010. Its primary purpose is to engage in the business of a holding company to hold shares for energy-related investments, whether common, preferred, treasury, founders or other kinds of shares, and to pay for such shares, in whole or in part, in cash or by exchanging therefor, stocks, or securities of this or any other corporation, and while the owner or holder of any such shares, to receive and dispose of the dividends and to exercise all the rights, powers and privileges of ownership, including voting any stock so owned, without however engaging in dealership in securities or in stock brokerage business, to the extent permitted by law, to aid, either by loans or by guaranty of securities or in any other manner, any corporation, any share of stock, or any evidence of indebtedness or other security whereof are held by this corporation, and to do any act designed to protect, preserve, improve or enhance the value of any property at any time held or controlled by this corporation, Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts. The Company holds 20% equity ownership to Palm Concepcion Power Corporation (PCPC) as of December 31, 2024 and 2023.

In 2024, Parent Company converted its deposits for future stock subscription as an additional investment in PTCHC amounting to ₱750.0 million.

In 2024, PTCHC amended its AOI, renaming it to ABC Energy, Inc. which was approved by the SEC on January 23, 2025.



Blaze Capital Limited (BCL)

BCL is a 100% owned subsidiary of the Parent Company registered with BVI Financial Services Commission as a British Virgin Island (BVI) Business Company on August 8, 2011 under the BVI Business Companies Act 2004. Subject to the Act and any other BVI legislation, the Company has irrespective of corporate benefit (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transactions; and (b) for the purposes of (a), full rights, powers and privileges. Since its incorporation, BCL has not started its commercial operations.

NRC (formerly HLPC)

NRC was registered with the SEC on May 6, 2010. On July 24, 2023, the BOD and stockholders of NRC has approved the amendments of the Articles of Incorporation. The amendment includes changing the name of the Corporation to Northmin Renewables Corp. (NRC), changing its primary purpose to “to invest in renewable energy projects and all other energy related investments”, changing the principal office of the subsidiary; and increasing the authorized capital stock from ₱16.0 million to ₱100.0 million.

In 2023, the Parent Company authorizes the reclassification of its deposits for future stock subscription for the additional capital in NRC amounting to ₱35.0 million to enable the latter to meet the capital adequacy and other requirements of Department of Energy. The said amendment was approved by SEC on December 29, 2023.

On December 6, 2023, the Department of Energy (DOE) has awarded the Company service contracts for Bukidnon Wind Power Project and Misamis Oriental Wind Power Project. The service contracts are effective November 28, 2023. With the award of the service contract, the Company is currently undertaking pre-development activities for both projects on the work program approved by the Department of Energy

In 2024, the Parent Company subscribed additional capital amounting to ₱15.75 million, of which ₱5.75 million remain unpaid as of December 31, 2024, and was recognized as an additional investment in the subsidiary.

AB Bulk Water Company, Inc. (ABBWCI)

ABBWCI is a 100% owned subsidiary of the Parent Company registered with the SEC on March 31, 2015. ABBWCI was organized primarily to engage in the business of holding and providing rights to water to public utilities and cooperatives or in water distribution in the Municipality of Opol and related activities. Since its incorporation, ABBWCI has not started its commercial operations.

Masinloc Consolidated Power, Inc. (MCPI)

MCPI is a 49% owned subsidiary of the Parent Company registered with the SEC on July 4, 2007. MCPI was organized primarily to engage in, conduct and carry on the business of construction, planning, purchase, supply and sale of electricity. MCPI is registered under the Foreign Investments Act of 1991 on July 6, 2007. MCPI has not yet started its commercial operations. On March 22, 2023, the Company has secured the approval of the Securities and Exchange Commission (SEC) on the shortening of its corporate life from fifty (50) years from and after the date of incorporation to seventeen (17) years from and after the date of issuance of the Certificate of Incorporation, or on July 3, 2024.

Simple Homes Development, Inc. (SHDI)

SHDI is a 100% owned subsidiary of the Parent Company registered with the SEC on February 26, 1997. SHDI was organized primarily to invest in, purchase or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and



personal property of every kind and description, and related activities. Since its incorporation, SHDI has not started its commercial operations.

Nakeen Corporation (NC)

NC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. Its primary purpose is to engage in the business of agriculture in all aspects, including but not limited to, the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing markets. NC is also engaged in selling palm seedlings and bunch.

Bonsai Agri Corporation (BAC)

BAC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. BAC was organized to engage in business of agriculture in all aspect, including but not limited to operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chickens and all other activities related to or incidental to the foregoing, and to market, sell, or otherwise dispose of any produce and products in both local and foreign markets. Since its incorporation, the Company has not started its commercial operations.

Vires Energy Corporation (VEC)

VEC is a 100% owned subsidiary of the Parent Company registered with the SEC on March 11, 2015. It was organized primarily to operate, engage in, conduct and carry on the business of exploring, developing, converting, producing, processing, and refining of power energy, fuel and/or any other source of power energy, including importation, handling, distributing and marketing at wholesale either within or outside the Philippines; to develop, manage, lease, and operate refineries for the power and fuel products or any other source of power energy; to enter into business undertaking to establish, develop, explore and operate business that will provide the technical manpower to persons and institutions engaged in aforesaid energy production; and in general to carry on and undertake such activities which may seem to the Company capable of being conveniently carried on in connection with the above purposes, or calculated, directly, to enhance the value of or render profitable, any of the Company's property or rights. Since its incorporation, the Company has not started its commercial operations.

Irradiation Solutions Inc. (ISI)

ISI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on January 4, 2021. ISI was organized in providing irradiation services for all types of goods e.g., food products and non-food products through exposing such goods to ionizing radiation such as gamma rays, x-rays, or accelerated electrons from electron beam machines. Commercial operations started on August 4, 2024.

Surigao Greens Agri Corp. (SGAC)

SGAC is a 100% owned subsidiary of the Parent Company registered with the SEC on February 13, 2023. The Company was organized to engage in the business of processing, milling and refining palm oil to manufacture crude palm oil, refined beached deodorized palm oil, palm olein and other products and to distribute such products on a wholesale or retail basis, provided that the corporation shall not solicit accept or take investments/placements from the public and neither shall it issue investment contracts.

Approval of Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, were approved and authorized for issue by the BOD on May 9, 2025.



2. Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as “the Group”).

The accompanying consolidated financial statements have been prepared using the historical cost basis, except for EIFVOCI that are carried at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Parent Company. All subsidiaries and associates also use ₱ as functional currency, except for BCL whose functional currency is US Dollar (\$). All amounts are rounded off to the nearest Philippine Peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Effective Percentage of Ownership (%)		
	2024	2023	2022
ABERDI	100	100	100
NC	100	100	100
BAC*	100	100	100
SGAC	100	100	—
PTCHC	100	100	100
NRC*	100	100	100
ABWCI*	100	100	100
BCL*	100	100	100
SHDI*	100	100	100
MCPI**	49	49	49
VEC*	100	100	100
ISI	100	100	100

* pre-operating subsidiaries

** non-operating subsidiary



NCI

NCI are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the NCI are allocated against the interests of the NCI even if this results to the NCI having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the NCI is recognized in equity of the parent in transactions where the NCI are acquired or sold without loss of control.

As at December 31, 2024 and 2023, percentage of NCI pertaining to MCPI amounted to 51%. The voting rights held by the NCI are in proportion of their ownership interest.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. As of the acquisition date, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the acquirer has the option to measure the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When a business is acquired, the financial assets and financial liabilities assumed are assessed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance, unless otherwise indicated.

The nature and impact of each new standard and amendment are described below:

▪ *Amendments to PAS 1, Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.



- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
- Adoption of the provisions of PIC Q&A 2018-12, PFRS 15 *Implementation Issues Affecting the Real Estate Industry* (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the Philippine Interpretations Committee (PIC) issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC Memorandum Circular (MC) No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC &A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

Starting January 1, 2024, the Group adopted the remaining provisions of PIC Q&A 2018-12, specifically on the: i) significant financing component, (ii) exclusion of land in the determination of percentage-of-completion (POC), and (iii) implementing the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*). The Group opted to adopt the changes using modified retrospective approach effective January 1, 2024 and the impact was recorded in the opening retained earnings. The comparative information is not restated.

The modified retrospective effects of the adoption of the above changes are detailed below.

- i. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell (CTS) constitute a significant financing component. The Group's adoption of significant financing component resulted to adjustment to the Group's beginning balance of retained earnings, contract assets and liabilities and deferred income tax assets and liabilities, as presented below.
- ii. The Group's adoption of the impact of implementation of the exclusion of land in the determination of POC discussed in PIC Q&A No. 2018-12-E did not have an impact as the Group does not consider land costs in the determination of its projects' POC.
- iii. The Group recognized the application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) which provides that borrowing costs capitalized to real estate inventories related to projects which do not meet the definition of a qualifying assets should have been expensed out in the period incurred, as an adjustment to Group's beginning balance of retained earnings, real estate inventories and deferred tax liabilities, as presented below.



The impact of modified retrospective adoption of the above changes are detailed below as at January 1, 2024:

Statements of Financial Position

	As at January 1, 2024		
	As previously stated	Adjustments	As restated
Assets			
Real estate inventories	₱3,571,105,773	(₱239,106,554)	₱3,331,999,219
Contract assets - current	494,203,019	(21,790,733)	472,412,286
	₱4,065,308,792	(260,897,287)	₱3,804,411,505
Liabilities			
Deferred tax liabilities	₱455,771,239	(₱74,307,975)	₱381,463,264
Contract liabilities	319,515,433	36,334,616	355,850,049
	₱775,286,672	(₱37,973,359)	₱737,313,313
Equity			
Retained earnings	₱2,834,608,536	(₱222,923,928)	₱2,611,684,608

The details of the adjustments are as follows:

	Nature of Adjustments Increase (Decrease)		
	Borrowing Cost	Significant Financing Component	Total Adjustment
Assets			
Real estate inventories	(₱239,106,554)	₱—	(₱239,106,554)
Contract assets - current	—	(21,790,733)	(21,790,733)
	(₱239,106,554)	(₱21,790,733)	(260,897,287)
Liabilities			
Deferred tax liabilities	(₱59,776,638)	(₱14,531,337)	(₱74,307,975)
Contract liabilities	—	36,334,616	36,334,616
	(₱59,776,638)	₱21,803,279	(₱37,973,359)
Equity			
Retained earnings	(₱179,329,916)	(₱43,594,012)	(₱222,923,928)

Standards Issued but Not Yet Effective

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

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*



Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Financial Instruments and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Material Accounting Policies

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

Fair Value Measurement

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

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether or not transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Financial Instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

Financial assets

(i) Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Receivables that do not contain a significant



financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

The Group subsequently classifies its financial assets into the following measurement categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost (debt instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Losses arising from impairment are recognized in the consolidated statement of comprehensive income under "Provision for impairment".

The Group's financial assets at amortized cost include cash, receivables, receivables from related parties and deposit in escrow and refundable deposits included under "Other assets" in the consolidated statements of financial position (see Notes 4, 5, 8 and 15).

Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments:



Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group made irrevocable election to present in OCI subsequent changes in the fair value of all the Group's investments in golf shares and unlisted shares of stock (see Note 9).

(iii) Derecognition

When the Group transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk (SICR) since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and deposit in escrow, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.



The Group applies a simplified approach in calculating ECLs for receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For trade receivables, the Group has established a provision matrix that is based on its historical credit loss experience.

For ICR and contract assets, the Group uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default (i.e., is defined by the Group as upon cancellation of CTS) using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For all debt financial assets other than receivables, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

At each reporting date, the Group assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVPL
- Financial liabilities at amortized cost



Financial liabilities at amortized cost. This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost under the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest in the consolidated statement of comprehensive income.

The Group's financial liabilities measured at amortized cost as of December 31, 2024 and 2023 includes the following (see Notes 13 and 16):

- Short-term debt
- Long-term debt
- Accounts and other payables (excluding statutory payables)

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Classification of Financial Instruments Between Liability and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- deliver cash or another financial asset to another entity; or,
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting Financial Instruments

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

Real Estate Inventories

Real estate inventories consists of subdivision land and residential houses and lots for sale and development initially recorded at cost. Subsequent to initial recognition, these are valued at the lower of cost and net realizable value (NRV). Cost includes the acquisition cost of the land plus



all costs incurred directly attributable to the construction and development of the properties. Repossessed real estate inventories are recorded at original cost.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated cost of completion and estimated costs necessary to make the sale.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Debt Issue Costs.

Debt issue costs are deducted against long-term debt and are amortized over the terms of the related borrowings using the effective interest method.

Other inventories

Other inventories pertain to finished agricultural goods, construction materials and agricultural materials and supplies which are measured at the lower of cost and NRV. Provision for inventory losses is established for estimated losses on other inventories which are determined based on specific identification of slow-moving, damaged, and obsolete inventories.

Finished agricultural goods

Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion include raw materials, direct labor and overhead costs. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Construction materials and agricultural materials and supplies

Construction materials and agricultural materials and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

Deposits for Land Aquisition

This represents deposits made to landowners for the purchase of certain parcels of land which are intended to be held for sale or development in the future. These are recognized at cost. The deposits made are presented under other current and noncurrent assets in the consolidated statement of financial position as these are expected to be used for the Group's real estate development projects and landbanking, respectively.

Prepayments

Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the consolidated statement of comprehensive income as they are consumed in operations or expire with the passage of time.

Investments in Associates

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized and is not tested for impairment separately.



The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating profit as 'Equity in net earnings of associates'. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share to the extent of the interest in associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investment Properties

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Investment properties are initially recognized at cost plus directly attributable cost incurred. Subsequent to initial recognition, the building and improvements is carried at cost less accumulated depreciation and amortization and any impairment in value while the land is carried at cost less any impairment in value.

The Group depreciates and amortizes its land improvements using the straight-line method over the 10-30 years estimated useful lives.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use

Property, Plant and Equipment

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

The initial cost of property, plant and equipment comprises its purchase price including legal and brokerage fees, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as maintenance, repairs and costs of day-to-day servicing, are recognized in profit or loss in the period the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstance indicate that the carrying values may not be recoverable.



Depreciation and amortization are computed using the straight-line method over the following estimated useful lives, except for leasehold improvements and right-of-use assets, which are amortized over their estimated lives or term of the lease, whichever is shorter, and bearer plants, which are depreciated using units-of-production (UOP) method.

	Years
Land improvements	10
Leasehold improvements	2-5 or lease term, whichever is shorter
Refined bleached deodorized (RBD) and fractionation machineries	21
Building and improvements	5-30
Machineries and equipment	2-10
Other equipment	2-10
Right-of-use assets	17 or lease term, whichever is shorter

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits, the Group shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The Group shall account for the change prospectively as a change in an accounting estimate.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Construction in progress represents property, plant and equipment under construction or development and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and is available for use.

Bearer plants

Bearer plants pertain to the Group's palm oil trees used in the production or supply of fresh fruit bunches (FFB) as its agricultural produce and are expected to bear produce for more than twelve months and have a remote likelihood of being sold as a plant or harvested as agricultural produce, (except for incidental scrap sales).

Bearer plants are measured at cost less accumulated depreciation and any impairment in value. Bearer plants are presented as part of property, plant and equipment. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and other direct costs necessary to cultivate such plants before they are brought into the location and condition necessary to be capable of operating in the manner intended by management.

UOP method is used for depreciating the bearer plants. Depreciation is charged according to units of FFB harvested over the estimated units of FFB to be harvested during the life of the bearer plants or remaining contract period, whichever is shorter. The Group estimates its total units of FFB to be harvested based on the average yield over which the bearer plants are expected to be available for use. In addition, the estimate is based on collective assessment of internal technical evaluation and experience. Changes in the estimated total units of FFB to be harvested may impact the depreciation of bearer plants.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's investments in associates, investment properties, property plant, and equipment and other assets excluding refundable deposits and deposit in escrow (see Notes 8, 10, 11 and 12).



The Group assesses at each reporting date whether there is an indication that an asset may be impaired when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's estimated recoverable amount is the higher of the asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their estimated recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are directly charged or credited to operations in those expense categories consistent with the function of the impaired asset.

Equity

Capital stock and additional paid-in capital

Capital stock consists of common shares and preferred shares which are measured at par value for all common and preferred shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

The retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Retained earnings

Retained earnings include all current and prior period results of operations, net of dividends declared and the effects of retrospective application of changes in accounting policies or restatements, if any. Dividends on common and preferred stocks are recognized as a liability and deducted from equity when declared and approved by the BOD or shareholders of the Parent Company. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Revenue and Cost Recognition

Revenue from contracts with customers

The Group is primarily engaged in real estate development, production and sale of agricultural goods, and water services. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Group has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in these revenue arrangements.



The disclosures of material accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales. The Group derives its real estate revenue from sale of lots and developed residential house and lots. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Starting January 1, 2024, in determining the transaction price, the Group considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using physical proportion of work done. This is based on the bi-monthly project accomplishment report prepared by the Group's in-house technical team approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the Group itself.

Buyer's equity represents a certain percentage of buyer's payments of total selling price that the buyer has paid the Group and it is at this collection level that the Group assesses that it is probable that the economic benefits will flow to the Group because of certainty of collection of the remaining balance of the selling price. This gives the buyer, a stake in the property, the level of which is sufficient enough to mitigate the risks of loss through default which would motivate the buyer to honor its obligations to the Group. Management regularly evaluates the historical cancellations and back-outs if it would still support its current collection threshold before commencing revenue recognition. Any excess of progress of work over the right to an amount of consideration that is unconditional, is recognized under 'Contract assets' in the assets section of the consolidated statement of financial position.

Any excess of collections over the total of recognized ICR and contract assets are recognized under 'Contract liabilities' account in the liabilities section of the consolidated statement of financial position.

Sales cancellation is accounted for as a modification of the contract (from non-cancelable to being cancelable) resulting to the reversal of the previously recognized real estate sales and cost of real estate sales and reinstating the real estate inventories at cost.

Cost of real estate sales. The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and



final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

In addition, the Group recognizes cost as an asset that gives rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Sale of agricultural goods. Revenue from sale of agricultural goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and acceptance by the buyer. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, noncash consideration, and consideration payable to the customer, if any.

Variable consideration - rights of return. Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

Cost of agricultural goods sold. Costs of sales include direct material costs, manufacturing expenses and monetary value of inventory adjustments. This is recognized upon delivery of the goods or when the control of the asset is transferred and when the cost is incurred, or the expense arises.

Water service, tapping fees, transfer fees and other water charges. Revenue is recognized over time as the customer receives and consumes the benefit from the performance of the related water services. Water services are billed every month. The Group recognizes revenue in the amount to which the Company has a right to invoice since the Group bills a fixed amount for every cubic meter of water delivered.

Income from forfeited deposits. Income from forfeited collections recorded under 'Other income' in the consolidated statement of comprehensive income is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Rental income. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the respective lease terms.

Contract Balances

ICR. An ICR represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

For the Group's real estate sales, contract assets are initially recognized for revenue earned from development of real estate projects as receipt of consideration is conditional on successful completion of development. The amounts recognized as contract assets are reclassified to ICR when the monthly



amortization of the customer is due for collection. It is recognized under 'Receivables' in the consolidated statement of financial position.

Costs to obtain contract. The incremental costs of obtaining a contract with a customer are recognized under 'Other current assets' in the consolidated statement of financial position if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized over time using the POC method. Commission expense is included in the 'General, administrative expenses and selling expenses' account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining a contract with customer are not capitalized but are expensed as incurred.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when the services are used, or the expense arises while interest expenses are accrued in the appropriate period.

This consist of general administrative expenses which constitute costs of administering the business and selling expenses which constitute commission on real estate sales and advertising expenses. General administrative and selling expenses (excluding amortization of capitalized costs to obtain contracts) are recognized as incurred.

Post-employment Benefits

Pension benefits are provided to employees through a defined benefit plan. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

The following comprise the defined benefit costs:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset



Service costs, which include current service costs, past service costs, and gains or losses on non-routine settlements are recognized as expense in consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale while the asset, which includes real estate inventories, is being constructed are capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

For investment properties, interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended sales, including but not limited to pre-construction such as permitting, design, planning and actual land development activities and are not ready to be sold in its current condition.

Prior to January 1, 2024, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended use. Subsequent to January 1, 2024, these are no longer considered as a qualifying asset and thus, the related borrowing cost are expensed as incurred.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.



Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed.

If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

As Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Short-term leases. The Group applies the short-term lease recognition exemption to its short-term leases of office spaces and transportation equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Taxes

Current income tax. Current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Creditable withholding taxes (CWT). CWT pertains to taxes withheld on income payments and may be applied against income tax due. The balance of taxes withheld is recovered in future period. The balance as of end of each reporting period represents the unutilized amount after deducting any income tax payable. Creditable withholding tax is stated at its realizable value.

Value-added tax (VAT). Revenues, expenses and assets are recognized net of amount of VAT, if applicable.

When VAT from provision of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as output VAT under 'Accounts and other payables' in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from provision of services (output VAT), the excess is recognized as input taxes under 'Other current assets' in the consolidated statement of financial position up to the extent of the recoverable amount.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.



Foreign Currencies

The Group's consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies. The functional currency of BCL is the US Dollar. On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso (₱) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized under 'Cumulative translation adjustment' in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income attributable to common stockholders of the Parent Company less the cumulative preferred shares dividends divided by the weighted average number of common stocks issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing net income attributable to common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an anti-dilutive effect on earnings per share.

As of December 31, 2024, and 2023, the Group has no potentially dilutive common shares.

Segment Reporting

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 24 to the consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.



If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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 could differ for such estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue from contracts with customers

The Group is primarily engaged in real estate sales and development, sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels, and water services. The Group accounts for all of the goods and services in each contract with customer as a single performance obligation capable of being distinct.

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Real estate revenue recognition. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) assessment of the probability that the



entity will collect the consideration from the buyer; (c) determination of the transaction price; and (d) application of the output method as the measure of progress in determining real estate revenue.

- *Identifying performance obligations.* The Group has various CTS covering subdivision land and residential houses and lots. The Group concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, Group accounts for them as a single performance obligation because they are not distinct in the context contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the buyer.
- *Existence of a contract.* The Group's primary document for a contract with a customer for real estate sales is a signed CTS supported by other signed documentations such as reservation agreement, official receipts, buyers' amortization schedule and invoices and it met all the criteria to qualify as contract with a customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age of receivables, and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

- *Determining transaction price.* The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell (CTS) constitute a significant financing component. The Group adjusts the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be more than one year.
- *Revenue recognition method and measure of progress.* The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers. This method measures progress based on physical proportion of



work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

The Group requires a collection threshold of 10% of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

Revenue recognition - sales of agricultural goods and water services. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

- *Identifying performance obligations.* The Group accounts for all of the goods or services in each contract with customer as a single performance obligation capable of being distinct.
- *Recognition of revenue as the Group satisfies the performance obligation of sale of agricultural goods and water services.* The Company concluded that the revenue for sale of palm oil and other palm products to be recognized at a point in time when the goods are delivered and water services to be recognized over time as the customer receives and consumes the benefit from the performance of the related water services and it has a present right to payment for the services rendered.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold or services rendered.

- *Method to estimate variable consideration and assess constraint for agricultural goods.* The Group uses historical experience from the past 12 months to determine the expected value of rights to return and constrain the consideration accordingly. The Group updates its assessment of expected returns and refund liability. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. As at December 31, 2024 and 2023, no refund liability was recognized in the consolidated statements of financial position.

Distinction between real estate inventories, investment properties and owner-occupied properties. The Group determines whether a property will be classified as real estate inventories, investment properties or owner-occupied properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories) and whether the property generates cash flow largely independent of the other assets held by an entity.

Real estate inventories comprise of property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction. Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. Owner-occupied properties classified and presented as property, plant and equipment, generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.



Significant influence on Palm Concepcion Power Corporation (PCPC), Peakpower Energy, Inc. (PEI) and East West Rail Transit Corporation (EWRTC). In determining whether the Group has significant influence over an investee requires significant judgment. Generally, a shareholding of 20% to 50% of the voting rights of an investee is presumed to give the Group a significant influence. The Group considers that it has significant influence over its investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies.

Management's Use of Estimates and Assumptions

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

Revenue recognition on real estate projects. The Group's revenue recognition policy require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate sales are recognized based on the POC which is measured principally on the basis of the estimated completion of a physical proportion of the contract work which requires technical determination by management's specialists (project engineers) and involves significant judgment and estimation.

For the years ended December 31, 2024, 2023 and 2022, the real estate sales recognized over time amounted to ₱1,528.0 million, ₱1,454.8 million and ₱1,378.7 million, respectively (see Note 26).

Provision for expected credit losses of receivables and contract assets. The Group uses a provision matrix to calculate ECLs for trade receivables other than ICRs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation rate. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for ICRs and contract assets. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The Group considers an ICR and contract asset in default when the Group forfeits and repossesses the property from the customer through cancellation. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The PD is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating LGD, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment



required under Republic Act 6552, *Realty Installment Buyer Act*, and cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

The resulting recovery rate coming from the above process, resulted to zero LGD, thus resulting to no recognized ECL for ICR and contract assets in 2024, 2023 and 2022.

In 2024, 2023 and 2022, the Group recognized provision for expected credit loss on trade receivables amounting to nil, ₱0.8 million and ₱1.7 million, respectively (see Notes 5 and 18).

Estimating NRV of real estate inventories. The Group reviews the NRV of real estate inventories and compares it with the cost. Real estate inventories are written down below cost when the estimated NRV is found to be lower than the cost.

NRV 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 having taken suitable external advice and in light of recent market transactions. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell.

The carrying values of real estate inventories are disclosed in Note 6.

Estimating fair values of financial assets and liabilities. When the fair values of financial assets and liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using average selling price of price per share of similar or identical assets traded in an active market. As at December 31, 2024 and 2023, the fair values of the financial assets and liabilities are disclosed in Note 23.

Impairment of property, plant and equipment. The Group performs annual impairment review of property, plant and equipment. Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of the assets in order to determine the value of these assets. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. In addition, adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group.

In 2024 and 2023, the Group has assessed that its bearer plants has indications of impairment due to the palm oil plantation's bearer plants not reaching their optimal fruiting stages. In 2024, 2023 and 2022, the Group recognized impairment loss of ₱44.2 million, ₱26.7 million and ₱20.7 million, respectively, to account for the estimated fruit loss due to some trees not reaching the optimal fruiting stages in accordance with the industry standard yield (see Note 12).

No additional impairment was recognized by the Group for the remaining bearer plants since management estimated that the recoverable amount exceeds the carrying value of the bearer plants excluding the specific impairment as of December 31, 2024 and 2023. The recoverable amount was computed using discounted cash flows approach and considered certain assumptions such as future FFB production, FFB prices, direct costs, and discount rate.

The Group recognized an allowance for impairment loss on property, plant and equipment as of December 31, 2024 and 2023 as disclosed in Note 12. As at December 31, 2024 and 2023, the carrying values of the property, plant and equipment are disclosed in Note 12.



Post-employment defined benefit plan. The cost of defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

As of December 31, 2024 and 2023, the Group's retirement obligations are disclosed in Note 19.

Estimating realizability of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group. This forecast is based on the Group's past results and future expectations on revenue and expenses.

As at December 31, 2024 and 2023, deferred tax assets that were not recognized in the consolidated statements of financial position since it is not probable that sufficient taxable income may be available in the future against which the deferred tax assets can be utilized are disclosed in Note 20. As at December 31, 2024 and 2023, the carrying values of deferred tax assets are disclosed in Note 20.

4. Cash

	2024	2023
Cash on hand	₱40,576,191	₱16,661,055
Cash in banks	637,388,022	101,421,428
	₱677,964,213	₱118,082,483

Cash in banks pertain to savings and current accounts that generally earn interest based on prevailing respective bank deposit rates. The Group earned interest from cash in banks amounting to ₱0.6 million and ₱0.1 million in 2024 and 2023, respectively.

5. Receivables

	2024	2023
ICR	₱857,300,438	₱299,571,418
Trade receivables	25,747,387	22,398,533
Advances to officers and employees	14,231,056	9,489,854
Dividend receivable (Notes 10 and 25)	9,000,000	9,000,000
Other receivables	57,639,806	34,988,910
	963,918,687	375,448,715
Less allowance for credit losses from other receivables	8,633,841	8,633,841
	₱955,284,846	₱366,814,874



ICR consists of accounts collectible in equal monthly installments with over a period of 2 to 10 years. Certain ICRs bear interest ranging from 14% to 18% in 2024 and 2023, depending on the projects and units. The transfer certificates of title remain in the possession of the Group until full payment has been made by the customers. Interest earned from contract assets and ICR amounted to ₱33.9 million and ₱0.3 million in 2024 and 2023, respectively.

Trade receivables include receivables from water service and sale of palm oil and other palm products which are noninterest-bearing and are normally collected within seven (7) to sixty (60) days.

In 2024 and 2023, the Parent Company assigned accounts receivable with recourse as collateral with its short-term loan discounting agreement with a bank. The outstanding balance of the assigned accounts receivable amounted to ₱250.1 million and ₱230.8 million as of December 31, 2024 and 2023, respectively (see Note 16).

Dividend receivable pertains to the cash dividends declared by the associates, PCPC and PEI, which is due and demandable (see Notes 10 and 25).

Advances to officers and employees pertain to salary and other loans granted to the Group's employees that are collectible through salary deduction. These are noninterest-bearing and are due within one year.

Other receivables mainly pertain to advances made to homeowners' association of one of the projects and nontrade receivables. These receivables are noninterest-bearing and are due within one (1) year.

Movement in the allowance for impairment of other receivables is as follows:

	2024	2023
Balances at beginning of year	₱8,633,841	₱7,805,537
Provision for expected credit losses (Note 18)	—	828,304
Balances at end of year	₱8,633,841	₱8,633,841

6. Real Estate Inventories

	2024	2023
Land for sale and development - at cost	₱817,297,857	₱910,893,338
Construction and development costs	3,240,697,445	2,660,212,435
	₱4,057,995,302	₱3,571,105,773

The rollforward of this account follows:

	2024	2023
Balance at beginning of the year	₱3,571,105,773	₱2,961,366,258
Construction and development costs incurred	1,291,805,871	849,357,773
Transfers from deposits for land acquisition (Note 8)	—	206,911,992
Borrowing costs capitalized (Note 16)	79,123,832	102,046,099
Depreciation expense capitalized (Note 12)	21,601,442	10,537,459
Transfers from investment properties (Note 11)	15,011,531	—
Adjustment on borrowing cost (Note 2)	(239,106,554)	—
Cost of real estate sales	(681,546,593)	(559,113,808)
	₱4,057,995,302	₱3,571,105,773



The real estate inventories are carried at cost. No real estate inventories are recorded at amounts lower than cost in 2024 and 2023.

Land for sale and development represents real estate subdivision projects in which the Group has been granted License to Sell (LTS) by the Department of Human Settlements and Urban Development. It also includes raw land inventories that are under development and those that are about to undergo development.

Construction and development costs incurred pertain to amounts paid to contractors and development costs in relation to the development of land and construction of housing units, and other costs directly attributable to bringing the real estate inventories to its intended condition.

Borrowing costs capitalized to real estate inventories in 2024 and 2023 amounted to ₱79.0 million and ₱102.0 million, respectively (Note 16). The capitalization rate used to determine the borrowing costs eligible for capitalization in 2024 and 2023 is 14.8% and 8.3% , respectively.

Collateralized properties

Pursuant to the loan agreement, certain real estate inventories were collateralized in favor of the bank to secure the Group's short-term and long-term debts (see Note 16). As at December 31, 2024 and 2023, the carrying values of the collateralized real estate inventories amounted to ₱1.2 billion and ₱1.5 billion, respectively.

7. Other Inventories

	2024	2023
Construction materials	₱41,213,558	₱109,473,887
Finished agricultural goods	7,536,848	6,819,176
At lower of cost and NRV	₱48,750,406	₱116,293,063

Construction materials pertain to supplies used in the construction and development of the real estate projects.

The cost of inventories recognized under cost of agricultural goods sold in the consolidated statements of comprehensive income are as follows:

	2024	2023	2022
Purchase and harvest of FFB	₱44,929,007	₱22,213,262	₱45,970,076
Crude palm oil purchased during the year	172,082,600	—	17,562,630
FFB used in production	217,011,607	22,213,262	63,532,706
Direct labor	13,892,039	8,867,022	11,945,998
Manufacturing overhead	11,906,743	8,248,589	13,838,956
Total manufacturing cost	242,810,389	39,328,873	89,317,660
Finished goods at beginning of year	6,819,176	89,849,239	88,261,898
Finished goods at end of year	(7,536,848)	(6,819,176)	(89,849,239)
Total cost of agricultural goods sold	₱242,092,717	₱122,358,936	₱87,730,319

Agricultural materials and other supplies pertain to fertilizers, fuel and oil and other consumables.

The Group recognized inventory loss of ₱50.2 million in 2022 in the consolidated statement of comprehensive income to account for the identified obsolete and damaged inventories recognized under "Provision for inventory lossess" (nil in 2024 and 2023, see Note 18).



8. Other Assets

	2024	2023
Current:		
Deposits for land acquisition	₱903,173,965	₱420,109,448
Creditable withholding taxes	162,271,670	138,100,616
Prepaid expenses	109,234,851	90,160,709
Advances to suppliers	31,278,980	12,712,251
Costs to obtain contracts (Note 26)	25,037,298	12,077,001
Input VAT	32,802,641	10,999,438
Deposit in escrow	7,424,332	7,424,332
Refundable deposits	908,313	843,263
Others	143,463	601,444
	₱1,272,275,513	₱693,028,502
Noncurrent:		
Deposits for land acquisition - net of current portion	₱347,307,831	₱343,907,831
Advances to third parties	238,298,242	323,282,361
Input VAT - net of current portion	95,469,983	92,413,249
Refundable deposits - net of current portion	54,568,644	52,060,401
Goodwill	43,007	43,007
	₱735,687,707	₱811,706,849

Deposits for land acquisition pertain to installment payments made by the Group to the sellers of lands based on the sales contracts. The lands are intended to be held for sale, for development in the future and for land banking. The Group made additional deposits for its land acquisition amounting to ₱715.5 million and ₱370.2 million as of December 31, 2024 and 2023, respectively. The Group made transfers of land from deposits to real estate inventory amounting to nil and ₱206.9 million in 2024 and 2023 respectively (see Note 6). The Group also made transfers of land from deposits for land acquisition to investment properties upon transfer of control of the land to the Group amounting to ₱193.8 million and ₱3.4 million in 2024 and 2023, respectively (see Note 11).

Deposits for purchased land is presented as current assets if it is intended for land for sale and development (i.e. real estate inventory). Otherwise if it is held for capital appreciation or investment property, it is presented as noncurrent assets.

Creditable withholding taxes pertain to carry over of unapplied income tax credits and are recoverable and can be applied against the income tax payable in future periods.

Prepaid expenses consist mainly of prepaid supplies, employee benefits, rent, insurance and taxes and licenses, which are applicable in the future period.

Input VAT pertains to the 12% indirect taxes passed on to the Company by its supplier and contractors in the course of its business on its acquisition of goods and services under Philippine taxation laws and regulations. Input tax is applied against output VAT.

Advances to third parties pertain to payments made by the Group to its suppliers for materials to be used for the construction of its irradiation facility and for potential joint venture partners for acceptable business projects. The advances to potential joint venture partners are to be applied to the cost of the business project.

Costs to obtain contracts pertain to commissions paid to brokers and marketing agents on the sale of pre-completed real estate units. These capitalized costs are amortized as marketing expense under



“General, administrative and selling expenses” in the consolidated statements of comprehensive income over the expected construction period using the POC following the pattern of real estate revenue recognition (see Note 26).

Deposit in escrow pertains to the established escrow account of the Parent Company which is held restrictedly in compliance with the Memorandum Circular No. 2020-06 issued by Department of Human Settlements and Urban Development (DHSUD) to undertake socialized housing projects and for the issuance of License to Sell for the ongoing Coral Real Estate Project Phase 3 under incentivized scheme.

9. Investments in Equity Instruments

The Group’s EIFVOCI include golf club shares. The fair values of the golf club shares are determined based on average selling price per share of the assets which is traded in an active market (Level 2 input).

The changes in the fair value of these financial instruments are recognized under “Net change in fair value of EIFVOCI” in other comprehensive income.

The rollforward analysis of investments in EIFVOCI in 2024 and 2023 follows:

	2024	2023
Cost:		
At January 1 and December 31	₱434,070,793	₱434,070,793
Cumulative unrealized loss:		
At January 1	(71,683,836)	(133,040,358)
Fair value adjustment	66,469,565	61,356,522
At December 31	(5,214,271)	(71,683,836)
Carrying values	₱428,856,522	₱362,386,957

The Group’s dividend income from EIFVOCI amounted to nil, ₱5,354 and ₱10,618 in 2024, 2023, and 2022, respectively (see Note 22)

Changes in fair value of the unquoted investments at FVOCI resulted to a gain of ₱66.5 million, ₱61.4 million, and ₱61.6 million in 2024, 2023, and 2022, respectively. This is the “Net change in fair value of EIFVOCI” in the statement of comprehensive income.

10. Investments in Associates

	2024	2023
PCPC	₱1,359,328,462	₱1,292,639,163
PEI	427,184,915	475,816,596
EWRTC	53,232,614	53,301,220
	₱1,839,745,991	₱1,821,756,979



	2024	2023
Acquisition cost, beginning and end of year	₱1,105,595,917	₱1,105,595,917
Accumulated share in net earnings:		
Balances at beginning of year	717,382,574	633,149,300
Equity in net earnings	140,933,418	339,947,514
Dividends	(122,000,000)	(255,714,240)
Balances at end of year	736,315,992	717,382,574
Accumulated share in OCI:		
Balances at beginning of year	(1,221,512)	2,303,484
Equity in other comprehensive loss	(944,406)	(1,081,972)
Balances at end of year	(2,165,918)	(1,221,512)
	₱1,839,745,991	₱1,821,756,979

In 2024, 2023 and 2022, PEI declared cash dividend to the Group amounting to ₱122.0 million, ₱65.7 million and ₱80.0 million respectively, while PCPC declared no cash dividend to the Group in 2024 but declared ₱190.0 million and ₱50.0 million in 2023 and 2022, respectively.

Dividends received from associates amounted to ₱122.0 million, ₱266.7 million and ₱190.0 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The Group's share in net income (loss) of its associates are shown below:

	2024	2023	2022
PCPC	₱65,744,893	₱217,611,680	₱185,596,441
PEI	75,257,131	122,449,983	130,898,993
EWRTC	(68,606)	(114,149)	(97,474)
	₱140,933,418	₱339,947,514	₱316,397,960

Investment in PCPC

The Group has 20% investment in PCPC. PCPC was registered with the SEC on December 18, 2007 primarily to acquire, design, develop, construct, invest in and operate power generating plants. The Group accounts its investment in PCPC as investment in associate as it exercises significant influence over PCPC.

The following table sets out the summarized financial information of PCPC as of December 31, 2024 and 2023:

	2024	2023
Assets		
Current assets	₱2,531,323,001	₱2,930,650,671
Noncurrent assets	7,119,318,957	7,391,354,352
Less liabilities		
Current liabilities	1,851,910,053	1,728,806,246
Noncurrent liabilities	1,276,856,554	2,410,475,338
Equity	₱6,521,875,351	₱6,182,723,439
Group's carrying amount of the investment	₱1,359,328,462	₱1,292,639,163



As of December 31, 2024 and 2023, the Group's share in PCPC's net assets amounted to ₱1,303.2 million and ₱1,236.5 million, respectively. As of December 31, 2024 and 2023, the excess of the carrying value over the Group's share in PCPC's net assets is attributable to the notional goodwill.

	2024	2023	2022
Revenue	₱7,385,464,842	₱7,970,643,496	₱9,531,241,773
Costs and expenses	7,056,740,379	6,882,585,095	8,603,259,570
Net income	328,724,463	1,088,058,401	927,982,203
Other comprehensive income (loss)	(944,406)	(5,409,860)	1,039,017
Total comprehensive income	₱327,780,057	₱1,082,648,541	₱929,021,220
Group's equity in net earnings	₱65,744,893	₱217,611,680	₱185,596,441

Investment in PEI

The Group has 20% investment in PEI. PEI was incorporated and registered with the SEC on February 19, 2013 primarily to purchase, acquire, own and hold shares of stock, equity, and property of energy companies. Through its subsidiaries, PEI's focus is to develop, construct, and operate diesel power plants in Mindanao to address the ongoing power shortages in the region.

The following table sets out the summarized financial information of PEI as of December 31, 2024 and 2023:

	2024	2023
Assets		
Current assets	₱509,137,455	₱483,719,546
Noncurrent assets	1,916,446,128	2,091,488,478
Less liabilities		
Current liabilities	208,013,326	117,269,429
Noncurrent liabilities	165,390,783	133,564,099
Equity	₱2,052,179,474	₱2,324,374,496
Group's carrying amount of the investment	₱427,184,915	₱475,816,596

As of December 31, 2024 and 2023, the Group's share in PEI's net assets amounted to ₱416.3 million and ₱464.9 million, respectively. As of December 31, 2024 and 2023, the excess of the carrying value over the Group's share in PEI's net assets is attributable to the notional goodwill.

	2024	2023	2022
Revenue	₱1,165,390,793	₱989,597,574	₱1,057,097,713
Costs and expenses	789,105,138	377,347,660	402,602,749
Net income	₱376,285,655	₱612,249,914	₱654,494,964
Group's equity in net earnings	₱75,257,131	₱122,449,983	₱130,898,993

Investment in EWRTC

The Group has 33.33% investment in EWRTC. The Consortium composed of EWRTC and Alloy MTD Group (represented by MTD Philippines Inc.) has submitted an unsolicited proposal to the Philippine National Railways (PNR) to build and then operate and maintain the East-West Rail Project. The East-West Rail Project is an integrated light rail mass transportation system and is intended to help alleviate the gap in the transportation infrastructure in the metropolis. This project is in line with the objective of the government to increase the ratio of rail transport systems to the rocketing ridership demand in Metro Manila and other major urban cities. The Project will involve



the development, design, construction, supply, completion, testing, commissioning, and operation & maintenance of the East-West Rail Project.

On October 2022, the Revised 2022 Implementing Rules and Regulations (IRR) of the Build-Operate-Transfer (BOT) Law took into effect. Amendments to key provisions addressing concerns over the financial viability and bankability of public-private partnership (PPP) projects as well as clarification to ambiguous provisions may have caused the delays in the PPP process. The Consortium is in continuous coordination with PNR as the implementing agency and preparing a resubmission of project related documents for approval of the PPP project to be in line with new BOT IRR provisions. As of December 31, 2024, the Consortium has been granted the Original Proponent Status (OPS) by the PNR and is endorsed to the National Economic and Development Authority (NEDA) for evaluation and approval by the Investment Coordination Committee (ICC).

The following table sets out the summarized financial information of EWRTC as of December 31, 2024 and 2023:

	2024	2023
Assets		
Current assets	₱53,197,537	₱51,628,625
Noncurrent assets	7,205,176	6,990,310
Less liabilities		
Current liabilities	532,394,217	516,508,266
Capital deficiency	(₱471,991,504)	(₱457,889,331)
Group's carrying amount of the investment	₱53,232,614	₱53,301,220

As of December 31, 2024 and 2023, the Group's share in EWRTC's capital deficiency amounted to ₱53.2 million and ₱53.3 million, respectively. As of December 31, 2024 and 2023, the excess of the carrying value over the Group's share in EWRTC's net assets is attributable to the notional goodwill and translation adjustment.

	2024	2023	2022
Revenue	₱—	₱—	₱—
Costs and expenses	205,839	342,482	292,451
Net loss	₱205,839	₱342,482	₱292,451

11. Investment Properties

The Group's investment properties as at December 31 are classified as follows:

	2024	2023
Land held for capital appreciation	₱492,230,588	₱313,422,532
Land and building held for lease	139,607,448	142,518,785
	₱631,838,036	₱455,941,317

The aggregate fair values of investment properties as of December 31, 2024 and 2023 amounted to ₱805.2 million and ₱760.1 million, respectively.



The value of the land was arrived at using the Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered in the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. This valuation approach are categorized as Level 3 in the fair value hierarchy as at December 31, 2024 and 2023. The significant unobservable input to the valuation is the price per square meter.

For land, significant increases or decreases in estimated price per square meter in isolation would result in a significantly higher or lower fair value on a linear basis.

The fair value of the building was arrived using the Cost Approach. This is a comparative approach that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. This valuation approach is categorized as Level 3 in the fair value hierarchy as at December 31, 2024 and 2023. The significant unobservable input to the valuation is the price per square meter.

For buildings, significant increases or decreases in the replacement and reproduction costs, in isolation, would result in a significantly higher or lower fair value of the properties.

The details of land held for capital appreciation are as follows:

	2024	2023
Cost:		
Balances at beginning of year	₱313,422,532	₱309,990,532
Reclassification from deposits for purchased land (Note 8)	193,819,587	3,432,000
Reclassification to real estate inventories (Note 6)	(15,011,531)	—
Net carrying value	₱492,230,588	₱313,422,532

Land and building held for lease for 2024 and 2023 are as follows:

2024	Land	Building	Land Improvements	Total
Cost:				
Balances at beginning and end of year	₱63,908,760	₱7,142,749	₱87,340,123	₱158,391,632
Accumulated depreciation:				
Balances at beginning of year	—	7,142,749	8,730,098	15,872,847
Depreciation (Note 18)	—	—	2,911,337	2,911,337
Balances at end of year	—	7,142,749	11,641,435	18,784,184
	₱63,908,760	₱—	₱75,698,688	₱139,607,448



2023	Land	Building	Land Improvements	Total
Cost:				
Balances at beginning and end of year	₱63,908,760	₱7,142,749	₱87,340,123	₱158,391,632
Accumulated depreciation:				
Balances at beginning of year	—	7,142,749	5,818,761	12,961,510
Depreciation (Note 18)	—	—	2,911,337	2,911,337
Balances at end of year	—	7,142,749	8,730,098	15,872,847
	₱63,908,760	₱—	₱78,610,025	₱142,518,785

Rental income generated from land held under lease in the consolidated statements of comprehensive income amounted to ₱19.6 million and ₱14.9 million in 2024 and 2023, respectively. Direct operating expense related to land held for lease included under “General, administrative and selling expenses” in the consolidated statements of comprehensive income amounted to ₱2.9 million both in 2024 and 2023.



12. Property, Plant and Equipment

2024	Land	Leasehold Improvements	Bearer Plants	RBD and Fractionation Machineries	Building and Improvements	Machineries and Equipment	Other Equipment	Construction in Progress	Right of Use Assets	Total
Cost										
At January 1	₹72,162,848	₹69,574,255	₹367,150,604	₹253,060,820	₹84,086,226	₹327,911,629	₹332,067,802	₹645,462,948	₹30,535,735	₹2,182,012,867
Additions	31,944,196	1,060,017	636,748	-	1,660,403	20,715,740	62,600,715	252,958,095	-	371,575,914
Reclassifications	-	3,700,000	-	-	437,876,690	264,245	202,705,833	(644,546,768)	-	-
Disposals	-	-	-	-	-	-	(1,025,892)	-	-	(1,025,892)
At December 31	104,107,044	74,334,272	367,787,352	253,060,820	523,623,319	348,891,614	596,348,458	253,874,275	30,535,735	2,552,562,889
Accumulated depreciation										
At January 1	-	36,334,161	11,989,939	61,646,953	50,654,735	221,106,465	193,585,884	-	3,773,279	579,091,416
Depreciation	-	6,990,411	113,680	875,935	10,352,620	16,757,793	43,192,625	-	3,729,327	82,012,391
Disposals	-	-	-	-	-	-	(1,025,892)	-	-	(1,025,892)
At December 31	-	43,324,572	12,103,619	62,522,888	61,007,355	237,864,258	235,752,617	-	7,502,606	660,077,915
Allowance for impairment										
At January 1	-	-	112,173,529	-	-	-	-	18,649,242	-	130,822,771
Addition	-	-	44,228,076	-	-	-	-	1,699,968	-	45,928,044
At December 31	-	-	156,401,605	-	-	-	-	20,349,210	-	176,750,815
Net Book Value	₹104,107,044	₹31,009,700	₹199,282,128	₹190,537,932	₹462,615,964	₹111,027,356	₹360,595,841	₹233,525,065	₹23,033,129	₹1,715,734,159

2023	Land	Leasehold Improvements	Bearer Plants	RBD and Fractionation Machineries	Building and Improvements	Machineries and Equipment	Other Equipment	Construction in Progress	Right of Use Assets	Total
Cost										
At January 1	₹12,967,297	₹65,501,304	₹366,513,856	₹253,060,820	₹56,993,298	₹305,413,645	₹287,879,709	₹364,780,373	₹30,535,735	₹1,743,646,037
Additions	59,195,551	-	636,748	-	24,042,871	22,497,984	42,654,294	290,104,700	-	439,132,148
Reclassifications	-	4,072,951	-	-	3,050,057	-	2,299,117	(9,422,125)	-	-
Disposals	-	-	-	-	-	-	(765,318)	-	-	(765,318)
At December 31	72,162,848	69,574,255	367,150,604	253,060,820	84,086,226	327,911,629	332,067,802	645,462,948	30,535,735	2,182,012,867
Accumulated depreciation										
At January 1	-	29,596,836	11,989,939	44,935,552	49,538,300	195,368,061	165,846,967	-	2,671,314	499,946,969
Depreciation	-	6,737,325	-	16,711,401	1,116,435	25,738,404	28,504,235	-	1,101,965	79,909,765
Disposals	-	-	-	-	-	-	(765,318)	-	-	(765,318)
At December 31	-	36,334,161	11,989,939	61,646,953	50,654,735	221,106,465	193,585,884	-	3,773,279	579,091,416
Allowance for impairment										
At January 1	-	-	85,440,060	-	-	-	-	18,649,242	-	104,089,302
Addition	-	-	26,733,469	-	-	-	-	-	-	26,733,469
At December 31	-	-	112,173,529	-	-	-	-	18,649,242	-	130,822,771
Net Book Value	₹72,162,848	₹33,240,094	₹242,987,136	₹191,413,867	₹33,431,491	₹106,805,164	₹138,481,918	₹626,813,706	₹26,762,456	₹1,472,098,680



There are no contractual commitments to purchase property and equipment.

The depreciation from property, plant and equipment in 2024 and 2023 are recognized as:

	2024	2023
General, administrative and selling expense (Note 18)	₱59,774,201	₱68,735,558
Capitalized as part of:		
Real estate inventories (Note 6)	21,601,442	10,537,459
Bearer plants	636,748	636,748
	₱82,012,391	₱79,909,765

In 2024 and 2023, the Group has assessed that its bearer plants have indications of impairment due to the palm oil plantation's bearer plants not reaching their optimal fruiting stages. In 2024, 2023, and 2022, the Group recognized impairment loss amounting to ₱44.2 million, ₱26.7 million, and ₱20.7 million respectively, to account for the estimated fruit loss due to some trees not reaching the optimal fruiting stages in accordance with the industry standard yield.

Other than the impairment loss due to the bearer plants inability to reach optimal fruiting stages, no additional impairment was recognized by the Group for the remaining bearer plants since management estimated that the recoverable amount exceeds the carrying value of the bearer plants excluding the specific impairment as of December 31, 2024 and 2023. The recoverable amount was computed using discounted cash flows approach.

The calculation of value in use of the bearer plants are most sensitive to the following assumptions:

- Revenue - Projected revenue is derived by multiplying the forecasted selling price of FFB per metric ton (MT) to total projected FFB production considering management's best estimates on the future FFB prices and FFB production level considering factors such as the annual growth rate based on average values achieved in the three years preceding the beginning of the budget period, palm oil yields adjusted to the Philippine climate and setting, historical experiences and other economic and agricultural factors.

Projected FFB yield per hectare (ha.) used was 9.89 MT per ha. and 10.05 MT per ha. in 2024 and 2023, respectively. Forecasted FFB selling price per MT used was ₱8,000.0 per MT and ₱6,300.0 per MT with annual growth rate of 3.0% in 2024 and 2023, respectively.

- Direct costs and price inflation - Projected costs are based on the Group's historical experience of the plantation costs incurred (fertilizers, labor and other plantation supplies) per hectare adjusted for inflation based on projected increase in prices with reference to the Philippine market. Forecast figures are used if data is publicly available, otherwise past actual material price movements are used as an indicator of future price movement. Management has considered the possibility of greater-than-forecast increases in price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers.

Projected direct costs related to the plantation in terms of revenue is 33.86% and 42.60% in 2024 and 2023, respectively.

- Discount rate - Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and risk of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on



the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

After-tax discount rate used is 10.41% and 9.35% in 2024 and 2023, respectively.

Management have reflected future economic uncertainty in the risk-adjusted cash flows, giving a more accurate representation of the risks specific to the CGU.

In 2023, the Group purchased property and equipment comprising of land, building and machineries related to palm oil milling operations amounting to ₱100.0 million. As of December 31, 2023, the outstanding payable in relation to the purchase amounted to ₱34.5 million presented as “Accounts and other payables” in the consolidated statements of financial position (nil as of December 31, 2024).

Borrowing costs capitalized as construction in progress in relation to the Tanay E-Beam & Cold Storage Facility Project amounted to ₱21.7 million and ₱16.0 million in 2024 and 2023, respectively (see Note 16).

The Group’s property, plant and equipment are not used as collateral to its short-term and long-term debts.

13. Accounts and Other Payables

	2024	2023
Trade payables	₱906,068,492	₱747,826,307
Statutory payables	255,943,481	234,896,985
Retention payable	69,932,635	72,003,266
Accruals:		
Services	22,809,193	49,851,464
Payroll	33,393,129	26,691,451
Professional fee	8,563,303	9,873,659
Others	18,920,444	19,127,535
	₱1,315,630,677	₱1,160,270,667

Trade payables are noninterest-bearing and are generally on a 30 to 60-day credit terms.

Statutory payables pertains to the output tax on the sale of real estate units, dues for remittance to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, and Bureau of Internal Revenue. These are noninterest-bearing and are normally settled within one year.

Retention payable are noninterest-bearing and pertains to the amount withheld by the Group on contractor’s billings to be settled upon completion and acceptance of the relevant contracts within the year. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects.



Others pertain to rentals, administrative expenses and other recurring expenses incurred by the Group.

14. Contract Assets and Liabilities

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as ICR. This is reclassified as ICR when the monthly amortization of the customer is already due for collection. The movement in contract asset is mainly due to new real estate sales contract recognized during the period and increase in POC, less reclassification to ICR.

The Group requires buyers of real estate units to pay a minimum percentage of the total contract price as reservation fee before the parties enter into a sale transaction. Payments from buyers which have not yet reached the buyer's equity to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on POC are presented as "Contract liabilities" in the consolidated statements of financial position.

When the Group's current collection threshold is reached by the buyer, revenue is recognized, and these deposits and down payments are recorded as either ICR or contract asset depending on the right to demand collection. The excess of collections over the recognized revenue is applied against the receivables or contract assets in the succeeding years. The movement in contract liabilities is mainly due to the reservation sales and advance payments of buyers less real estate sales recognized upon reaching the collection threshold and from increase in POC.

The Group's contract assets and liabilities as at December 31, 2024 and 2023 are as follows:

	2024	2023
Current portion of contract assets	₱131,239,842	₱494,203,019
Noncurrent portion of contract assets	1,542,267,524	1,375,188,278
Contract assets	₱1,673,507,366	₱1,869,391,297
Contract liabilities	₱481,762,306	₱319,515,433

The amount of revenue recognized in 2024 and 2023 from amounts included in contract liabilities at the beginning of the year amounted to ₱114.7 million and ₱132.4 million, respectively. In 2024 and 2023, interest expense from contract liability amounted to ₱18.0 million and nil, respectively.

15. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control or common significant influence which include affiliates. In considering each possible related party relationship, attention is directed to the substance of relationship and not merely the legal form. Related parties may be individuals or corporate entities.

Material related party transactions refer to any related party transactions, either individually, or in aggregate, amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements.



The Group, in the normal course of business has significant transactions with related parties, which principally consist of the following:

- Loan by the Group from shareholder (see Note 16).

Shareholder Loan - A

As of December 31, 2024 and 2023, the Group has outstanding loan from shareholder, which is classified under “Long term debt” in the consolidated statements of financial position amounting to ₱60.9 million and ₱124.3 million, respectively, to be paid in equal monthly amortization until December 31, 2025. The loan bears a fixed annual interest rate of 6.0%.

- Noninterest-bearing cash advances to the Group’s associates, PEI and EWRTC.

The consolidated statements of financial position include the following amounts resulting from the above transactions with related parties:

2024				
Category	Settlements	*Receivable (Payable)	Terms	Conditions
Shareholders				
<i>Long-term debt (see Note 16):</i>				
Shareholder Loan – A				
Current	(₱63,473,072)	(₱60,861,940)	5-year, 6%	Unsecured;
Noncurrent	–	–	interest-bearing	no collateral
		(₱60,861,940)		

Associates

Receivable from related parties:

EWRTC	₱–	₱50,894,936	On demand; non-interest bearing	Unsecured; no impairment
		₱50,894,936		

*interest payable, if any, is presented under Accounts and other payables. Interest expense paid is disclosed in Note 16.

2023				
Category	Settlements	*Receivable (Payable)	Terms	Conditions
Shareholders				
<i>Long-term debt (see Note 16):</i>				
Shareholder Loan – A				
Current	(₱59,785,625)	(₱63,473,072)	5-year, 6.0%	Unsecured;
Noncurrent	–	(60,861,940)	interest-bearing	no collateral
		(₱124,335,012)		

Associates

Receivable from related parties:

EWRTC	₱–	₱50,894,936	On demand; non-interest bearing	Unsecured; no impairment
		₱50,894,936		

*interest payable, if any, is presented under Accounts and other payables. Interest expense paid is disclosed in Note 16.

Terms and Conditions of Transactions with Related Parties

The outstanding accounts with related parties, except for the advances to key management personnel, shall be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. These accounts are generally unsecured. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. The Group has approval process and established limits when entering into material related party transactions.



The compensation of the key management personnel, included as part of salaries, wages and employee benefits under “General and administrative expenses” in the consolidated statements of comprehensive income follows:

	2024	2023	2022
Short-term employee benefits	₱36,717,750	₱28,352,364	₱33,073,565
Other employee benefits	10,444,658	8,554,263	3,657,175
	₱47,162,408	₱36,906,627	₱36,730,740

Key management personnel of the Group include all directors and senior management.

16. Loans Payable

Loans payable represents various secured and unsecured loans obtained from local financial institutions and shareholder to finance the Group’s real estate development projects, working capital requirements and for general corporate purposes.

The Group entered into loan agreements with the following banks: Union Bank of the Philippines (UBP), Development Bank of the Philippines (DBP), Landbank of the Philippines (LBP), China Bank Corporation (CBC), and Philippine Bank of Communication (PBCOM). The Parent Company also entered into loan agreements from a financial services company, Caterpillar Financial Services Phils. Inc. (CFSPI), and from a shareholder.

Short-term debt

Short-term debt represents peso loans obtained from local banks and shareholder for working capital and financing requirements. These loans, except loan from shareholder, bear annual interest rates ranging from 4.13% to 9.8% and 5.5% to 9.8% in 2024 and 2023. Loan from shareholder is on demand and noninterest-bearing.

	2024	2023
DBP	₱244,661,000	₱201,154,000
LBP	233,706,000	199,600,000
CBC	170,000,000	150,000,000
UBP	130,000,000	150,000,000
PNB	150,000,000	—
PBCOM	43,820,000	44,660,000
	₱972,187,000	₱745,414,000

Interest expense arising from these loans amounts to ₱64.9 million, ₱49.5 million and ₱25.0 million in 2024, 2023 and 2022, respectively.

In 2024 and 2023, the Company assigned accounts receivable with recourse as collateral with its short-term loan discounting agreement with a bank. The outstanding balance of the assigned accounts receivable amounted to ₱250.1 million and ₱230.8 million as of December 31, 2024 and 2023, respectively (see Note 5).



Long-term debt

The long-term debt represents various loans obtained from local financial institutions and shareholder to finance the Group's real estate projects and for general corporate purposes.

	2024	2023
UBP	₱902,507,344	₱691,761,016
PNB	500,000,000	—
LBP	318,718,669	435,283,200
CBC	431,814,458	422,636,307
DBP	142,764,000	213,794,000
Shareholder Loan - A (Note 15)	60,861,940	124,335,012
	2,356,666,411	1,887,809,535
Less unamortized debt issue cost	12,812,655	8,233,639
	2,343,853,756	1,879,575,896
Less current portion	602,633,723	480,838,826
	₱1,741,220,033	₱1,398,737,070

Loans from UBP

Loans from UBP are comprised of loans subject to fixed interest rates which are payable in monthly installments and secured by real estate mortgage. Fixed-rate loans have annual interest rates ranging from 6.5% to 9.8% payable for 5 years.

On October 28, 2022, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱330.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8%, whichever is higher, payable monthly. The Parent Company has availed ₱300.0 million in 2022. On June 23, 2023, the remaining ₱30.0 million of the term loan was availed carrying a nominal interest rate of 8.0% and effective interest of 8.3%, payable in monthly installments for 5 years.

On October 3, 2023, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱120.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8.3%, whichever is higher, payable monthly. On October 31, 2023, the maximum aggregate principal of ₱120.0 million was availed with this agreement carrying a nominal interest rate of 8.1% and effective interest rate of 8.5%, payable in monthly installments for 5 years.

On August 27, 2024, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱470.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8.3%, whichever is higher, payable monthly. On August 28, 2024, the maximum aggregate principal of ₱470.0 million was availed with this agreement carrying a nominal interest rate of 7.9% and effective interest rate of 8.3%, payable in monthly installments for 5 years.

Loans from LBP

These loans are payable in quarterly installments for 5 years secured by real estate mortgage which are subject to fixed interest rate of 7.0% to 8.0%.

On November 29, 2022, the Parent Company entered into a loan agreement with LBP for a term loan that grants a maximum aggregate principal of ₱500.0 million available for drawing within 1 year from the date of signing of loan documents. On March 27, 2023, the maximum aggregate principal of ₱500.0 million was availed with this agreement carrying a nominal interest rate of 8.0% and effective interest of 8.3%, payable in quarterly installments for 5 years.



Loans from CBC

These loans are payable in monthly installments for 2 to 5 years pertaining to secured car loans subject to fixed annual interest rates ranging from 6.0% to 10.6%.

On September 30, 2022, ISI was granted a 10-year ₱400 million credit facility by CBC of various drawdown depending on the percentage of completion of its E-Beam and Cold Storage Facility project, with interest rate of 8.0% payable quarterly. In 2024 and 2023, the Group has availed ₱16.1 million and ₱333.1 million, respectively, carrying a nominal interest rate of 8.0% and effective interest of 8.3%. Principal is payable in quarterly amortizations starting after the grace period of 13 quarters of the first drawdown on December 19, 2022 and will mature on December 19, 2032.

In addition, the Group has availed ₱9.6 million and ₱30.4 million in 2024 and 2023, respectively, as various car loans from CBC carrying a nominal interest rate of 9.5% to 10.6%, payable in monthly installments for 2 to 5 years.

Loan from DBP

This loan is payable in quarterly installments for 6 years secured by real estate mortgage which is subject to a fixed annual interest rate of 6.0%.

Loan from PNB

On December 23, 2024, the Parent Company entered into a loan agreement with PNB for a term loan that grants a maximum aggregate principal of ₱500.0 million with the agreement carrying a nominal interest rate of 8.0% and effective interest of 8.3% payable in quarterly installments for 7 years.

Shareholder Loan - A

This loan is payable in monthly installments for 5 years, unsecured and subject to a fixed annual interest rate of 6.0% (see Note 15). As of December 31, 2024 and 2023, total payments made to shareholder amounted to ₱63.5 million and ₱59.8 million, respectively. In 2024 and 2023, total interest expense paid on the shareholder loan amounted to ₱6.1 million and ₱9.8 million, respectively.

Borrowing Cost

Total interest expense arising from long-term loans and from those due to related parties amounted to ₱142.7 million, ₱133.3 million and ₱74.4 million in 2024, 2023 and 2022, respectively.

Total borrowing costs for short-term and long-term debt recognized in 2024, 2023 and 2022 amounted to ₱79.0 million, ₱102.0 million and ₱75.3 million, respectively, are capitalized as part of real estate inventories (see Note 6), while ₱21.7 million, ₱16.0 million and ₱0.1 million, respectively, are capitalized as construction in progress under property, plant and equipment (see Note 12).

The capitalization rate used to determine the borrowing costs eligible for capitalization is 14.8%, 8.3% and 6.9% for 2024, 2023 and 2022, respectively.

The movement of the unamortized debt issue cost follows:

	2024	2023
At January 1	₱8,233,638	₱3,122,766
Additions	7,396,079	7,372,997
Amortization	(2,817,062)	(2,262,124)
At December 31	₱12,812,655	₱8,233,639



Repayment schedule

The repayment schedule of the long-term debt follows:

Year	2024	2023
2023	₱—	₱483,256,690
2024	609,182,046	1,404,552,845
2025-2032	1,747,484,366	—
	₱2,356,666,412	₱1,887,809,535

Security and Debt Covenants

Real estate inventories with carrying amounts of ₱1.2 billion and ₱1.5 billion as of December 31, 2024 and 2023, respectively, are collateralized for its long-term debts for UBP, LBP, DBP and CBC (see Note 6).

Accounts receivable with carrying amounts of ₱250.1 million and ₱230.8 million are assigned to short-term loans for LBP as of December 31, 2024 and 2023 (see Note 5).

The Group is not subject to any financial covenants from its short-term and long-term debts.

17. Equity

Common Stock

As of December 31, 2024 and 2023, the Group's common stock consists of:

	Authorized Capital Stock	Number of Outstanding Shares
Subscribed and issued common shares, ₱1 par value	3,250,000,000	2,477,668,925
Less treasury shares		105,301,014
		2,372,367,911

Preferred Stock

On April 12, 2021, the BOD approved the amendment of the Articles of Incorporation (AOI) of the Parent Company to reclassify and divide the authorized capital stock into: (i) 3,250.0 million common shares with a par value of ₱1.00 per share; and (ii) 50.0 million preferred shares with a par value of ₱1.00 per share. The amendment of AOI was approved by the shareholders representing at least 2/3 of the outstanding capital stock during the Annual Stockholders' Meeting on June 24, 2021.

On May 25, 2021, the BOD authorized the shelf registration of 50 million preferred shares, and the offer and sale of up to 15.0 million preferred shares at an offer price of ₱100.00 per share.

On October 5, 2021, the SEC approved the Parent Company's proposal to create preferred shares by reclassifying its authorized capital stock from the current 3,300.0 million common shares to 3,250.0 million common shares and 50.0 million preferred shares.

On November 10, 2021, the Parent Company secured the approval from PSE for the shelf-listing of up to 50.0 million preferred shares and the follow-on public offer of up to 15.0 million preferred shares.



On November 12, 2021, the Parent Company secured the approval from SEC for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable "Series A" preferred shares at the option of the Parent Company. The "Series A" preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, May 29, August 29 and November 29 each year. The offering allowed the Parent Company to raise ₱1,326.5 million as new capital.

The Parent Company received on the same day from the Securities and Exchange Commission (SEC) the Permit to Offer Securities for Sale ("Permit to Sell"), dated 08 February 2024, covering the Second Tranche Offer Shares - Preferred Shares Series B and Series C.

On February 12, 2024, the Parent Company secured the approval from PSE for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable "Series B and C" preferred shares at the option of the Parent Company. The "Series B" and "Series C" preference shares are entitled to fixed rate cash dividends at 8.25% and 8.75% per annum, respectively.

On February 23, 2024, the Parent Company concluded its follow-on offering (FOO) and has listed its Series B and Series C preferred shares on the Philippine Stock Exchange. A total of 7,341,750 and 6,941,000 Series B and Series C preferred shares were issued, respectively. The offering allowed the Parent Company to raise ₱1,414.7 million as new capital with ₱1,400.3 million recognized as additional paid-in capital net of stock issuance costs.

The details of the Parent Company's preferred stock as at December 31 follow:

	2024		2023	
	No. of shares	Amount	No. of shares	Amount
Authorized:				
Preference shares:				
Series A, ₱1 par value	13,264,900	₱13,264,900	13,264,900	₱13,264,900
Series B, ₱1 par value	7,431,750	7,431,750	—	—
Series C, ₱1 par value	6,941,000	6,941,000	—	—
	27,637,650	₱27,637,650	13,264,900	₱13,264,900

Record of Registration of Securities with the SEC

Common Stock

The Securities and Exchange Commission (SEC) issued the following orders related to the Group's registration of its securities which are offered to the public: SEC-BED Order No. 1179 issued on December 17, 1993 of 200.0 million shares at an issue price of ₱4.50 per share; SEC-BED Order No. 847 issued on August 15, 1994 of 230.0 million shares; and, SEC-CFD Order No. 64 issued on March 12, 1996 of 530.0 million shares.

There were 2,086 common stockholders as of December 31, 2024 and, 2023 in the records of the transfer agent, Professional Stock Transfer, Inc. (PSTI).

The share price closed at ₱0.56 and ₱0.65 on December 27, 2024 and 2023, respectively.

Preferred Stock

The SEC issued the following orders related to the Group's registration and issuance of its "Series A" preferred shares securities which are offered to the public: (1) SEC MSRD Order No. 76 s. 2021 ("Order of Registration") for the shelf registration of up to 50.0 million cumulative, non-voting, non-participating, non-convertible, and redeemable perpetual preferred shares; and (2) Permit to Offer Securities for Sale ("Permit to Sell") covering the Initial Offer Shares dated November 12, 2021. The



“Series A” preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, May 29, August 29, and November 29 each year.

On November 29, 2021, there were 13,264,900 “Series A” preferred shares that were issued and listed in the PSE with “BRNP” as its ticker symbol.

On February 23, 2024, there were 7,431,750 “Series B” preferred shares that were issued and listed in the PSE with “BRNPB” as its ticker symbol. Moreover, there were 6,941,000 “Series C” preferred shares that were issued and listed in the PSE with “BRNPC” as its ticker symbol

The Parent Company received on the same day from the Securities and Exchange Commission (SEC) the Permit to Offer Securities for Sale (“Permit to Sell”), dated 08 February 2024, covering the Second Tranche Offer Shares - Preferred Shares Series B and Series C.

As of December 31, 2024, there were three (3) registered “Series A” preferred stockholders, 2 (two) registered “Series B” preferred stockholders and 2 (two) registered “Series C” preferred stockholders in the records of the transfer agent, PSTI.

For “Series A” share price closed at ₱96.5 and ₱96.2 on December 27, 2024 and 2023.

For “Series B” share price closed at ₱104 on December 19, 2024.

For “Series C” share price closed at ₱107.2 on December 26, 2024.

Additional Paid-In Capital (APIC)

APIC pertains to the excess proceeds over the par value of the issued shares. APIC for common shares amounted to ₱638.0 million as of December 31, 2024 and 2023.

In 2024, the Parent Company has recognized APIC for preferred shares for the excess proceeds of subscriptions over the par value amounting to ₱1,422.9 million in relation to its issuance of preferred shares. Incremental costs directly attributable to the issue of new shares such as underwriter fees, legal fees, and other professional fees are presented in equity as a deduction from APIC amounting to ₱22.6 million.

As of December 31, 2024 and 2023, APIC on preferred shares amounted to ₱2,693.5 million and ₱1,293.2 million, respectively.

Treasury Shares

In 2016, the Group has acquired all of the unissued fractional common shares arising from the stock dividend declaration in 2013, constituting an aggregate of 1,014 shares. These 1,014 shares were reflected as subscribed and issued shares and recognized as treasury shares at cost equal to par value of ₱1.00.

On August 17, 2020, the BOD of the Parent Company has approved the implementation of a share buyback program of up to ₱50.0 million worth of the Parent Company’s common shares. On May 25, 2021, the initial approved budget of the program has been extended from ₱50.0 million to ₱100.0 million as recommended and approved by the BOD.

In 2022, the Parent Company has bought back from the market a total of 105,301,014 common shares with cost of ₱94.9 million. These treasury shares are recorded at cost and are not entitled for dividends.



There is no movement in treasury shares as of December 31, 2024 and 2023.

Retained Earnings

Retained earnings amounting to ₱2,694.4 million and ₱2,834.6 million as of December 31, 2024 and 2023, respectively, include the accumulated equity in undistributed net earnings of consolidated subsidiaries. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

Declaration of Dividends

On February 2, 2022, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Company's unrestricted retained earnings as of December 31, 2021 or a total of ₱23.2 million to all preferred stockholders of record as of February 16, 2022, paid in arrears on March 1, 2022.

On April 29, 2022, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Company's unrestricted retained earnings as of December 31, 2021 to all preferred stockholders of record as of May 17, 2022 payable on May 30, 2022, all preferred stockholders of record August 3, 2022 payable on August 30, 2022 and all preferred stockholders of record as of November 3, 2022 payable on November 29, 2022. In 2022, the Company has declared and paid dividends amounting to ₱92.9 million.

On February 3, 2023, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Company's unrestricted retained earnings as of December 31, 2022 to all preferred stockholders of record as of February 17, 2023, payable on March 1, 2023, all preferred stockholders of record as of May 3, 2023, payable on May 29, 2023, all preferred stockholders of record as of August 1, 2023, payable on August 29, 2023 and all preferred stockholders of record as of November 3, 2023, payable on November 29, 2023. In 2023, the Company declared and paid dividends amounting to ₱92.9 million.

On February 1, 2024, pursuant to the yearly cash dividends on "Series A" preferred shares, the BOD approved the declaration of cash dividends in the amount of ₱1.75 per share out of the Parent Company's unrestricted retained earnings as of December 31, 2023 to all holders of "Series A" preferred shares on record as of February 16, 2024, payable on March 1, 2024, all preferred stockholders of record as of May 3, 2024, payable on May 29, 2024, all preferred stockholders of record as of August 1, 2024, payable on August 29, 2024 and all preferred stockholders of record as of November 5, 2024, payable on November 29, 2024.

On April 8, 2024, the BOD approved the declaration of quarterly cash dividends for Series B and Series C Preferred Shares. Series B carries a dividend rate of 8.25% per annum, amounting to ₱2.0625 per share per quarter, while Series C carries a rate of 8.75% per annum, or ₱2.1875 per share per quarter. These dividends have payment dates set on May 23, 2024. The cash dividends will be paid out of the Corporation's unrestricted retained earnings as of December 31, 2023.

On July 12, 2024, the BOD approved the declaration of a cash dividend of ₱0.025 per share for the Corporation's common shareholders. The record date for entitlement was set on August 1, 2024, with the payment date scheduled for August 15, 2024. This dividend will also be sourced from the Corporation's unrestricted retained earnings as of December 31, 2023. In 2024, the Company declared and paid dividends totaling to ₱244.7 million.



Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong and healthy consolidated statements of financial position to support its current business operations and drive its expansion and growth in the future.

The Group undertakes to establish the appropriate capital structure for each business line, to allow it sufficient financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group attempts to continually lengthen the maturity profile of its debt portfolio and makes it a goal to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. To maintain or adjust the capital structure, the Group may issue new shares, obtain loan from local banks or obtain additional funding from shareholders as additional paid-up capital or debt.

The Group is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital in 2024 and 2023. The table below pertains to the account balances the Group considers as its core economic capital:

	2024	2023
Short-term debt	₱972,187,000	₱745,414,000
Long-term debt	2,343,853,756	1,879,575,896
Common stock	2,477,668,925	2,477,668,925
Preferred stock	27,637,650	13,264,900
Additional paid-in capital	3,331,502,966	1,931,178,758
Treasury shares	(94,932,275)	(94,932,275)
Retained earnings	2,694,454,515	2,834,608,536
	₱11,752,372,537	₱9,786,778,740

Earnings Per Share

Basic and diluted earnings per share amounts attributable to common equity holders of the Parent Company are as follows:

	2024	2023	2022
Net income attributable to the common shareholders of the Parent Company	₱334,139,396	₱546,514,853	₱639,005,498
Less cumulative preferred shares dividends, net of tax	181,413,909	82,307,912	83,568,870
Net income attributable to the common shareholders of the Parent	152,725,487	464,206,941	555,436,628
Weighted average number of outstanding common shares*	2,372,367,911	2,372,367,911	2,377,280,455
Basic and diluted earnings per share	₱0.06	₱0.20	₱0.23

*Weighted average common shares considering the effect of treasury shares

Earnings per share are calculated using the consolidated net income attributable to the common shareholders of the Parent Company less cumulative preferred shares dividends divided by the weighted average number of outstanding common shares.



For the years ended December 31, 2024 and 2023, there were no issued and outstanding share options that could potentially dilute the Group's earnings per share.

18. General, Administrative and Selling Expenses

	2024	2023	2022
Personnel cost	₱138,004,668	₱131,444,467	₱101,055,056
Marketing (Note 26)	107,098,376	70,975,998	76,838,008
Depreciation (Notes 11 and 12)	62,685,538	71,646,895	33,790,156
Taxes and licenses	53,194,642	43,590,207	20,235,932
Impairment loss (Notes 8 and 12)	45,928,044	26,733,469	32,068,874
Transportation and travel	25,484,655	44,131,525	43,233,406
Outside services	19,400,060	20,731,060	26,127,585
Professional fees	14,235,123	18,410,290	13,556,796
Retirement benefits expense (Note 19)	11,949,765	11,408,597	10,630,252
Utilities and supplies	10,475,158	26,808,571	16,214,613
Rental (Note 21)	9,419,407	8,166,192	7,636,596
Repairs and maintenance	4,600,864	15,867,354	9,541,551
Insurance	2,799,807	3,989,566	2,190,367
Directors' fee	721,000	1,121,000	958,600
Provision for expected credit loss (Note 5)	—	828,304	1,711,427
Provision for inventory losses (Note 7)	—	—	50,241,232
Others	37,504,920	45,615,878	26,251,767
	₱543,502,027	₱541,469,373	₱472,282,218

Marketing expenses significantly include amortization of the costs to obtain contracts on real estate sales and advertising expenses incurred by the Group.

Others includes notarization, bank charges, subscription fees and expenses arising from business and research development and software maintenance.

19. Retirement Benefit Obligation

The Group has a funded non-contributory retirement plan covering all regular and full-time employees effective July 1, 2002 (anniversary date was amended to take effect every January 1, retroactive 2003). Benefits are dependent on the years of service and the respective employee's compensation.

The defined benefit obligation is determined using the Projected Unit Credit method. There was no plan of termination, curtailment or settlement for the years ended December 31, 2024 and 2023.

Responsibilities of Trustee

The retirement fund is being administered and managed through a Multi-Employer Retirement Plan (the "Plan") by a trustee bank. The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed between the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Plan and the management of the retirement fund.



The Retirement Plan Trustee may seek the advice of counsel and appoint an investment manager or managers to manage the retirement fund, an independent accountant to audit the fund, and an actuary to value the retirement fund.

The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position.

The components of retirement benefit expense recognized as retirement benefits under “General, administrative and selling expenses” in the consolidated statements of comprehensive income are as follows (see Note 18):

	2024	2023	2022
Current service cost	₱6,230,549	₱6,236,494	₱7,893,633
Interest expense on defined benefit obligation	6,233,285	5,470,422	2,845,181
Interest income on plan assets	(514,069)	(298,319)	(108,562)
Total retirement benefit expense	₱11,949,765	₱11,408,597	₱10,630,252

The components of remeasurements loss (gain) on defined benefit plan recognized in OCI are as follows:

	2024	2023	2022
Remeasurement loss (gain) on plan assets	₱96,682	₱149,647	(₱873,184)
Remeasurement gain on defined benefit obligation	(2,116,403)	—	(6,849,675)
Income tax effect	667,139	(37,411)	1,930,714
Remeasurement loss (gain) at end of year	(₱1,352,582)	₱112,236	(₱5,792,145)

Remeasurement loss on defined benefit obligation recognized in the consolidated statements of financial position are as follows:

	2024	2023
At January 1	₱21,570,632	₱21,458,396
Remeasurement loss on fair value of plan assets	96,682	149,647
Remeasurement gain on defined benefit obligation	(2,116,403)	—
Income tax effect	667,139	(37,411)
At December 31	₱20,218,050	₱21,570,632

The breakdown of the retirement benefit obligation recognized in the consolidated statements of financial position follow:

	2024	2023
Present value of defined benefit obligation	₱93,062,888	₱83,152,761
Fair value of plan assets	(8,587,768)	(6,170,381)
Retirement benefit obligation	₱84,475,120	₱76,982,380



Changes in the present value of the defined benefit obligation follow:

	2024	2023
Balance at beginning of year	₱83,152,761	₱72,316,882
Current service cost	6,230,549	6,236,494
Interest cost	6,233,285	5,470,422
Benefits paid from retirement fund	—	(871,037)
Benefits paid from company operating fund	(437,304)	—
Remeasurement gain	(2,116,403)	—
Balance at end of year	₱93,062,888	₱83,152,761

Changes in the fair value of plan assets follow:

	2024	2023
Balance at beginning of year	₱6,170,381	₱4,161,311
Contributions to the retirement fund	2,000,000	2,731,435
Benefits paid from retirement fund	—	(871,037)
Interest income	514,069	298,319
Remeasurement loss	(96,682)	(149,647)
Balance at end of year	₱8,587,768	₱6,170,381

The fair values of plan assets by each class as of December 31 are as follows:

	2024	2023
Equity investments	₱4,854,002	₱4,171,598
Investment in UITF	1,946,292	—
Debt instruments	1,686,656	1,979,673
Deposits in banks	3,865	2,599
Others	96,953	16,511
Balance at end of year	₱8,587,768	₱6,170,381

For determination of the retirement benefit obligation as of December 31, 2024 and 2023, the following actuarial assumptions were used:

	2024	2023
Discount rates used	6.12%	7.17%
Expected rate of salary increases	2.00%	5.00%

Assumptions regarding future mortality and disability are based on the 2001 CSO table-Generational and The Disability Study, Period 2, Benefit 5, respectively.

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefit obligation as of December 31, 2024 and 2023, assuming all other assumptions were held constant.

	Increase (Decrease)	Effect	
		2024	2023
Discount rate	+1.00%	(₱4,280,883)	(₱3,859,849)
	-1.00%	4,813,298	4,364,061
Salary increase rate	+1.00%	5,330,701	4,721,387
	-1.00%	(4,811,057)	(4,240,785)



The average duration of the defined benefit obligation is 8.4 and 7.2 years in December 31, 2024 and 2023, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2024 and 2023.

	2024	2023
Less than 1 year	₱35,958,544	₱35,549,670
1 to less than 5 years	27,276,594	26,678,255
5 to less than 10 years	41,739,840	40,538,255
10 to less than 15 years	52,514,154	52,053,617
15 to less than 20 years	40,453,605	42,821,108
20 years and above	78,033,638	80,832,476

20. Income Taxes

Provision for current income tax pertains to regular corporate income tax (RCIT) and minimum corporate income tax (MCIT) as follows:

	2024	2023	2022
RCIT	₱930,620	₱1,092,402	₱279,580
MCIT	17,288,692	5,158,153	5,052,298
	₱18,219,312	₱6,250,555	₱5,331,878

The reconciliation of provision for income tax computed at the statutory tax rate to provision for income tax reported in the consolidated statements of comprehensive income follows:

	2024	2023	2022
Provision for income tax computed at 25%	₱112,578,572	₱174,953,680	₱197,122,396
Adjustments for:			
Equity in net earnings of associates	(35,233,355)	(84,986,879)	(79,099,490)
Nondeductible expenses	30,887,537	42,816,889	21,127,109
Change in unrecognized deferred tax assets	19,048,572	20,586,222	14,046,067
Interest income already subjected to final tax	(145,908)	(31,833)	(243,839)
Preferred share issue costs recognized in APIC	(12,316,244)	—	—
Expiration of MCIT	1,386,523	—	—
	₱116,205,697	₱153,338,079	₱152,952,243



The components of net deferred tax liabilities as of December 31, 2024 and 2023 follow:

	2024	2023
In profit and loss:		
Deferred tax liabilities on:		
Excess of real estate sales based on POC over real estate sales based on tax rules	(P537,176,224)	(P558,695,556)
Unamortized debt issue cost	(3,203,164)	(2,049,785)
Prepaid commission	(6,259,325)	(3,019,250)
Unrealized foreign exchange gain	(32,695)	—
	(546,671,408)	(563,764,591)
Deferred tax assets on:		
Fair value adjustment arising from business combination	13,301,338	13,301,338
NOLCO	—	56,662,648
Retirement benefit liability	14,505,315	12,210,115
MCIT	24,940,746	10,963,577
Allowance for impairment on receivables	698,549	698,549
Unrealized foreign exchange loss	—	60,551
	53,445,948	93,896,778
In equity:		
Deferred tax assets (liabilities) on:		
Preferred share issue costs deducted to APIC recognized as NOLCO	—	6,671,734
Remeasurement loss on retirement benefit plan	6,417,738	7,084,877
Cumulative translation adjustment	(3,490,290)	339,963
	2,927,448	14,096,574
Deferred tax liabilities - net	(P490,298,012)	(P455,771,239)

Unrecognized deferred tax assets

The Group has NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized amounting to P72.0 million and P52.8 million as of December 31, 2024 and 2023, respectively, as the management believes that there is no sufficient future taxable income for which these deferred tax assets can be utilized. These come from the following subsidiaries: ABERDI, BAC, PTCHC, ABBWCI, NRC, SHDI, MCPI, VEC and ISI.

The details of unrecognized deferred tax assets as at December 31, 2024 and 2023 are as follows:

	2024		2023	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
NOLCO	P287,587,405	P71,896,851	P208,099,593	P52,024,898
Excess MCIT	633,396	633,396	783,045	783,045
	P288,220,801	P72,530,247	P208,882,638	P52,807,943

In 2024 and 2023, The Group also did not recognize deferred tax assets on allowance for impairment losses on property, plant and equipment amounting to P44.2 million and P32.71 million, respectively, as based on management's assessment, it is not probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized..



NOLCO.

The details of NOLCO are as follow:

Year Incurred	Expiry Date	At December 31, 2023	Application	Additions	At December 31, 2024
2020	December 31, 2025	₱41,586,606	₱—	₱—	₱41,586,606
2021	December 31, 2026	117,351,600	(78,935,828)	—	38,415,772
2022	December 31, 2025	45,461,857	—	—	45,461,857
2023	December 31, 2026	257,123,523	(174,401,699)	—	82,721,824
2024	December 31, 2027	—	—	79,401,346	79,401,346
		₱461,523,586	(₱253,337,527)	₱79,401,346	₱287,587,405

In 2024, the Group applied NOLCO totalling ₱253.3 million and reversed the deferred taxes on NOLCO recognized including the ₱6.7 million deferred taxes on preferred share issue costs recognized directly in equity.

MCIT.

The details of excess MCIT are as follow:

Year Incurred	Expiry Date	At December 31, 2023	Addition	Expired	At December 31, 2024
2021	December 31, 2024	₱1,536,172	₱—	(₱1,536,172)	₱—
2022	December 31, 2025	5,052,298	—	—	5,052,298
2023	December 31, 2026	5,158,153	—	—	5,158,153
2024	December 31, 2027	—	15,363,691	—	15,363,691
		₱11,746,623	₱15,363,691	(₱1,536,172)	₱25,574,142

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the ABCI and ABERDI recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023. In 2024, the MCIT rate is at 2%.

21. Lease Agreements

Group as a Lessor

The Group leased its various properties under operating leases. The term of the lease agreements is for 8 months to one year and is renewable upon mutual agreement of both parties. The agreements provide that the lessees shall pay for all major and minor repairs, business taxes, and charges for water, light, telephone and other utilities expense. There is no escalation clause and the leases are classified as operating leases.

Rental income from third parties under these operating leases amounted to ₱19.6 million, ₱14.9 million and ₱3.2 million in 2024, 2023 and 2022, respectively.

Group as a Lessee

In 2024 and 2023, the Group entered into lease agreements with related and non-related parties for its office spaces in Cagayan de Oro City, Impasug-ong and Metro Manila which have



lease terms of 8 to 12 months or less and are renewable upon the agreement of both parties. The Group applies the 'short-term lease' recognition exemption for these leases.

There are no other significant restrictions imposed by lease agreements such as those concerning dividends, additional debt and further leasing.

In 2024, 2023 and 2022, rent expense amounted to ₱9.4 million, ₱8.2 million, and ₱7.6 million, respectively (see Note 18).

The Group paid advance rentals for the rights to use parcels of land in Impasugong, Kalabugao, Salawaga Tingalan, Opol, Misamis Oriental and Tignapoloan, Cagayan de Oro City and to develop them as palm oil commercial plantations under the Group's development contracts (DC) with KASAMAKA and KMBT identified as contracts containing leases scoped in under PFRS 16. There are no future lease payments related to these lease contracts. The lease agreement will expire on 2036.

In 2024 and 2023, the movements in the Group's right-of-use asset follows (see Note 12):

	2024	2023
Cost		
Balance at beginning and end of year	₱30,535,735	₱30,535,735
Accumulated depreciation		
At January 1	3,773,279	2,671,314
Depreciation	3,729,327	1,101,965
At December 31	7,502,606	3,773,279
Net book value	₱23,033,129	₱26,762,456

22. Other Income

	2024	2023	2022
Tapping fees, transfer fees and other water charges	₱30,165,649	₱6,347,261	₱4,095,755
Dividend income (Note 9)	—	5,354	10,618
Gain on sale of property and equipment (Note 12)	18,666	—	99,685
	₱30,184,315	₱6,352,615	₱4,206,058

23. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities in relation to its financial instruments which include financial assets comprising cash, receivables (excluding advances to officers and employees), receivables from related parties, EIFVOCI and deposit in escrow and refundable deposits included under "Other assets". This also includes financial liabilities comprising accounts and other payables (excluding statutory payables), short-term and long-term debts. The main types of risks are market risk (mainly interest rate and equity price risks), credit risk and liquidity risk which arise in the normal course of the Group's business activities.



The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle. The management takes charge of the Group's overall risk management strategies and for approval of risk strategies and policies under the direction of the Group's BOD.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

There were no changes in the Group's financial risk management objectives and policies in 2024 and 2023.

The main risks arising from the use of financial instruments are credit risk, liquidity risk, interest rate risk and equity price risk. The Group's BOD reviews and agrees with policies for managing each of these risks. These are summarized below:

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis to manage exposure to bad debts and to ensure timely execution of necessary intervention efforts. The Group's debt financial assets are not subject to collateral and other credit enhancement except for ICRs. Real estate buyers are subject to standard credit check procedures, which are calibrated based on payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

In addition, the credit risk for ICRs is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject real estate property in case of refusal by the buyer to pay on time the due ICR. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%).

With respect to credit risk arising from the other debt financial assets of the Group, which comprise cash and due to a related party, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

For financial assets recognized on the consolidated statements of financial position, the gross exposure to credit risk equals their carrying amount except for ICR and contract assets where exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid.



The Group's maximum exposure to credit risk is equal to the carrying values of its debt financial assets except for ICR and contract assets as discussed above. The table below shows the credit quality and aging analysis of the Group's financial assets and contract assets:

	2024	2023
Financial assets:		
Cash in banks (Note 4)	₱637,388,022	₱101,421,428
Receivables (Note 5)	963,918,687	375,448,715
Receivables from related parties (Note 15)	50,894,936	50,894,936
Refundable deposits (Note 8)	55,476,957	52,903,664
Deposit in escrow (Note 8)	7,424,332	7,424,332
Contract assets (Note 14)	1,673,507,366	1,869,391,297
	₱3,388,610,300	₱2,457,484,372

The aging analysis per class of financial assets as at December 31 is as follows:

	2024						
	Total	Neither Past Due nor Impaired	Past Due But not Impaired				Impaired
			Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
Financial assets:							
Cash in banks	₱637,388,022	₱637,388,022	₱-	₱-	₱-	₱-	₱-
Receivables	963,918,687	924,476,861	9,291,525	13,276,811	4,786,224	3,453,425	8,633,841
Receivables from related parties	50,894,936	50,894,936	-	-	-	-	-
Refundable deposits	55,476,957	55,476,957	-	-	-	-	-
Deposit in escrow	7,424,332	7,424,332	-	-	-	-	-
	₱1,715,102,934	₱1,675,661,108	₱9,291,525	₱13,276,811	₱4,786,224	₱3,453,425	₱8,633,841

	2023						
	Total	Neither Past Due nor Impaired	Past Due But not Impaired				Impaired
			Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	
Financial assets:							
Cash in banks	₱101,421,428	₱101,421,428	₱-	₱-	₱-	₱-	₱-
Receivables	375,448,715	353,529,087	4,711,034	3,420,087	2,813,567	2,341,098	8,633,842
Receivables from related parties	50,894,936	50,894,936	-	-	-	-	-
Refundable deposits	52,903,664	52,903,664	-	-	-	-	-
Deposit in escrow	7,424,332	7,424,332	-	-	-	-	-
	₱588,093,075	₱566,173,447	₱4,711,034	₱3,420,087	₱2,813,567	₱2,341,098	₱8,633,842

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2024 and 2023.

Low credit risk simplification approach

- *Cash and Deposit in Escrow* - These are of high quality as the amounts are deposited in reputable banks which have good bank standing and is considered to have a low credit risk. Accordingly, management assessed that no ECL relating to the cash and deposit in escrow of the Group is recognized.

General approach

- *Receivables (except ICR and trade receivables), receivables from related parties and refundable deposits* - These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables and deposits of the Group is recognized. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.



Simplified approach

- *ICR and contract assets* - These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables of the Group is recognized. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.
- *Trade receivables* - These are high grade since these pertain to receivables from customers who have established good credit standing with the Company. The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. Accordingly, management assessed and recognized ECL relating to trade receivables amounting to nil and P0.8 million in 2024 and 2023, respectively. Trade receivables are regarded as short-term and while there are certain accounts that are past-due, the Group evaluates the credit risk with respect to trade receivables as low as there were no history of default payments.

2024					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	P840,688,950	P-	P-	P2,556,555,191	P3,397,244,141
ECL allowance	-	-	-	(8,633,841)	(8,633,841)
Carrying amount	P840,688,950	P-	P-	P2,547,921,350	P3,388,610,300

2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	P274,756,965	P-	P-	P2,191,361,248	P2,466,118,213
ECL allowance	-	-	-	(8,633,841)	(8,633,841)
Carrying amount	P274,756,965	P-	P-	P2,182,727,407	P2,457,484,372

Applying the expected credit risk model resulted to recognition of impairment loss of nil and P0.8 million from receivables in 2024 and 2023, respectively.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed adequate by management to finance its operations and capital requirements and to mitigate the effects of fluctuations in cash flows. The Group considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, this is backed up by contracts to sell and collaterals. Further, the Group's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt. In addition, the Group also has credit lines available if immediate payment is needed.



The tables below summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of its financial liabilities as of December 31, 2024 and 2023 based on contractual undiscounted payments:

	2024			
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
<i>Financial assets at amortized cost</i>				
Cash	₱677,964,213	₱—	₱—	₱677,964,213
Receivables	9,000,000	946,284,846,	—	955,284,846
Receivables from related parties	50,894,936	—	—	50,894,936
Refundable deposits	—	908,313	54,568,644	55,476,957
Deposit in escrow	7,424,332	—	—	7,424,332
Contract assets	—	131,239,842	1,542,267,524	1,673,507,366
<i>Financial assets at FVOCI</i>				
EIFVOCI	—	—	428,856,522	428,856,522
	745,283,481	1,078,433,001	2,025,692,690	3,849,409,172
Financial Liabilities				
<i>Financial liabilities at amortized cost</i>				
Accounts and other payables*	—	1,059,687,196	—	1,059,687,196
Short-term debt				
Principal	—	972,187,000	—	972,187,000
Interest	—	35,021,066	—	35,021,066
Long-term debt				
Principal	—	606,037,475	1,750,628,936	2,356,666,411
Interest	—	167,102,999	332,969,459	500,072,458
	—	2,840,035,736	2,083,598,395	4,923,634,131
Net Inflow (Outflow)	₱745,283,481	(₱1,761,602,735)	(₱57,905,705)	(₱1,074,224,959)

* Excluding statutory payables

	2023			
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
<i>Financial assets at amortized cost</i>				
Cash	₱118,082,483	₱—	₱—	₱118,082,483
Receivables	9,000,000	357,814,874	—	366,814,874
Receivables from related parties	50,894,936	—	—	50,894,936
Refundable deposits	—	843,263	52,060,401	52,903,664
Deposits in escrow	7,424,332	—	—	7,424,332
Contract Assets	—	494,203,019	1,375,188,278	1,869,391,297
<i>Financial Assets at FVOCI</i>				
EIFVOCI	—	—	362,386,957	362,386,957
	185,401,751	852,861,156	1,789,635,636	2,827,898,543
Financial Liabilities				
<i>Financial liabilities at amortized cost</i>				
Accounts and other payables*	—	925,373,682	—	925,373,682
Short-term debt				
Principal	—	745,414,000	—	745,414,000
Interest	—	47,219,304	—	47,219,304
Long-term debt				
Principal	—	483,256,690	1,404,552,845	1,887,809,535
Interest	—	18,465,688	53,669,269	72,134,957
	—	2,219,729,364	1,458,222,114	3,677,951,478
Net Inflow (Outflow)	₱185,401,751	(₱1,366,868,208)	₱331,413,522	(₱850,052,935)

* Excluding statutory payables



Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes.

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all variables held constant, of the Group's income before tax and equity, through the impact on floating rate borrowings:

2024		2023	
Increase (decrease) in basis points	Effect on profit before tax	Increase (decrease) in basis points	Effect on profit before tax
200	(P25,976,066)	200	(P23,314,561)
100	(12,988,033)	100	(11,657,281)
(100)	12,988,033	(100)	11,657,281
(200)	25,976,066	(200)	23,314,561

Equity Price Risk. The Group's equity investments in golf and club shares are susceptible to market price risk arising from uncertainties about future values of the investment securities.

As of December 31, 2024 and 2023, the Group's exposure to equity price risk with respect to EIFVOCI is minimal.

Fair Value of Financial Assets and Liabilities

The following table presents a comparison by category of carrying values and estimated fair values of the Group's financial instruments as at December 31:

	2024		2023	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Cash	P677,964,213	P677,964,213	P118,082,483	P118,082,483
Receivables	955,284,846	955,284,846	366,814,874	366,814,874
Receivables from related parties	50,894,936	50,894,936	50,894,936	50,894,936
EIFVOCI	428,856,522	428,856,522	362,386,957	362,386,957
Refundable deposits	55,476,957	55,476,957	52,903,664	52,903,664
Deposit in escrow	7,424,332	7,424,332	7,424,332	7,424,332
	P2,175,901,806	P2,175,901,806	P958,507,246	P958,507,246
Financial Liabilities				
Accounts and other payables*	P1,059,687,196	P1,059,687,196	P925,373,682	P925,373,682
Short-term debt	972,187,000	972,187,000	745,414,000	745,414,000
Long-term debt	2,356,666,411	2,425,654,442	1,887,809,535	1,915,364,480
	P4,388,540,607	P4,457,528,638	P3,558,597,217	P3,586,152,162

* Excluding statutory payables



The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash, receivables, deposit in escrow, accounts and other payables and short term-debt.* The fair values approximate their carrying amounts as of reporting dates due to the short-term maturity of these financial instruments.
- *ICR.* The fair value of ICR due within one year approximates its carrying amount.
- *Receivables from related parties.* Carrying amounts of receivables from related parties which are collectible on demand approximate their fair values. Receivables from related parties are unsecured and have no foreseeable terms of repayments.
- *EIFVOCI.* For unquoted equity securities, the fair value is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair values are determined based on average selling price of price per share of similar or identical assets traded in an active market (Level 2 input).
- *Refundable deposits.* The fair values of refundable deposits are not determinable since the timing of each refund is not reasonably predictable, hence presented at cost.
- *Long-term debt.* The fair value of borrowings with fixed interest rate is based on the discounted net present value of cash flows using the PH BVAL. Discount rates used range from 7.7% to 8.2% and 7.1% to 8.3% in 2024 and 2023, respectively. The Group classifies the fair value of its long-term debt under Level 3.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2024, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
EIFVOCI	₱428,856,522	₱—	₱428,856,522	₱—
Disclosed at fair value:				
Long-term debt	2,425,654,442	—	—	2,425,654,442

As at December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



24. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The segments where the Group operate follow:

- Real estate development - Development of land into commercial and residential subdivision, sale of lots and residential houses and the provision of customer financing for sales;
- Agricultural - Development of land for palm oil production and sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.
- Power and utilities - Operating of power plants and/or purchase, generation, production supply and sale of power. However, there was no commercial operations yet as of December 31, 2024. The results of operations of the associates operating in the power and utilities industry are presented in this segment.
- Holding - Holding of properties of every kind and description.
- Services - Provide irradiation services for all types of goods.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For the years ended December 31, 2024, 2023 and 2022, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information about the operations of these operating segments is summarized below (in thousands):

For the Year Ended December 31, 2024							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Revenue	₱1,557,313	₱432,816	₱—	₱—	₱109	(₱182,265)	₱1,807,973
Costs and expenses	693,396	424,358	—	—	196	(182,265)	935,685
Gross profit	863,917	8,458	—	—	(87)	—	872,288
General, administrative and selling expenses	(387,973)	(110,176)	(10,575)	(1,460)	(39,979)	6,661	(543,502)
Other income (expenses)	(20,002)	19,388	261,128	1	(10,914)	-128,072	121,529
Income (loss) before income tax	455,942	(82,330)	250,553	(1,459)	(50,980)	-121,411	450,315
Provision for (benefit from) income tax	105,750	933	—	—	5,204	4,319	116,206
Net income (loss)	₱350,192	(₱83,263)	₱250,553	(₱1,459)	(₱56,184)	(₱125,730)	₱334,109

As of December 31, 2024							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Other information							
Segment assets	₱13,812,730	₱1,155,096	₱1,839,026	₱1,079,184	₱753,872	(₱4,551,408)	₱14,088,534
Deferred tax assets	—	—	—	—	—	—	—
Total Assets	13,812,730	1,155,096	1,839,026	1,079,184	753,872	(4,551,408)	₱14,088,534
Segment liabilities	4,759,405	1,433,474	32,344	140,488	766,680	(1,934,516)	5,197,909
Deferred tax liabilities	489,017	—	—	—	9,867	(8,586)	490,298
Total Liabilities	₱5,248,422	₱1,433,474	₱32,344	₱140,488	₱776,547	(₱1,943,068)	₱5,680,207



For the Year Ended December 31, 2023							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Revenue	₱1,482,220	₱255,768	₱—	₱—	₱—	(₱113,205)	₱1,624,783
Costs and expenses	575,774	235,564	—	—	—	(113,205)	698,133
Gross profit	906,446	20,204	—	—	—	—	926,650
General, administrative and selling expenses	(339,373)	(191,566)	(7,184)	(566)	(9,503)	6,723	(541,469)
Other income (expenses)	(37,879)	15,452	805,782	2	(2)	(468,721)	314,634
Income (loss) before income tax	529,194	(155,910)	798,598	(564)	(9,505)	(461,998)	699,815
Provision for (benefit from) income tax	135,654	12,784	(3)	—	584	4,319	153,338
Net income (loss)	₱393,540	(₱168,694)	₱798,601	(₱564)	(₱10,089)	(₱466,317)	₱546,477

As of December 31, 2023							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Other information							
Segment assets	₱11,255,743	₱1,155,565	₱1,796,770	₱1,045,440	₱559,424	(₱4,103,440)	₱11,709,502
Deferred tax assets	—	—	—	—	—	—	—
Total Assets	₱11,255,743	₱1,155,565	₱1,796,770	₱1,045,440	₱559,424	(₱4,103,440)	₱11,709,502
Segment liabilities	₱3,704,983	₱1,345,085	₱16,251	₱853,432	₱521,052	(₱2,259,044)	₱4,181,759
Deferred tax liabilities	467,523	—	1	—	663	(12,416)	455,771
Total Liabilities	₱4,172,506	₱1,345,085	₱16,252	₱853,432	₱521,715	(₱2,271,460)	₱4,637,530

For the Year Ended December 31, 2022							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Revenue	₱1,404,064	₱116,143	₱—	₱—	₱—	₱—	₱1,520,207
Costs and expenses	491,935	87,730	—	—	—	—	579,665
Gross profit	912,129	28,413	—	—	—	—	940,542
General, administrative and selling expenses	(311,379)	(153,611)	(16,047)	(489)	(2,401)	11,645	(472,282)
Other income (expenses)	3,841	2,860	556,512	(10)	16	(242,989)	320,230
Income (loss) before income tax	604,591	(122,338)	540,465	(499)	(2,385)	(231,344)	788,490
Provision for (benefit from) income tax	151,464	(2,478)	2	—	80	3,885	152,953
Net income (loss)	₱453,127	(₱119,860)	₱540,463	(₱499)	(₱2,465)	(₱235,229)	₱635,537

As of December 31, 2022							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Other information							
Segment assets	₱9,780,302	₱1,181,316	₱1,704,755	₱1,065,751	₱241,398	(₱3,983,254)	₱9,990,268
Deferred tax assets	—	11,410	—	—	—	4,169	15,579
Total Assets	₱9,780,302	₱1,192,726	₱1,704,755	₱1,065,751	₱241,398	(₱3,979,085)	₱10,005,847
Segment liabilities	₱2,997,934	₱1,228,878	₱41,834	₱853,463	₱193,600	(₱2,194,769)	₱3,120,940
Deferred tax liabilities	336,862	—	3	—	—	(11,820)	325,045
Total Liabilities	₱3,334,796	₱1,228,878	₱41,837	₱853,463	₱193,600	(₱2,206,589)	₱3,445,985

25. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities:

2024					
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	₱745,414,000	₱880,192,000	(₱653,419,000)	₱—	₱972,187,000
Long-term debt*	1,879,575,897	995,706,150	(534,245,353)	2,817,062	2,343,853,756
Interest payable	8,102,638	—	(224,554,173)	225,652,000	9,200,465
	₱2,633,092,535	₱1,875,898,150	(₱1,412,218,526)	₱228,469,062	₱3,325,241,221

*inclusive of debt issue costs



	2023				
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	₱472,019,208	₱830,721,000	(₱557,326,208)	₱—	₱745,414,000
Long-term debt	1,276,876,788	1,013,535,044	(413,098,060)	2,262,124	1,879,575,896
Interest payable	6,514,943	—	(181,316,214)	182,903,909	8,102,638
	₱1,755,410,939	₱1,844,256,044	(₱1,151,740,482)	₱185,166,033	₱2,633,092,534

*inclusive of debt issue costs

“Others” includes interest expenses paid, capitalized borrowing costs and amortized debt issue costs during the year.

The Group’s noncash investing and financing activities pertain to the following:

- Dividend receivable amounted to ₱9.0 million as of December 31, 2024 and 2023, respectively.
- In 2024 and 2023, capitalized borrowing cost on real estate inventories amounted to ₱79.1 million and ₱102.0 million, respectively.
- In 2024 and 2023, capitalized borrowing cost on property, plant and equipment amounted to ₱21.7 million and ₱16.0 million, respectively.
- In 2024 and 2023, capitalized depreciation expense to property, plant and equipment amounted to ₱0.6 million and ₱0.6 million, respectively.
- In 2024 and 2023, capitalized depreciation expense to real estate inventory amounted to ₱21.6 million and ₱10.5 million, respectively.
- In 2024 and 2023, the Group has outstanding payable in relation to the additions in property, plant and equipment amounting to nil and ₱34.5 million, respectively.

26. Revenue from Contracts with Customers

Revenue Disaggregation

The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types. The Group’s disaggregation of each sources of revenue from contracts with customers are presented below:

	2024	2023	2022
<i>Type of product:</i>			
Real estate sales			
Lot-only units	₱939,288,549	₱836,143,956	₱892,937,107
House and lot units	588,670,623	618,642,173	485,802,048
Sale of agricultural goods			
Crude palm oil	236,460,385	126,844,087	102,474,075
Palm acid oil	7,132,300	3,679,120	3,873,180
Palm kernel nut	4,839,702	1,571,894	—
Palm olein	1,112,053	4,152,175	4,422,098
Palm stearin	655,203	4,148,250	1,824,045
Palm fatty acid distillate	351,182	2,030,160	873,887
Palm kernel	—	137,600	924,944
Refined bleached deodorized oil	—	—	1,751,240
Water service	29,353,533	27,433,584	25,323,973
	₱1,807,863,530	₱1,624,782,999	₱1,520,206,597



The real estate sales and water service revenue are revenue from contracts with customers that are recognized over time while revenue from sale of agricultural goods are recognized at a point in time.

Cost to obtain contract are derecognized if sales are subsequently cancelled. The balances below pertain to the costs to obtain contracts:

	2024	2023
Balance at January 1	₱12,077,001	₱2,383,406
Additions	36,878,172	50,429,909
Amortization (Note 18)	(23,917,875)	(40,736,314)
Balance at December 31	₱25,037,298	₱12,077,001

The amortization of prepaid commissions which are expensed as the related revenue is recognized totaling ₱23.9 million, ₱40.7 million, and ₱48.8 million in 2024, 2023 and 2022, respectively, are recognized as marketing expenses presented under “General, administrative and selling expenses” account in the consolidated statements of comprehensive income (see Note 18).

Performance obligation

Information about the Parent Company’s significant performance obligation is summarized below:

Real estate sales

The Parent Company entered into contracts to sell with one identified performance obligation, which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii), and service lot and house and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payments of 10% to 25% of the contract price spread over a certain period (e.g., three months to four years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The remaining performance obligation is expected to be recognized within one year which relate to the continuous development of the Group’s real estate projects. The Group’s real estate projects are completed within 6 months to 12 months, from start of construction.

Income from forfeited deposits

Income from forfeited deposits amounting to ₱23.8 million, ₱20.0 million and ₱18.4 million in 2024, 2023 and 2022, respectively pertains to collections from potential buyers deemed nonrefundable due to prescription of the period for entering into a contracted sale and/or payment from defaulting buyers upon prescription of the period for payment of the required amortizations subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*.



27. Subsequent Events

On February 3, 2025, the Company approved the declaration of cash dividends on its Series A, Series B, and Series C Preferred Shares for the year 2025. For Series A Preferred Shares, a quarterly dividend of ₱1.75 per share will be paid, with payment dates on March 3, May 29, August 29, and December 1, 2025. The corresponding record dates are February 17, May 5, August 5, and November 5, 2025. If the payment dates fall on non-banking days, dividends will be paid on the next banking day without adjustment.

For Series B and Series C Preferred Shares, the approved quarterly dividends are ₱2.0625 per share for Series B and ₱2.1875 per share for Series C. The payment dates are May 23, August 25, November 24, 2025, and February 23, 2026, with record dates on May 5, August 5, November 5, 2025, and February 9, 2026. Similar to Series A, dividends will be paid on the next banking day if the payment dates fall on non-banking days, without any changes to the dividend amounts. All dividend payments will be sourced from the Company's unrestricted retained earnings as of December 31, 2024.



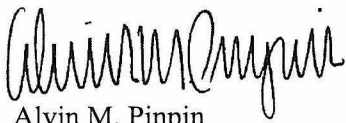
INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A Brown Company, Inc.
Xavier Estates, Masterson Avenue
Upper Balulang, Cagayan de Oro City

We have audited the accompanying financial statements of A Brown Company, Inc. (the Parent Company), as at December 31, 2024 and for the year then ended, on which we have rendered the attached report dated May 9, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has 2,016 common stockholders and 7 preferred stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

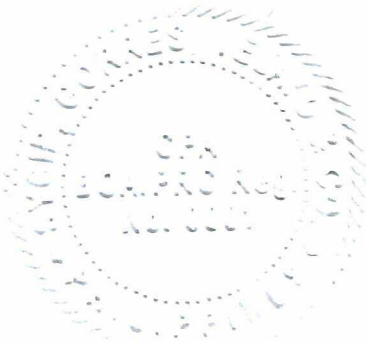
Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, August 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

May 9, 2025

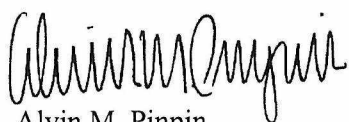


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates, Masterson Avenue
Upper Balulang, Cagayan de Oro City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated May 9, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

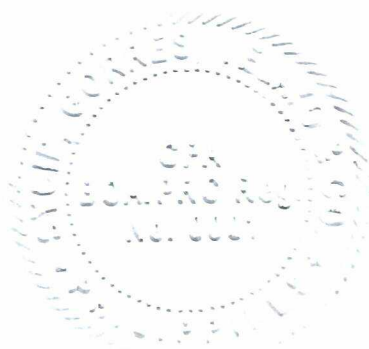
Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, August 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

May 9, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates, Masterson Avenue
Upper Balulang, Cagayan de Oro City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated May 9, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin
Partner

CPA Certificate No. 94303

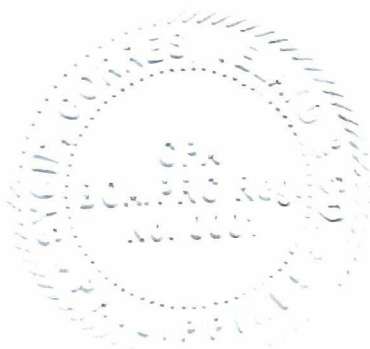
Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, August 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

May 9, 2025



A BROWN COMPANY, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Consolidated Financial Statements

Report of Independent Auditors' Report

Consolidated Statements of Financial Position as of December 31, 2024 and 2023

Consolidated Statements of Comprehensive Income for the Years Ended
December 31, 2024, 2023 and 2022

Consolidated Statements of Changes in Equity for the Years Ended
December 31, 2024, 2023 and 2022

Consolidated Statements of Cash flows for the Years Ended
December 31, 2024, 2023 and 2022

Notes to Consolidated Financial Statements

A BROWN COMPANY, INC. AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock
- Schedule H: Audit Fees

SCHEDULE I

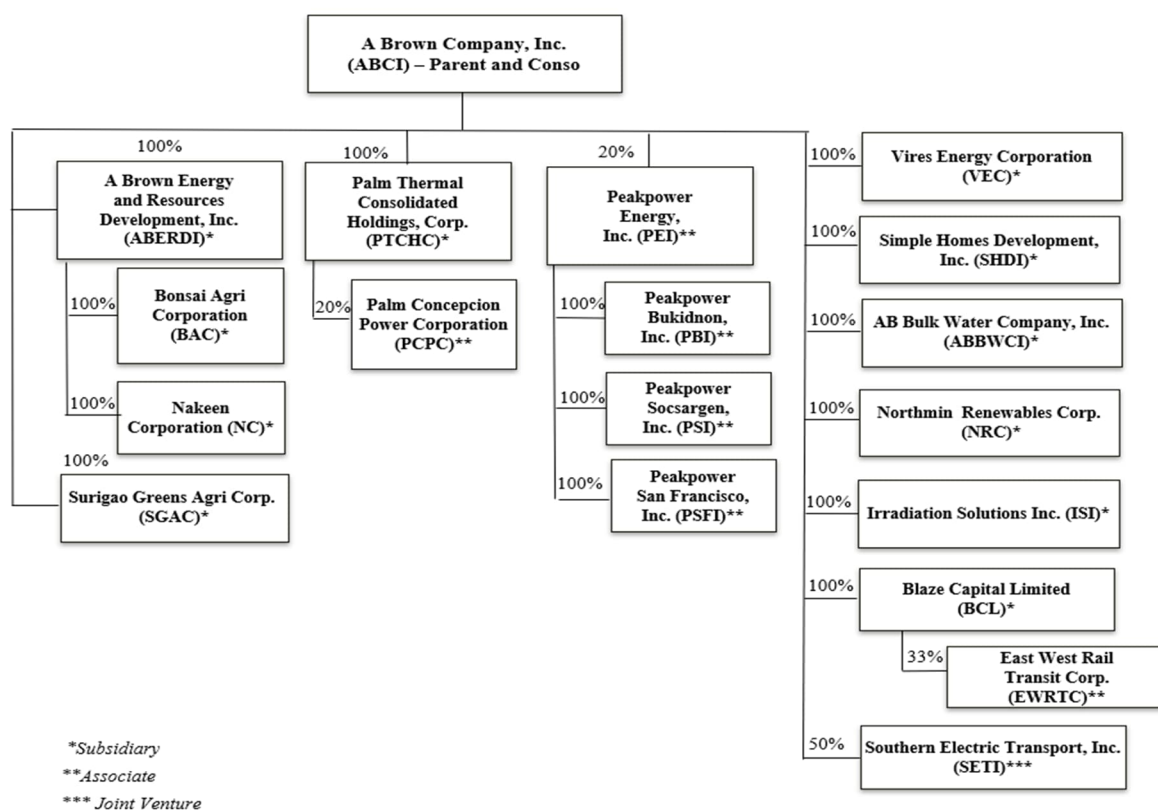
A BROWN COMPANY, INC. AND SUBSIDIARIES

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
DECEMBER 31, 2024**

Items	Amount
Unappropriated Retained Earnings, Beginning	₱2,851,218,909
Net adjustment in prior years for portion not available for dividend declaration	
Treasury shares	(94,932,275)
Deferred tax assets	(81,821,231)
	(176,753,506)
Unappropriated retained earnings as of December 31, 2024 available for dividend declaration	2,674,465,403
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	244,697,755
Effect of restatements or prior-period adjustments	222,923,928
Others	—
	467,621,683
Unappropriated Retained Earnings, as adjusted	2,206,843,720
Add: Net Income for the current year	472,445,715
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	40,450,063
Others	—
Subtotal	40,450,063
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION	₱2,719,739,498

A BROWN COMPANY, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE
COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND
CO-SUBSIDIARIES
DECEMBER 31, 2024



SCHEDULE III - A

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2024

	Number of shares or principal amount of bonds and notes	Amount shown in the consolidated statement of financial position	Income received or accrued
Cash		₱677,964,213	₱610,410
Receivables			
Dividend receivable	—	9,000,000	—
Trade receivable	—	25,747,387	—
ICR	—	857,300,438	33,865,722
Advances to officers and employees		14,231,056	—
Other receivables*	—	57,639,806	—
EIFVOCI	588	428,856,522	—
Deposit in escrow	—	7,424,332	—
Receivables from related parties		50,894,936	
Refundable deposits	—	55,476,957	—
	588	₱2,184,535,647	₱34,476,132

*Gross of allowance for credit losses

SCHEDULE III - B

A BROWN COMPANY, INC. AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at the end of the period
<i>Not applicable. The Group's receivables from officers and employees pertain to ordinary purchases subject to usual terms, travel and expense advances and other transactions arising from the Group's ordinary course of business.</i>						

A BROWN COMPANY, INC. AND SUBSIDIARIES
**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
 RELATED PARTIES WHICH ARE ELIMINATED DURING THE
 CONSOLIDATION OF FINANCIAL STATEMENTS
 DECEMBER 31, 2024**

Intercompany receivable and payable

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱154,972,976	(₱106,745,316)	₱48,227,660
ABERDI	36,818,388	(34,664,018)	2,154,370
ABBWCI	—	(15,521,874)	(15,521,874)
SHDI	—	(2,497,830)	(2,497,830)
BAC	—	(1,901,679)	(1,901,679)
NC	25,954,888	(1,442,150)	24,512,738
BCL	—	(49,844,680)	(49,844,680)
MCPI	—	(295,183)	(295,183)
ISI	—	(14,005,633)	(14,005,633)
VEC	—	(4,875,433)	(4,875,433)
SGAC	15,110,994	(136,102)	14,974,892
PTCHC	—	(722,058)	(722,058)
NRC	—	(205,290)	(205,290)
Total Eliminated Receivables/Payables	₱232,857,246	(₱232,857,246)	₱—

Deposit for future stock subscription (DFFS) classified as liability

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱1,594,121,740	₱—	₱ 1,594,121,740
ABERDI	248,047,978	(951,401,679)	(703,353,701)
NC	—	(248,037,603)	(248,037,603)
PTCHC	—	(12,500,000)	(12,500,000)
ABBWCI	—	(11,500,000)	(11,500,000)
BCL	—	(12,109,707)	(12,109,707)
ISI	—	(351,727,000)	(351,727,000)
VEC	—	(121,000,000)	(121,000,000)
SGAC	—	(133,893,729)	(133,893,729)
Total Eliminated DFFS	₱1,842,169,718	(₱1,842,169,718)	₱—

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2024

Long-term Debt			
Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related consolidated statement of financial position	Amount shown under caption "long-term debt" in related consolidated statement of financial position
Term Loan	₱3,777,571,749	₱602,633,723	₱1,741,220,033

A BROWN COMPANY, INC. AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)**

DECEMBER 31, 2024

Indebtedness to related parties (Long-term loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
Shareholders	₱124,335,012	₱60,861,940

A BROWN COMPANY, INC. AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES
OF OTHER ISSUERS**

DECEMBER 31, 2024

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
Not applicable				

SCHEDULE III - G

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2024

Title of Issue	Number of shares		Number of shares reserved for options warrants, conversion and other rights	Number of shares held by		
	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption		Affiliates	Directors, officers and employees	Others
Common stock	3,250,000,000	2,372,367,911	–	1,370,909,368	219,438,485	782,020,058
Preferred stock – Series A		13,264,900	–	–	64,000	13,200,900
Preferred stock - Series B		7,431,750	–	100,000	100,000	7,231,750
Preferred stock – Series C	50,000,000	6,491,000	–		100,000	6,841,000
Preferred stock Total		27,637,650	–	100,000	264,000	27,273,650
Total	3,300,000,000	2,400,005,561	–	1,371,009,368	219,702,485	809,293,708

*Preferred Shares Series A were issued on November 29, 2021

**Preferred Shares Series B and C were issued on February 23, 2024

A BROWN COMPANY, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2024

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2024 and 2023.

Ratios	Formula	2024	2023
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.13	2.00
Acid test ratio	$\frac{\text{Quick assets}}{\text{Current liabilities}}$	0.50	0.20
Solvency ratio	$\frac{\text{Net income} + \text{Depreciation}}{\text{Total liabilities}}$	0.07	0.13
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.68	0.66
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.68	1.66
Interest rate coverage ratio	$\frac{\text{EBITDA}}{\text{Total interest paid}}$	2.85	4.62
Return on equity	$\frac{\text{Net income}}{\text{Average total equity}}$	0.04	0.08
Return on assets	$\frac{\text{Net income}}{\text{Average total assets}}$	0.03	0.05
Net profit margin	$\frac{\text{Net income}}{\text{Net revenue}}$	0.18	0.34

SCHEDULE III - H**A BROWN COMPANY, INC. AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED
INFORMATION
DECEMBER 31, 2024**

Below are the audit fees of the Group for the years ended December 31, 2024 and 2023:

	2024	2023
Total Audit Fees	₱3,169,000	₱2,756,000
Non-audit service fees:		
Other assurance services	—	10,250,000
Tax services	—	—
All other services	2,325,000	—
Total Non-audit Fees	2,325,000	10,250,000
Total Audit and Non-audit Fees	₱5,494,000	₱13,006,000

A BROWN COMPANY, INC. AND SUBSIDIARIES**SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING SECURITIES TO THE PUBLIC****(SERIES B AND SERIES C - PREFERRED SHARES OFFERING)****FOR THE YEAR ENDED DECEMBER 31, 2024**

The information below is in connection with the Preferred Shares – Series B and Series C issued by A Brown Company, Inc. and listed on the Philippine Stock Exchange on February 23, 2024.

1. Gross and net proceeds as disclosed in the final prospectus

	Base Offer	Oversubscription Option	Total
Gross proceeds	₱ 1,000,000,000	₱ 500,000,000	₱ 1,500,000,000
Net proceeds	₱ 971,491,530	₱ 494,325,000	₱ 1,465,816,530

2. Actual gross and net proceeds

Gross proceeds	₱ 1,437,275,000
Net proceeds	₱ 1,414,696,959

3. Each expenditure item where the proceeds were used

	Beginning Balance	For the Year 2024	As of December 31, 2024
Development for Real Estate Projects	₱ -	₱ 965,123,247	₱ 965,123,247
Landbanking	-	289,536,974	289,536,974
General Corporate Purposes	-	160,036,737	160,036,737
Total	₱ -	₱ 1,414,696,959	₱ 1,414,696,959

4. Balance of the proceeds as of December 31, 2024

₱ -

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	3	1	1	6	8

COMPANY NAME

A	B	R	O	W	N		C	O	M	P	A	N	Y	,		I	N	C	.		A	N	D		S	U	B	S
I	D	I	A	R	I	E	S																					

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

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

Form Type

A	A	C	F	S

Department requiring the report

C	R	M	D

Secondary License Type, If Applicable

N	/	A	

COMPANY INFORMATION

Company's Email Address

abci_headoffice@abrown.ph

Company's Telephone Number

N/A

Mobile Number

(+63)9178737268

No. of Stockholders

Common - 2,086; Preferred - 3

Annual Meeting (Month / Day)

Any day of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Atty. Marie Antonette U.
Quinito

Email Address

maquinito@abrown.ph

Telephone Number/s

(088) 324-0150

Mobile Number

(+63)9173146242

CONTACT PERSON'S ADDRESS

Xavier Estates, Uptown, Airport Road, Balulang, Cagayan de Oro City, Philippines

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.





April 8, 2024

The Securities and Exchange Commission
The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-Air, Makati City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **A Brown Company, Inc. and its Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, 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 Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group 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.


WALTER W. BROWN
Chairman


ROBERTINO E. PIZARRO
President and Chief Executive Officer


MARIE ANTONETTE U. QUINITO
Chief Finance Officer

APR 08 2024

SUBSCRIBED AND SWORN to before me this ____ day of _____, affiants exhibiting to me their respective passports, as follows:

Names	Competent Evidence of Identity	Date of Issue	Place of Issue
Walter W. Brown	P0742117C	June 30, 2022	DFA – NCR Central
Robertino E. Pizarro	P8882731B	February 8, 2022	DFA – Cagayan de Oro
Marie Antonette U. Quinito	P6933691B	June 5, 2021	DFA – Cagayan de Oro

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Page No. 45
Book No. X/1-D
Series of 2024

Atty. RIZAL JOSE V. VALMOROS
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM. MATTER NO. 153
PTR NO. 509/994D 01-02-2024 / Q.C.
IBP NO. 329024 / 12-15-2023 / Q.C.
ROLL NO. 28435
MCLE NO. VII-0030835 / 09-08-2023
Add. Room 201 Margarita Bldg. No. 28
Matalino St. cor. Masikap Ext. Central Dist. Q.C.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates Uptown, Airport Road
Balulang, Cagayan de Oro City

Opinion

We have audited the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2023 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

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



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

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; and (2) application of the output method as the measure of progress in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as past history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

The disclosures related to real estate revenue are included in Notes 2, 3 and 26 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. On a sampling basis, we traced the historical analysis to supporting documents such as the buyer's collection report and official receipts.

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the percentage of completion (POC). We inspected the certified POC reports prepared by the project engineers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected ongoing projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of project construction.



Impairment of Bearer Plants

The Group's bearer plants has not been reaching its optimal fruiting stages. In the event that an impairment indicator is identified, the assessment of the recoverable amount of the bearer plants require significant judgment and involves estimation and assumptions about future fresh fruit bunches (FFB) production, FFB prices, direct costs, and discount rate. Hence, such assessment is a key audit matter in our audit.

The disclosures in relation to bearer plants are included in Notes 3 and 12 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include FBB production, FFB process, direct costs, and discount rate. We compared the key assumptions used such as: (a) future FFB production against the forecasted FFB production in accordance with the industry standard yield, and (b) FFB prices and direct costs with externally published data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of bearer plants of palm oil business.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's 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 audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation of these consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.



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

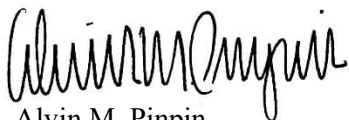
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Alvin M. Pinpin.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until December 22, 2026

PTR No. 10079991, January 6, 2024, Makati City

April 8, 2024



A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Note 4)	₱118,082,483	₱209,847,156
Receivables (Note 5)	366,814,874	267,890,499
Contract assets (Note 14)	494,203,019	684,156,555
Receivables from related parties (Note 15)	50,894,936	106,811,847
Real estate inventories (Note 6)	3,571,105,773	2,961,366,258
Other inventories (Note 7)	116,293,063	200,284,318
Other current assets (Note 8)	693,028,502	465,546,940
Total Current Assets	5,410,422,650	4,895,903,573
Noncurrent Assets		
Contract assets - net of current portion (Note 14)	1,375,188,278	784,993,918
Equity instruments at fair value through other comprehensive income (EIFVOCI) (Note 9)	362,386,957	301,030,435
Investments in associates (Note 10)	1,821,756,979	1,738,605,677
Investment properties (Note 11)	455,941,317	455,420,654
Property, plant and equipment (Note 12)	1,472,098,680	1,139,609,766
Deferred tax assets (Note 20)	—	15,578,575
Other noncurrent assets (Note 8)	811,706,849	674,704,194
Total Noncurrent Assets	6,299,079,060	5,109,943,219
TOTAL ASSETS	₱11,709,501,710	₱10,005,846,792
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 13)	₱1,160,270,667	₱1,084,061,250
Short-term debt (Note 16)	745,414,000	472,019,208
Current portion of long-term debt (Notes 15 and 16)	480,838,826	317,602,384
Contract liabilities (Note 14)	319,515,433	219,826,473
Total Current Liabilities	2,706,038,926	2,093,509,315
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 15 and 16)	1,398,737,070	959,274,404
Retirement benefit obligation (Note 19)	76,982,380	68,155,571
Deferred tax liabilities - net (Note 20)	455,771,239	325,045,243
Total Noncurrent Liabilities	1,931,490,689	1,352,475,218
Total Liabilities	4,637,529,615	3,445,984,533

(Forward)



	December 31	
	2023	2022
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 17)		
Common stock	₱2,477,668,925	₱2,477,668,925
Preferred stock	13,264,900	13,264,900
Additional paid-in capital (Note 17)	1,931,178,758	1,931,178,758
Retained earnings (Note 17)	2,834,608,536	2,380,947,983
Fair value reserve of EIFVOCI (Note 9)	(71,683,836)	(133,040,358)
Remeasurement loss on retirement benefit obligation - net of tax (Note 19)	(21,570,632)	(21,458,396)
Remeasurement loss on defined benefit plan of an associate (Note 10)	(1,221,512)	(139,540)
Cumulative translation adjustment	4,878,649	6,553,467
Treasury shares - common (Note 17)	(94,932,275)	(94,932,275)
	7,072,191,513	6,560,043,464
Noncontrolling interest	(219,418)	(181,205)
Total Equity	7,071,972,095	6,559,862,259
TOTAL LIABILITIES AND EQUITY	₱11,709,501,710	₱10,005,846,792

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Real estate sales (Note 26)	₱1,454,786,129	₱1,378,739,155	₱628,452,425
Sale of agricultural goods (Note 26)	142,563,286	116,143,469	56,980,212
Water service (Note 26)	27,433,584	25,323,973	24,836,284
	1,624,782,999	1,520,206,597	710,268,921
COSTS OF SALES AND SERVICE			
Cost of real estate sales (Note 6)	559,113,808	477,722,261	219,690,454
Cost of agricultural goods sold (Note 7)	122,358,936	87,730,319	42,016,968
Cost of water service revenue	16,660,359	14,212,257	9,579,082
	698,133,103	579,664,837	271,286,504
GROSS PROFIT	926,649,896	940,541,760	438,982,417
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 18)	541,469,373	472,282,218	284,537,926
OTHER INCOME (EXPENSES)			
Equity in net earnings of associates (Note 10)	339,947,514	316,397,960	273,498,337
Interest expense (Note 16)	(67,121,886)	(24,354,370)	(26,678,756)
Unrealized foreign exchange gain (loss)	(1,200)	2,472	(1,834)
Other income (Note 22)	41,809,768	28,183,979	19,565,759
	314,634,196	320,230,041	266,383,506
INCOME BEFORE INCOME TAX	699,814,719	788,489,583	420,827,997
PROVISION FOR INCOME TAX (Note 20)			
Current	6,250,555	5,331,878	(2,408,591)
Deferred	147,087,524	147,620,365	25,686,157
	153,338,079	152,952,243	23,277,566
NET INCOME	₱546,476,640	₱635,537,340	₱397,550,431

(Forward)



	Years Ended December 31		
	2023	2022	2021
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustment	(P1,674,818)	P55,193	P2,497,714
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of EIFVOCI (Note 9)	61,356,522	61,618,982	63,824,348
Remeasurement gain (loss) on defined benefit plan - net of tax effect (Note 19)	(112,236)	5,792,145	(1,956,732)
Equity in other comprehensive income (loss) of an associate (Note 10)	(1,081,972)	207,803	384,182
	P58,487,496	67,674,123	64,749,512
TOTAL COMPREHENSIVE INCOME	P604,964,136	P703,211,463	P462,299,943
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	P546,514,853	P639,005,498	P397,579,781
Noncontrolling interest	(38,213)	(3,468,158)	(29,350)
	P546,476,640	P635,537,340	P397,550,431
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	P605,002,349	P706,679,621	P462,329,293
Noncontrolling interest	(38,213)	(3,468,158)	(29,350)
	P604,964,136	P703,211,463	P462,299,943
Basic/Diluted Earnings per Share (Note 17)	P0.20	P0.23	P0.16

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES

	Common Stock			Preferred Stock	Additional Paid-in Capital	Retained Earnings	Fair Value Reserve of EIFVOCI	Remeasurement Gain (Loss) on Retirement - net of tax		Remeasurement Gain (Loss) on Defined Benefit Plan of an Associate		Cumulative Translation Adjustment	Treasury Shares - Common	Total	Noncontrolling Interest	Total
At January 1, 2023	₹2,477,668,925	₹13,264,900	₹1,931,178,758	₹1,931,178,758	₹2,380,947,983	(₹133,040,358)	(₹21,458,396)	(₹139,540)	(₹6,553,467)	(₹94,932,275)	(₹2,854,300)	₹6,559,862,259	—	(₹181,205)	₹6,559,862,259	—
Dividend declaration (Note 17)	—	—	—	—	546,514,853	—	—	—	—	—	—	546,476,640	—	(38,213)	546,476,640	—
Net income (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	61,356,522	(112,236)	(1,081,972)	(1,674,818)	—	—	58,487,496	—	—	58,487,496	—
Total comprehensive income (loss)	—	—	—	—	546,514,853	61,356,522	(112,236)	(1,081,972)	(1,674,818)	—	—	605,002,349	—	(38,213)	604,964,136	—
At December 31, 2023	₹2,477,668,925	₹13,264,900	₹1,931,178,758	₹1,931,178,758	₹2,834,608,536	(₹71,683,836)	(₹21,570,632)	(₹1,221,512)	(₹4,878,649)	(₹94,932,275)	(₹7,072,191,513)	₹7,071,972,095	—	(₹219,418)	₹7,071,972,095	—
At January 1, 2022	₹2,477,668,925	₹13,264,900	₹1,931,178,758	₹1,931,178,758	₹1,834,803,085	(₹194,659,340)	(₹27,250,541)	(₹347,343)	(₹6,498,274)	(₹70,618,247)	(₹5,970,538,471)	₹5,973,825,424	—	₹3,286,953	₹5,973,825,424	—
Acquisitions of treasury shares (Note 17)	—	—	—	—	—	—	—	—	—	(24,314,028)	(24,314,028)	—	—	—	(24,314,028)	—
Dividend declaration (Note 17)	—	—	—	—	(92,860,600)	—	—	—	—	—	(92,860,600)	—	—	—	(92,860,600)	—
Net income (loss)	—	—	—	—	639,005,498	—	—	—	—	—	639,005,498	635,537,340	—	(3,468,158)	635,537,340	—
Other comprehensive income (loss)	—	—	—	—	—	61,618,982	5,792,145	207,803	55,193	—	67,674,123	—	—	—	67,674,123	—
Total comprehensive income (loss)	—	—	—	—	639,005,498	61,618,982	5,792,145	207,803	55,193	—	706,679,621	703,211,463	—	(3,468,158)	703,211,463	—
At December 31, 2022	₹2,477,668,925	₹13,264,900	₹1,931,178,758	₹1,931,178,758	₹2,380,947,983	(₹133,040,358)	(₹21,458,396)	(₹139,540)	(₹6,553,467)	(₹94,932,275)	(₹6,560,043,464)	₹6,559,862,259	—	(₹181,205)	₹6,559,862,259	—
At January 1, 2021	₹2,477,668,925	₹—	₹637,968,859	₹1,437,223,304	(₹258,483,688)	(₹731,525)	(₹4,000,560)	(₹21,236,419)	(₹4,251,116,207)	(₹3,316,303)	(₹4,254,432,510)	—	—	—	(₹4,254,432,510)	—
Issuance of capital stock	—	13,264,900	1,313,225,100	—	—	—	—	—	—	—	1,326,490,000	—	—	—	1,326,490,000	—
Stock issue costs, net of tax	—	—	(20,015,201)	—	—	—	—	—	—	—	(20,015,201)	—	—	—	(20,015,201)	—
Acquisitions of treasury shares (Note 17)	—	—	—	—	—	—	—	—	—	(49,381,828)	(49,381,828)	—	—	—	(49,381,828)	—
Net income (loss)	—	—	—	—	397,579,781	—	—	—	—	—	397,579,781	397,550,431	—	(29,350)	397,550,431	—
Other comprehensive income (loss)	—	—	—	—	—	63,824,348	(1,956,732)	384,182	2,497,714	—	64,749,512	—	—	—	64,749,512	—
Total comprehensive income (loss)	—	—	—	—	397,579,781	63,824,348	(1,956,732)	384,182	2,497,714	—	462,329,293	462,299,943	—	(29,350)	462,299,943	—
At December 31, 2021	₹2,477,668,925	₹13,264,900	₹1,931,178,758	₹1,834,803,085	(₹194,659,340)	(₹27,250,541)	(₹347,343)	(₹6,498,274)	(₹70,618,247)	(₹5,970,538,471)	₹5,973,825,424	—	—	(₹219,418)	₹5,973,825,424	

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱699,814,719	₱788,489,583	₱420,827,997
Adjustments for:			
Equity in net earnings of associates (Note 10)	(339,947,514)	(316,397,960)	(273,498,337)
Depreciation (Notes 11, 12 and 18)	71,646,895	33,790,156	33,185,103
Interest expense (Note 16)	67,121,886	24,354,370	26,678,756
Impairment loss (Notes 8, 12 and 18)	26,755,369	32,068,874	16,889,227
Retirement benefit expense (Note 19)	11,408,597	10,630,252	7,773,386
Interest income (Note 22)	(486,154)	(2,331,406)	(2,183,947)
Dividend income (Notes 9 and 22)	(5,354)	(10,618)	(7,442)
Unrealized foreign exchange loss (gain)	1,200	(2,472)	1,834
Provision for inventory losses (Notes 7 and 18)	–	50,241,232	–
Gain on sale of property, plant and equipment (Notes 12 and 22)	–	(99,685)	(288,867)
Operating income before working capital changes	536,309,644	620,732,326	229,377,710
Decrease (increase) in:			
Receivables	(109,919,021)	158,495,105	441,074,180
Contract assets	(400,240,824)	(799,123,017)	(573,162,266)
Real estate inventories	(497,155,957)	(787,727,299)	(654,078,488)
Other inventories	83,991,255	(72,320,568)	(26,955,562)
Other current assets	(233,754,017)	(133,574,083)	161,816,388
Increase in:			
Accounts and other payables	36,644,746	325,622,952	176,156,733
Contract liabilities	99,688,960	50,423,854	436,522
Net cash used in operations	(484,435,214)	(637,470,730)	(245,334,783)
Interest received	486,154	2,331,406	2,183,947
Net cash flows used in operating activities	(483,949,060)	(635,139,324)	(243,150,836)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment (Note 12)	(387,997,352)	(285,121,797)	(69,364,440)
Investment properties (Note 11)	–	–	(205,638,655)
Dividends received from associates (Notes 9 and 10)	266,714,239	190,010,618	160,442,000
Proceeds from sale of property, plant and equipment (Notes 12 and 22)	–	99,685	1,457,573
Decrease (increase) in:			
Other noncurrent assets	(140,434,655)	(396,925,016)	(21,263,110)
Receivables from related parties	55,916,911	19,498,427	(8,619,349)
Net cash flows used in investing activities	(205,800,857)	(472,438,083)	(142,985,981)

(Forward)



	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Long-term debt (Note 25)	₱1,013,535,044	₱484,720,800	₱157,065,000
Short-term debt (Note 25)	830,721,000	326,857,000	547,171,200
Payments of:			
Short-term debt (Note 25)	(557,326,208)	(298,298,812)	(127,781,380)
Long-term debt (Note 25)	(405,725,063)	(257,176,255)	(315,572,759)
Interest (Notes 16 and 25)	(181,316,214)	(95,992,851)	(87,669,100)
Preferred share dividends (Notes 17 and 25)	(92,854,300)	(92,860,600)	–
Debt issue cost (Notes 16 and 25)	(7,372,997)	(3,555,000)	–
Acquisition of treasury shares (Note 17)	–	(24,314,028)	(49,381,828)
Issuance of preferred stock, net of issue costs (Note 17)	–	–	1,306,474,799
Net cash flows from financing activities	599,661,262	39,380,254	1,430,305,932
EFFECT OF EXCHANGE RATE CHANGES			
ON CASH	(1,676,018)	57,665	2,495,880
NET INCREASE (DECREASE) IN CASH	(91,764,673)	(1,068,139,488)	1,046,664,995
CASH AT BEGINNING OF YEAR	209,847,156	1,277,986,644	231,321,649
CASH AT END OF YEAR (Note 4)	₱118,082,483	₱209,847,156	₱1,277,986,644

See accompanying Notes to Consolidated Financial Statements.



A BROWN COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

A Brown Company, Inc. (the Parent Company or ABCI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 1966 as Bendana Brown Pizarro and Associates, Inc. to primarily engage in the business of property development and to invest in shares of stocks of listed companies.

The Parent Company is engaged in the business of real estate development in Cagayan de Oro City and Initao in Misamis Oriental; Cainta and Tanay in Rizal; Valencia City, Bukidnon and Butuan City, Agusan del Norte.

The Parent Company's common and preferred shares of stock are listed and are currently traded at the Philippine Stock Exchange (PSE) (see Note 17).

The principal place of business and registered office address of the Parent Company is Xavier Estates Uptown, Airport Road, Balulang, Cagayan de Oro City.

The Subsidiaries

The Parent Company, through its subsidiaries, also ventured into palm oil milling, power generation and holdings of investments. The following are the subsidiaries of the Parent Company:

A Brown Energy and Resources Development, Inc. (ABERDI)

ABERDI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on February 1, 2001 to primarily engage in the business of manufacturing and trading of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.

Palm Thermal Consolidated Holdings, Corp. (PTCHC)

PTCHC is a 100% owned subsidiary of the Parent Company registered with the SEC on November 22, 2010. Its primary purpose is to purchase, acquire, own, hold, lease, sell and convey properties of every kind and description, including land, buildings, factories and warehouses and machinery, equipment, the goodwill, shares of stock, equity, rights, and property of any person, firm, association, or corporation and other personal properties as may be necessary or incidental to the conduct of the corporate business and to pay cash, shares of its capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the corporation.

Blaze Capital Limited (BCL)

BCL is a 100% owned subsidiary of the Parent Company registered with BVI Financial Services Commission as a British Virgin Island (BVI) Business Company on August 8, 2011 under the BVI Business Companies Act 2004. Subject to the Act and any other BVI legislation, the Company has irrespective of corporate benefit (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transactions; and (b) for the purposes of (a), full rights, powers and privileges. Since its incorporation, BCL has not started its commercial operations.

Northmin Renewables Corp. (NRC) (formerly Hydro Link Projects Corp. (HLPC))

NRC is a 100% owned subsidiary of the Parent Company registered with the SEC on May 6, 2010. On July 24, 2023, the BOD and stockholders of NRC has approved the amendments of the Articles of Incorporation. The amendment includes changing the name of the Corporation to NRC, changing its



primary purpose to “to invest in renewable energy projects and all other energy related investments”, changing the principal office of the subsidiary; and increasing the authorized capital stock to 100 million. The said amendment was approved by SEC on December 29, 2023.

AB Bulk Water Company, Inc. (ABBWCI)

ABBWCI is a 100% owned subsidiary of the Parent Company registered with the SEC on March 31, 2015. ABBWCI was organized primarily to engage in the business of holding and providing rights to water to public utilities and cooperatives or in water distribution in the Municipality of Opol and related activities. Since its incorporation, ABBWCI has not started its commercial operations.

Masinloc Consolidated Power, Inc. (MCPI)

MCPI is a 49% owned subsidiary of the Parent Company registered with the SEC on July 4, 2007. MCPI was organized primarily to engage in, conduct and carry on the business of construction, planning, purchase, supply and sale of electricity. MCPI is registered under the Foreign Investments Act of 1991 on July 6, 2007. MCPI has not yet started its commercial operations. On March 22, 2023, the Company has secured the approval of the Securities and Exchange Commission (SEC) on the shortening of its corporate life from fifty (50) years from and after the date of incorporation to seventeen (17) years from and after the date of issuance of the Certificate of Incorporation, or on July 3, 2024.

Simple Homes Development, Inc. (SHDI)

SHDI is a 100% owned subsidiary of the Parent Company registered with the SEC on February 26, 1997. SHDI was organized primarily to invest in, purchase or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, and related activities. Since its incorporation, SHDI has not started its commercial operations.

Nakeen Corporation (NC)

NC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. Its primary purpose is to engage in the business of agriculture in all aspects, including but not limited to, the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing markets. NC is also engaged in selling palm seedlings and bunch.

Bonsai Agri Corporation (BAC)

BAC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. BAC was organized to engage in business of agriculture in all aspect, including but not limited to operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chickens and all other activities related to or incidental to the foregoing, and to market, sell, or otherwise dispose of any produce and products in both local and foreign markets. Since its incorporation, the Company has not started its commercial operations.

Vires Energy Corporation (VEC)

VEC is a 100% owned subsidiary of the Parent Company registered with the SEC on March 11, 2015. It was organized primarily to operate, engage in, conduct and carry on the business of exploring, developing, converting, producing, processing, and refining of power energy, fuel and/or any other source of power energy, including importation, handling, distributing and marketing at wholesale either within or outside the Philippines; to develop, manage, lease, and operate refineries for the power and fuel products or any other source of power energy; to enter into business undertaking to establish, develop, explore and operate business that will provide the technical manpower to persons and institutions engaged in aforesaid energy production; and in general to carry



on and undertake such activities which may seem to the Company capable of being conveniently carried on in connection with the above purposes, or calculated, directly, to enhance the value of or render profitable, any of the Company's property or rights. Since its incorporation, the Company has not started its commercial operations.

Irradiation Solutions Inc. (ISI)

ISI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on January 4, 2021. ISI was organized in providing irradiation services for all types of goods e.g., food products and non-food products through exposing such goods to ionizing radiation such as gamma rays, x-rays, or accelerated electrons from electron beam machines. Since its incorporation, the Company has not started its commercial operations.

Surigao Greens Agri Corp. (SGAC)

SGAC is a 100% owned subsidiary of the Parent Company registered with the SEC on February 13, 2023. The Company was organized to engage in the business of processing, milling and refining palm oil to manufacture crude palm oil, refined beached deodorized palm oil, palm olein and other products and to distribute such products on a wholesale or retail basis, provided that the corporation shall not solicit accept or take investments/placements from the public and neither shall it issue investment contracts.

Approval of Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, were approved and authorized for issue by the BOD on April 8, 2024.

2. Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as "the Group").

The accompanying consolidated financial statements have been prepared using the historical cost basis, except for EIFVOCI that are carried at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Parent Company. All subsidiaries and associates also use ₱ as functional currency, except for BCL whose functional currency is US Dollar (\$). All amounts are rounded off to the nearest Philippine Peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following financial accounting reliefs as issued and approved by the SEC in response to the COVID-19 pandemic:

- a. Assessing if the transaction price includes a significant financing component discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D;
- b. Treatment of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E; and,
- c. Application of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*).



The Group has availed of the reliefs granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the above PIC Q&As until December 31, 2023. The details and the impact of the deferral of the above financial reporting reliefs are discussed in the Changes in Accounting Policies and Disclosures section.

The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Effective Percentage of Ownership (%)		
	2023	2022	2021
ABERDI	100	100	100
NC	100	100	100
BAC*	100	100	100
SGAC	100	—	—
PTCHC	100	100	100
NRC*	100	100	100
ABWCI*	100	100	100
BCL*	100	100	100
SHDI*	100	100	100
MCPI**	49	49	49
VEC*	100	100	100
ISI*	100	100	100

* *pre-operating subsidiaries*

** *non-operating subsidiary*

NCI

NCI are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the NCI are allocated against the interests of the NCI even if this results to the NCI having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the NCI is recognized in equity of the parent in transactions where the NCI are acquired or sold without loss of control.

As at December 31, 2023 and 2022, percentage of NCI pertaining to MCPI amounted to 51%. The voting rights held by the NCI are in proportion of their ownership interest.



Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. As of the acquisition date, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the acquirer has the option to measure the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When a business is acquired, the financial assets and financial liabilities assumed are assessed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance, unless otherwise indicated.

The nature and impact of each new standard and amendment are described below:

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
 - Replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their ‘material’ accounting policies, and,
 - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
 - The amendments to the Practice Statement provide non-mandatory guidance.
- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.



- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Standards Issued but Not Yet Effective

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and



February 8, 2019, the SEC issued MC No. 14-2018 and MC No. 3-2019, respectively, providing reliefs to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the SEC issued MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023 as follows:

- a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
- b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E

To assist real estate companies to finally adopt the said PIC and IFRIC pronouncements and enable them to fully comply with PFRS 15 and revert to full PFRS, the Commission en banc, in its meeting held on July 8, 2021, approved the amendment to the transitional provisions in the above MCs which would provide real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncements.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

- a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell (CTS) might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable (ICR), provision for deferred income tax, deferred income tax asset or liability for all years presented, and the opening balance of retained earnings. The Parent Company has yet to assess if the mismatch constitutes a significant financing component for its CTSs.
- b. The exclusion of land in the determination of POC would have reduced the POC of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and ICR; increased real estate inventories and would have impacted deferred income tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*)

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of PFRS 15, *Revenue from Contracts with Customers*. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.



On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The Group opted to avail of the relief as provided by the SEC. Had the Parent Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred.

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Material Accounting Policies

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

Fair Value Measurement

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

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether or not transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Financial Instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

Financial assets

(i) Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of



receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

The Group subsequently classifies its financial assets into the following measurement categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost (debt instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Losses arising from impairment are recognized in the consolidated statement of comprehensive income under "Provision for impairment".

The Group's financial assets at amortized cost include cash, receivables, receivables from related parties and deposit in escrow and refundable deposits included under "Other assets" in the consolidated statements of financial position (see Notes 4, 5, 8 and 15).



Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group made irrevocable election to present in OCI subsequent changes in the fair value of all the Group's investments in golf shares and unlisted shares of stock (see Note 9).

(iii) Derecognition

When the Group transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk (SICR) since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and deposit in escrow, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.



Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

The Group applies a simplified approach in calculating ECLs for receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For trade receivables, the Group has established a provision matrix that is based on its historical credit loss experience.

For ICR and contract assets, the Group uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default (i.e., is defined by the Group as upon cancellation of CTS) using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For all debt financial assets other than receivables, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

At each reporting date, the Group assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVPL
- Financial liabilities at amortized cost

Financial liabilities at amortized cost. This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost under the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest in the consolidated statement of comprehensive income.

The Group's financial liabilities measured at amortized cost as of December 31, 2023 and 2022 includes the following (see Notes 13 and 16):

- Short-term debt
- Long-term debt
- Accounts and other payables (excluding statutory payables)

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Classification of Financial Instruments Between Liability and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- deliver cash or another financial asset to another entity; or,
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized



amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Real Estate Inventories

Real estate inventories consists of subdivision land and residential houses and lots for sale and development initially recorded at cost. Subsequent to initial recognition, these are valued at the lower of cost and net realizable value (NRV). Cost includes the acquisition cost of the land plus all costs incurred directly attributable to the construction and development of the properties.

Reposessed real estate inventories are recorded at original cost.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated cost of completion and estimated costs necessary to make the sale.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale while the asset, which includes real estate inventories and construction in progress, is being constructed are capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur.

Debt Issue Costs.

Debt issue costs are deducted against long-term debt and are amortized over the terms of the related borrowings using the effective interest method.

Other inventories

Other inventories pertain to finished agricultural goods, construction materials and agricultural materials and supplies which are measured at the lower of cost and NRV. Provision for inventory losses is established for estimated losses on other inventories which are determined based on specific identification of slow-moving, damaged, and obsolete inventories.

Finished agricultural goods

Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion include raw materials, direct labor and overhead costs. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Construction materials and agricultural materials and supplies

Construction materials and agricultural materials and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

Deposits for Land Aquisition

This represents deposits made to landowners for the purchase of certain parcels of land which are intended to be held for sale or development in the future. These are recognized at cost. The deposits made are presented under other current and noncurrent assets in the consolidated statement of financial position as these are expected to be used for the Group's real estate development projects and landbanking, respectively.



Prepayments

Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the consolidated statement of comprehensive income as they are consumed in operations or expire with the passage of time.

Investments in Associates

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating profit as 'Equity in net earnings of associates'. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share to the extent of the interest in associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investment Properties

Investment properties are initially recognized at cost plus directly attributable cost incurred. Subsequent to initial recognition, the building and improvements is carried at cost less accumulated depreciation and amortization and any impairment in value while the land is carried at cost less any impairment in value.

The Group depreciates and amortizes its land improvements using the straight-line method over the 10-30 years estimated useful lives.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use

Property, Plant and Equipment

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

The initial cost of property, plant and equipment comprises its purchase price including legal and brokerage fees, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as maintenance, repairs and costs of day-to-day servicing, are recognized in profit or loss in the period the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.



The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstance indicate that the carrying values may not be recoverable.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives, except for leasehold improvements and right-of-use assets, which are amortized over their estimated lives or term of the lease, whichever is shorter, and bearer plants, which are depreciated using units-of-production (UOP) method.

	Years
Refined bleached deodorized (RBD) and fractionation machineries	21
Building and improvements	5-30
Leasehold improvements	2-5 or lease term, whichever is shorter
Land improvements	5
Machineries and equipment	2-10
Right-of-use assets	17
Other equipment	2-10

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits, the Group shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The Group shall account for the change prospectively as a change in an accounting estimate.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Construction in progress represents property, plant and equipment under construction or development and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and is available for use.

Bearer plants

Bearer plants pertain to the Group's palm oil trees used in the production or supply of fresh fruit bunches (FFB) as its agricultural produce and are expected to bear produce for more than twelve months and have a remote likelihood of being sold as a plant or harvested as agricultural produce, (except for incidental scrap sales).

Bearer plants are measured at cost less accumulated depreciation and any impairment in value.

Bearer plants are presented as part of property, plant and equipment. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and other direct costs necessary to cultivate such plants before they are brought into the location and condition necessary to be capable of operating in the manner intended by management.

UOP method is used for depreciating the bearer plants. Depreciation is charged according to units of FFB harvested over the estimated units of FFB to be harvested during the life of the bearer plants or remaining contract period, whichever is shorter. The Group estimates its total units of FFB to be harvested based on the average yield over which the bearer plants are expected to be available for use. In addition, the estimate is based on collective assessment of internal technical evaluation and experience. Changes in the estimated total units of FFB to be harvested may impact the depreciation of bearer plants.



Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's investments in associates, investment properties, property plant, and equipment and other assets excluding refundable deposits and deposit in escrow. (see Notes 8, 10, 11 and 12).

The Group assesses at each reporting date whether there is an indication that an asset may be impaired when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's estimated recoverable amount is the higher of the asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their estimated recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are directly charged or credited to operations in those expense categories consistent with the function of the impaired asset.

Equity

Capital stock and additional paid-in capital

Capital stock consists of common shares and preferred shares which are measured at par value for all common and preferred shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

The retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Retained earnings

Retained earnings include all current and prior period results of operations, net of dividends declared and the effects of retrospective application of changes in accounting policies or restatements, if any. Dividends on common and preferred stocks are recognized as a liability and deducted from equity when declared and approved by the BOD or shareholders of the Parent Company. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.



Revenue and Cost Recognition

Revenue from contracts with customers

The Group is primarily engaged in real estate development, production and sale of agricultural goods, and water services. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Group has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in these revenue arrangements.

The disclosures of material accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales. The Group derives its real estate revenue from sale of lots and developed residential house and lots. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using physical proportion of work done. This is based on the bi-monthly project accomplishment report prepared by the Group's in-house technical team approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the Group itself.

Buyer's equity represents a certain percentage of buyer's payments of total selling price that the buyer has paid the Group and it is at this collection level that the Group assesses that it is probable that the economic benefits will flow to the Group because of certainty of collection of the remaining balance of the selling price. This gives the buyer, a stake in the property, the level of which is sufficient enough to mitigate the risks of loss through default which would motivate the buyer to honor its obligations to the Group. Management regularly evaluates the historical cancellations and back-outs if it would still support its current collection threshold before commencing revenue recognition. Any excess of progress of work over the right to an amount of consideration that is unconditional, is recognized under 'Contract assets' in the assets section of the consolidated statement of financial position.

Any excess of collections over the total of recognized ICR and contract assets are recognized under 'Contract liabilities' account in the liabilities section of the consolidated statement of financial position.

Sales cancellation is accounted for as a modification of the contract (from non-cancelable to being cancelable) resulting to the reversal of the previously recognized real estate sales and cost of real estate sales and reinstating the real estate inventories at cost.

Cost of real estate sales. The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area,



with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

In addition, the Group recognizes cost as an asset that gives rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Sale of agricultural goods. Revenue from sale of agricultural goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and acceptance by the buyer. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, noncash consideration, and consideration payable to the customer, if any.

Variable consideration - rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

Cost of agricultural goods sold. Costs of sales include direct material costs, manufacturing expenses and monetary value of inventory adjustments. This is recognized upon delivery of the goods or when the control of the asset is transferred and when the cost is incurred, or the expense arises.

Water service, tapping fees, transfer fees and other water charges. Revenue is recognized over time as the customer receives and consumes the benefit from the performance of the related water services. Water services are billed every month. The Group recognizes revenue in the amount to which the Company has a right to invoice since the Group bills a fixed amount for every cubic meter of water delivered.

Income from forfeited deposits. Income from forfeited collections recorded under 'Other income' in the consolidated statement of comprehensive income is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Rental income. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the respective lease terms.

Contract Balances

ICR. An ICR represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).



Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

For the Group's real estate sales, contract assets are initially recognized for revenue earned from development of real estate projects as receipt of consideration is conditional on successful completion of development. The amounts recognized as contract assets are reclassified to ICR when the monthly amortization of the customer is due for collection. It is recognized under 'Receivables' in the consolidated statement of financial position.

Costs to obtain contract. The incremental costs of obtaining a contract with a customer are recognized under 'Other current assets' in the consolidated statement of financial position if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized over time using the POC method. Commission expense is included in the 'General, administrative expenses and selling expenses' account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining a contract with customer are not capitalized but are expensed as incurred.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when the services are used, or the expense arises while interest expenses are accrued in the appropriate period.

This consist of general administrative expenses which constitute costs of administering the business and selling expenses which constitute commission on real estate sales and advertising expenses. General administrative and selling expenses (excluding amortization of capitalized costs to obtain contracts) are recognized as incurred.

Post-employment Benefits

Pension benefits are provided to employees through a defined benefit plan. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

The following comprise the defined benefit costs:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs, which include current service costs, past service costs, and gains or losses on non-routine settlements are recognized as expense in consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

As Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Short-term leases. The Group applies the short-term lease recognition exemption to its short-term leases of office spaces and transportation equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.



Taxes

Current income tax. Current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.



The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Creditable withholding taxes (CWT). CWT pertains to taxes withheld on income payments and may be applied against income tax due. The balance of taxes withheld is recovered in future period. The balance as of end of each reporting period represents the unutilized amount after deducting any income tax payable. Creditable withholding tax is stated at its realizable value.

Value-added tax (VAT). Revenues, expenses and assets are recognized net of amount of VAT, if applicable.

When VAT from provision of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as output VAT under 'Accounts and other payables' in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from provision of services (output VAT), the excess is recognized as input taxes under 'Other current assets' in the consolidated statement of financial position up to the extent of the recoverable amount.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Foreign Currencies

The Group's consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies. The functional currency of BCL is the US Dollar. On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso (₱) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized under 'Cumulative translation adjustment' in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income attributable to common stockholders of the Parent Company by the weighted average number of common stocks issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.



Diluted EPS is computed by dividing net income attributable to common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an anti-dilutive effect on earnings per share.

As of December 31, 2023, and 2022, the Group has no potentially dilutive common shares.

Segment Reporting

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 25 to the consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change.



The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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 could differ for such estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue from contracts with customers

The Group is primarily engaged in real estate sales and development, sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels, and water services. The Group accounts for all of the goods and services in each contract with customer as a single performance obligation capable of being distinct.

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Real estate revenue recognition. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) assessment of the probability that the entity will collect the consideration from the buyer; and (c) determination of the actual costs incurred as cost of goods sold.

- Identifying performance obligations. The Group has various CTS covering subdivision land and residential houses and lots. The Group concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, Group accounts for them as a single performance obligation because they are not distinct in the context contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the buyer.
- *Existence of a contract.* The Group's primary document for a contract with a customer for real estate sales is a signed CTS supported by other signed documentations such as reservation agreement, official receipts, buyers' amortization schedule and invoices and it met all the criteria to qualify as contract with a customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age of receivables, and pricing of the property. Management regularly evaluates the historical sales



cancellations and back-outs after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

- *Revenue recognition method and measure of progress.* The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

The Group requires a collection threshold of 10% of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

Revenue recognition - sales of agricultural goods and water services. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint. (d) recognition of revenue as the Group satisfies the performance obligation.

- *Identifying performance obligations.* The Group accounts for all of the goods or services in each contract with customer as a single performance obligation capable of being distinct.
- *Recognition of revenue as the Group satisfies the performance obligation of sale of agricultural goods and water services.* The Company concluded that the revenue for sale of palm oil and other palm products to be recognized at a point in time when the goods are delivered and water services to be recognized over time as the customer receives and consumes the benefit from the performance of the related water services and it has a present right to payment for the services rendered.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold or services rendered.

- *Method to estimate variable consideration and assess constraint for agricultural goods.* The Group uses historical experience from the past 12 months to determine the expected value of rights to return and constrain the consideration accordingly. The Group updates its assessment of expected returns and refund liability. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. As at December 31, 2023 and 2022, no refund liability was recognized in the consolidated statements of financial position.



Distinction between real estate inventories, investment properties and owner-occupied properties.

The Group determines whether a property will be classified as real estate inventories, investment properties or owner-occupied properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories) and whether the property generates cash flow largely independent of the other assets held by an entity.

Real estate inventories comprise of property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction. Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. Owner-occupied properties classified and presented as property, plant and equipment, generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Significant influence on Palm Concepcion Power Corporation (PCPC), Peakpower Energy, Inc. (PEI) and East West Rail Transit Corporation (EWRTC). In determining whether the Group has significant influence over an investee requires significant judgment. Generally, a shareholding of 20% to 50% of the voting rights of an investee is presumed to give the Group a significant influence. The Group considers that it has significant influence over its investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies.

Evaluation and reassessment of control in MCPI. The Group refers to the guidance in PFRS 10, *Consolidated Financial Statements*, when determining whether the Group controls an investee. Particularly, the Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group considers the purpose and design of the investee, its relevant activities and how decisions about those activities are made and whether the rights give it the current ability to direct the relevant activities.

The Group controls an investee if and only if it has all the following:

- a. power over the investee;
- b. exposure, or rights, to variable returns from its involvement with the investee; and,
- c. the ability to use its power over the investee to affect the amount of the investor's returns.

Ownership interest in MCPI represent 49%. The Group has assessed that it has control over MCPI considering that the critical decision making position in deciding over the strategic policies and relevant activities of MCPI are occupied by the representatives of the Group.

Management's Use of Estimates and Assumptions

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

Revenue recognition on real estate projects. The Group's revenue recognition policy require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate sales are recognized based on the POC which is measured principally on the basis of the estimated completion of a physical proportion of the contract work which requires technical determination by management's specialists (project engineers) and involves significant judgment and estimation.



The Group also includes land in the calculation of POC since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry.

For the years ended December 31, 2023, 2022 and 2021, the real estate sales recognized over time amounted to ₱1,454.8 million, ₱1,378.7 million, and ₱628.5 million, respectively (see Note 26).

Provision for expected credit losses of receivables and contract assets. The Group uses a provision matrix to calculate ECLs for trade receivables other than ICRs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation rate. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for ICRs and contract assets. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The Group considers an ICR and contract asset in default when the Group forfeits and repossesses the property from the customer through cancellation. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The PD is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating LGD, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Republic Act 6552, *Realty Installment Buyer Act*, and cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

The resulting recovery rate coming from the above process, resulted to zero LGD, thus resulting to no recognized ECL for ICR and contract assets in 2023, 2022 and 2021.

In 2023, 2022 and 2021, the Group recognized provision for expected credit loss on trade receivables amounting to ₱0.8 million, ₱1.7 million and ₱1.8 million, respectively (see Notes 5 and 18).

Estimating NRV of real estate inventories. The Group reviews the NRV of real estate inventories and compares it with the cost. Real estate inventories are written down below cost when the estimated NRV is found to be lower than the cost.

NRV 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 having taken suitable external advice



and in light of recent market transactions. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell.

The carrying values of real estate inventories amounted to ₱3,571.1 million and ₱2,961.4 million as of December 31, 2023 and 2022, respectively (see Note 6).

Estimating fair values of financial assets and liabilities. When the fair values of financial assets and liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

As at December 31, 2023 and 2022, the aggregate fair values of the financial assets amounted to ₱958.5 million and ₱935.3 million, respectively, and of the financial liabilities amounted to ₱3,586.2 million and ₱2,787.7 million, respectively (see Note 23).

Impairment of property, plant and equipment. The Group performs annual impairment review of property, plant and equipment. Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of the assets in order to determine the value of these assets. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. In addition, adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group.

In 2023 and 2022, the Group has assessed that its bearer plants has indications of impairment due to the palm oil plantation's bearer plants not reaching their optimal fruiting stages. In 2023, 2022 and 2021, the Group recognized impairment loss of ₱26.7 million, ₱20.7 million and ₱15.1 million, respectively, to account for the estimated fruit loss due to some trees not reaching the optimal fruiting stages in accordance with the industry standard yield (see Note 12).

No additional impairment was recognized by the Group for the remaining bearer plants since management estimated that the recoverable amount exceeds the carrying value of the bearer plants excluding the specific impairment as of December 31, 2023 and 2022. The recoverable amount was computed using discounted cash flows approach and considered certain assumptions such as future FFB production, FFB prices, direct costs, and discount rate.

The Group recognized an allowance for impairment loss on property, plant and equipment amounting to ₱130.8 million and ₱104.1 million as of December 31, 2023 and 2022, respectively (see Note 12). As at December 31, 2023 and 2022, the carrying value of the property, plant and equipment amounted to ₱1,472.1 million and ₱1,139.6 million (see Note 12).

Post-employment defined benefit plan. The cost of defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



As of December 31, 2023 and 2022, the Group's retirement obligation amounted to ₱77.0 million and ₱68.2 million, respectively (see Note 19).

Estimating realizability of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group. This forecast is based on the Group's past results and future expectations on revenue and expenses.

As at December 31, 2023 and 2022, deferred tax assets amounting to ₱52.8 million and ₱32.2 million, respectively, were not recognized in the consolidated statements of financial position since it is not probable that sufficient taxable income may be available in the future against which the deferred tax assets can be utilized. As at December 31, 2023 and 2022, the carrying values of deferred tax assets amounted to ₱108.0 million and ₱72.6 million, respectively (see Note 20).

4. Cash

	2023	2022
Cash on hand	₱16,661,055	₱13,867,018
Cash in banks	101,421,428	195,980,138
	₱118,082,483	₱209,847,156

Cash in banks pertain to savings and current accounts that generally earn interest based on prevailing respective bank deposit rates. The Group earned interest from cash in banks amounting to ₱0.1 million and ₱1.0 million in 2023 and 2022, respectively.

5. Receivables

	2023	2022
ICR	₱299,571,418	₱161,658,616
Trade receivables	22,398,533	16,707,537
Advances to officers and employees	9,489,854	8,224,199
Dividend receivable (Notes 10 and 25)	9,000,000	20,000,000
Other receivables	34,988,910	69,105,684
	375,448,715	275,696,036
Less allowance for credit losses	8,633,841	7,805,537
	₱366,814,874	₱267,890,499

ICR consists of accounts collectible in equal monthly installments with over a period of 2 to 10 years. Certain ICRs bear interest ranging from 14% to 18% in 2023 and 2022, depending on the projects and units. The transfer certificates of title remain in the possession of the Group until full payment has been made by the customers.

Trade receivables include receivables from water service and sale of palm oil and other palm products which are noninterest-bearing and are normally collected within seven (7) to sixty (60) days.



In 2023, the group assigned accounts receivable with recourse as collateral with its short-term loan discounting agreement with a bank. The outstanding balance of the assigned accounts receivable amounted to ₱230.8 million as of December 31, 2023 (see Note 16).

Dividend receivable pertains to the cash dividends declared by the associates, PCPC and PEI, which is due and demandable (see Notes 10 and 25).

Advances to officers and employees pertain to salary and other loans granted to the Group's employees that are collectible through salary deduction. These are noninterest-bearing and are due within one year.

Other receivables mainly pertain to advances made to homeowners' association of one of the projects and nontrade receivables. These receivables are noninterest-bearing and are due within one (1) year.

Movement in the allowance for impairment of trade receivables is as follows:

	2023	2022
Balances at beginning of year	₱7,805,537	₱6,094,110
Provision for expected credit losses (Note 18)	828,304	1,711,427
Balances at end of year	₱8,633,841	₱7,805,537

6. Real Estate Inventories

	2023	2022
Land for sale and development - at cost	₱910,893,338	₱807,287,382
Construction and development costs	2,660,212,435	2,154,078,876
	₱3,571,105,773	₱2,961,366,258

The rollforward of this account follows:

	2023	2022
Balance at beginning of the year	₱2,961,366,258	₱2,090,015,454
Construction and development costs incurred	849,357,773	803,472,006
Transfers from deposits for land acquisition (Note 8)	206,911,992	394,235,788
Borrowing costs capitalized (Note 16)	102,046,099	75,270,157
Depreciation expense capitalized (Note 12)	10,537,459	8,454,484
Purchase of land	—	67,640,630
Cost of real estate sales	(559,113,808)	(477,722,261)
	₱3,571,105,773	₱2,961,366,258

The real estate inventories are carried at cost. No inventories are recorded at amounts lower than cost in 2023 and 2022.

Land for sale and development represents real estate subdivision projects in which the Group has been granted License to Sell (LTS) by the Department of Human Settlements and Urban Development. It also includes raw land inventories that are under development and those that are about to undergo development.

Construction and development costs incurred pertain to amounts paid to contractors and development costs in relation to the development of land and construction of housing units, and other costs directly attributable to bringing the real estate inventories to its intended condition.



Borrowing costs capitalized to real estate inventories in 2023 and 2022 amounted to ₱102.0 million and ₱75.3 million, respectively (Note 16). The capitalization rate used to determine the borrowing costs eligible for capitalization in 2023 and 2022 is 8.3% and 6.9%, respectively.

Collateralized properties

Pursuant to the loan agreement, certain real estate inventories were collateralized in favor of the bank to secure the Group's short-term and long-term debts (see Note 16). As at December 31, 2023 and 2022, the carrying values of the collateralized real estate inventories amounted to ₱1.5 billion and ₱0.3 billion, respectively.

7. Other Inventories

	2023	2022
Construction materials	₱109,473,887	₱109,257,514
Finished agricultural goods	6,819,176	89,849,239
Agricultural materials and other supplies	—	1,177,565
At lower of cost and NRV	₱116,293,063	₱200,284,318

Construction materials pertain to supplies used in the construction and development of the real estate projects.

The cost of inventories recognized under cost of agricultural goods sold in the consolidated statements of comprehensive income are as follows:

	2023	2022	2021
Purchase and harvest of FFB	₱22,213,262	₱45,970,076	₱39,474,747
Crude palm oil purchased during the year	—	17,562,630	—
FFB used in production	22,213,262	63,532,706	39,474,747
Direct labor	8,867,022	11,945,998	2,444,025
Manufacturing overhead	8,248,589	13,838,956	6,352,816
Total manufacturing cost	39,328,873	89,317,660	48,271,588
Finished goods at beginning of year	89,849,239	88,261,898	82,007,278
Finished goods at end of year	(6,819,176)	(89,849,239)	(88,261,898)
Total cost of agricultural goods sold	₱122,358,936	₱87,730,319	₱42,016,968

Agricultural materials and other supplies pertain to fertilizers, fuel and oil and other consumables.

The Group recognized inventory loss of ₱50.2 million in 2022 in the consolidated statement of comprehensive income to account for the identified obsolete and damaged inventories recognized under "Provision for inventory losses" (nil in 2023 and 2021, see Note 18).



8. Other Assets

	2023	2022
Current:		
Deposits for land acquisition	₱420,109,448	₱256,818,694
Creditable withholding taxes	138,100,616	122,676,007
Prepaid expenses	90,160,709	69,650,459
Advances to suppliers	12,712,251	3,229,024
Costs to obtain contracts (Note 26)	12,077,001	2,383,406
Input VAT	10,999,438	9,005,833
Deposit in escrow	7,424,332	—
Refundable deposits	843,263	827,263
Miscellaneous	601,444	956,254
	₱693,028,502	₱465,546,940
Noncurrent:		
Deposits for land acquisition - net of current portion	₱343,907,831	₱347,339,831
Advances to third parties	323,282,361	215,311,840
Input VAT - net of current portion	92,413,249	63,134,788
Refundable deposits - net of current portion	52,060,401	48,874,728
Goodwill	43,007	43,007
	₱811,706,849	₱674,704,194

Deposits for land acquisition pertain to installment payments made by the Group to the sellers of lands based on the sales contracts. The lands are intended to be held for sale, for development in the future and for land banking. The Group made additional deposits for its land acquisition amounting to ₱370.2 million and ₱501.1 million as of December 31, 2023 and 2022, respectively. The Group made transfers of land from deposits to real estate inventory amounting to ₱206.9 million and ₱394.2 million in 2023 and 2022 respectively (see Note 6). The Group also made transfers of land from deposits for land acquisition to investment properties upon transfer of control of the land to the Group amounting to ₱3.4 million and ₱8.8 million in 2023 and 2022, respectively (see Note 11).

Creditable withholding taxes pertain to carry over of unapplied income tax credits and are recoverable and can be applied against the income tax payable in future periods.

Prepaid expenses consist mainly of prepaid supplies, employee benefits, rent, insurance and taxes and licenses, which are applicable in the future period.

Input VAT pertains to the 12% indirect taxes passed on to the Company by its supplier and contractors in the course of its business on its acquisition of goods and services under Philippine taxation laws and regulations. Input tax is applied against output VAT.

In 2022, input VAT and refundable deposits written-off amounting to ₱6.7 million were recognized under “Impairment loss” in the consolidated statements of comprehensive income (nil in 2023 and 2021, see Note 18).

Advances to third parties pertain to payments made by the Group to its suppliers for materials to be used for the construction of its irradiation facility and for potential joint venture partners for acceptable business projects. The advances to potential joint venture partners are to be applied to the cost of the business project.



Costs to obtain contracts pertain to commissions paid to brokers and marketing agents on the sale of pre-completed real estate units. These capitalized costs are amortized as marketing expense under “General, administrative and selling expenses” in the consolidated statements of comprehensive income over the expected construction period using the POC following the pattern of real estate revenue recognition (see Note 26).

Deposit in escrow pertains to the established escrow account of the Parent Company which is held restrictedly in compliance with the Memorandum Circular No. 2020-06 issued by Department of Human Settlements and Urban Development (DHSUD) to undertake socialized housing projects and for the issuance of License to Sell for the ongoing Coral Real Estate Project Phase 3 under incentivized scheme.

9. Investments in Equity Instruments

Quoted and unquoted equity securities

The Group’s EIFVOCI include unquoted golf club shares and unlisted shares of stock. The fair values of the golf club shares are determined based on average selling price of price per share of similar or identical assets traded in an active market (Level 2 input). The Group’s unlisted shares of stock are measured at cost. Financial assets are measured at cost when insufficient more recent information is available to measure its fair value, or if a wide range of possible fair value measurements and cost represents the best estimate of fair value within the range under Level 3 of the fair value hierarchy. The changes in the fair value of these unquoted equity instruments are recognized under “Net change in fair value of EIFVOCI” in other comprehensive income.

As of December 31, 2023 and 2022, the carrying value of unquoted golf club shares amounted to ₱362.4 million and ₱288.3 million, respectively; and unlisted shares of stock amounted to nil and ₱12.7 million for 2023 and 2022, respectively.

The rollforward analysis of investments in EIFVOCI in 2023 and 2022 follows:

	2023	2022
Cost:		
At January 1 and December 31	₱434,070,793	₱434,070,793
Cumulative unrealized loss:		
At January 1	(133,040,358)	(194,659,340)
Fair value adjustment	61,356,522	61,618,982
At December 31	(71,683,836)	(133,040,358)
Carrying values	₱362,386,957	₱301,030,435

The Group’s dividend income from EIFVOCI amounted to ₱5,354, ₱10,618 and ₱7,442 in 2023, 2022, and 2021, respectively (see Note 22).

Changes in fair value of the unquoted investments at FVOCI resulted to a gain of ₱61.4 million, ₱61.6 million, and ₱63.8 million in 2023, 2022, and 2021, respectively. This is the “Net change in fair value of EIFVOCI” in the statement of comprehensive income”.



10. Investments in Associates

	2023	2022
PCPC	₱1,292,639,163	₱1,266,109,455
PEI	475,816,596	419,080,852
EWRTC	53,301,220	53,415,370
	₱1,821,756,979	₱1,738,605,677
	2023	2022
Acquisition cost, beginning and end of year	₱1,105,595,917	₱1,105,595,917
Accumulated share in net earnings:		
Balances at beginning of year	633,149,300	446,751,340
Equity in net earnings	339,947,514	316,397,960
Dividends	(255,714,240)	(130,000,000)
Balances at end of year	717,382,574	633,149,300
Accumulated share in OCI:		
Balances at beginning of year	(139,540)	(347,343)
Equity in other comprehensive loss	(1,081,972)	207,803
Balances at end of year	(1,221,512)	(139,540)
	₱1,821,756,979	₱1,738,605,677

In 2023 2022 and 2021, PEI declared cash dividend to the Group amounting to ₱65.7 million, ₱80.0 million and ₱72.4 million respectively, while PCPC declared cash dividend to the Group amounting to ₱190.0 million, ₱50.0 million and ₱80.0 million in 2023, 2022 and 2021, respectively.

Dividends received from associates amounted to ₱266.7 million, ₱190.0 million and ₱160.4 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Group's share in net income (loss) of its associates are shown below:

	2023	2022	2021
PCPC	₱217,611,680	₱185,596,441	₱146,957,116
PEI	122,449,983	130,898,993	126,697,063
EWRTC	(114,149)	(97,474)	(155,842)
	₱339,947,514	₱316,397,960	₱273,498,337

Investment in PCPC

The Group has 20% investment in PCPC. PCPC was registered with the SEC on December 18, 2007 primarily to acquire, design, develop, construct, invest in and operate power generating plants. The Group accounts its investment in PCPC as investment in associate as it exercises significant influence over PCPC. The following table sets out the summarized financial information of PCPC as of December 31, 2023 and 2022:

	2023	2022
Assets		
Current assets	₱2,930,650,671	₱3,779,595,880
Noncurrent assets	7,391,354,352	8,204,610,014
Less liabilities		
Current liabilities	1,728,806,246	2,351,887,255
Noncurrent liabilities	2,410,475,338	3,583,282,754
Equity	₱6,182,723,439	₱6,049,035,885
Group's carrying amount of the investment	₱1,292,639,163	₱1,266,109,455



As of December 31, 2023 and 2022, the Group's share in PCPC's net assets amounted to ₱1,236.5 million and ₱1,209.8 million, respectively. As of December 31, 2023 and 2022, the excess of the carrying value over the Group's share in PCPC's net assets is attributable to the notional goodwill.

	2023	2022	2021
Revenue	₱7,970,643,496	₱9,531,241,773	₱5,190,714,173
Costs and expenses	6,882,585,095	8,603,259,570	4,455,928,593
Net income	1,088,058,401	927,982,203	734,785,580
Other comprehensive income (loss)	(5,409,860)	1,039,017	1,920,909
Total comprehensive income	₱1,082,648,541	₱929,021,220	₱736,706,489
Group's equity in net earnings	₱217,611,680	₱185,596,441	₱146,957,116

Investment in PEI

The Group has 20% investment in PEI. PEI was incorporated and registered with the SEC on February 19, 2013 primarily to purchase, acquire, own and hold shares of stock, equity, and property of energy companies. Through its subsidiaries, PEI's focus is to develop, construct, and operate diesel power plants in Mindanao to address the ongoing power shortages in the region.

The following table sets out the summarized financial information of PEI as of December 31, 2023 and 2022:

	2023	2022
Assets		
Current assets	₱483,719,546	₱508,221,440
Noncurrent assets	2,091,488,478	2,160,678,487
Less liabilities		
Current liabilities	117,269,429	511,946,078
Noncurrent liabilities	133,564,099	116,252,017
Equity	₱2,324,374,496	₱2,040,701,832
Group's carrying amount of the investment	₱475,816,596	₱419,080,852

As of December 31, 2023 and 2022, the Group's share in PEI's net assets amounted to ₱464.9 million and ₱408.1 million, respectively. As of December 31, 2023 and 2022, the excess of the carrying value over the Group's share in PEI's net assets is attributable to the notional goodwill.

	2023	2022	2021
Revenue	₱989,597,574	₱1,057,097,713	₱962,703,434
Costs and expenses	377,347,660	402,602,749	329,218,117
Net income	₱612,249,914	₱654,494,964	₱633,485,317
Group's equity in net earnings	₱122,449,983	₱130,898,993	₱126,697,063

Investment in EWRTC

The Group has 33.33% investment in EWRTC. The Consortium composed of EWRTC and Alloy MTD Group (represented by MTD Philippines Inc.) has submitted an unsolicited proposal to the Philippine National Railways (PNR) to build and then operate and maintain the East-West Rail Project. The East-West Rail Project is an integrated light rail mass transportation system and is intended to help alleviate the gap in the transportation infrastructure in the metropolis. This project is in line with the objective of the government to increase the ratio of rail transport systems to the



rocketing ridership demand in Metro Manila and other major urban cities. The Project will involve the development, design, construction, supply, completion, testing, commissioning, and operation & maintenance of the East-West Rail Project.

On October 2022, the Revised 2022 Implementing Rules and Regulations (IRR) of the Build-Operate-Transfer (BOT) Law took into effect. Amendments to key provisions addressing concerns over the financial viability and bankability of public-private partnership (PPP) projects as well as clarification to ambiguous provisions may have caused the delays in the PPP process. The Consortium is in continuous coordination with PNR as the implementing agency and preparing a resubmission of project related documents for approval of the PPP project to be in line with new BOT IRR provisions. As of December 31, 2023, the Consortium has been granted the Original Proponent Status (OPS) by the PNR and is endorsed to the National Economic and Development Authority (NEDA) for evaluation and approval by the Investment Coordination Committee (ICC).

The following table sets out the summarized financial information of EWRTC as of December 31, 2023 and 2022:

	2023	2022
Assets		
Current assets	₱51,628,625	₱42,926,856
Noncurrent assets	6,990,310	12,777,322
Less liabilities		
Current liabilities	516,508,266	507,365,786
Capital deficiency	(₱457,889,331)	(₱451,661,608)
Group's carrying amount of the investment	₱53,301,220	₱53,415,370

As of December 31, 2023 and 2022, the Group's share in EWRTC's capital deficiency amounted to ₱152.6 million and ₱150.6 million, respectively. As of December 31, 2023 and 2022, the excess of the carrying value over the Group's share in EWRTC's net assets is attributable to the notional goodwill and translation adjustment.

	2023	2022	2021
Revenue	₱—	₱—	₱—
Costs and expenses	342,482	292,451	467,574
Net loss	₱342,482	₱292,451	₱467,574

11. Investment Properties

The Group's investment properties as at December 31 are classified as follows:

	2023	2022
Land held for capital appreciation	₱313,422,532	₱309,990,532
Land and building held for lease	142,518,785	145,430,122
	₱455,941,317	₱455,420,654

The aggregate fair values of investment properties as of December 31, 2023 and 2022 amounted to ₱762.2 million and ₱758.8 million, respectively.



The value of the land was arrived at using the Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered in the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. This valuation approach are categorized as Level 3 in the fair value hierarchy as at December 31, 2023 and 2022. The significant unobservable input to the valuation is the price per square meter.

For land, significant increases or decreases in estimated price per square meter in isolation would result in a significantly higher or lower fair value on a linear basis.

The fair value of the building was arrived using the Cost Approach. This is a comparative approach that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. This valuation approach is categorized as Level 3 in the fair value hierarchy as at December 31, 2023 and 2022. The significant unobservable input to the valuation is the price per square meter.

For buildings, significant increases or decreases in the replacement and reproduction costs, in isolation, would result in a significantly higher or lower fair value of the properties.

The details of land held for capital appreciation are as follows:

	2023	2022
Cost:		
Balances at beginning of year	₱309,990,532	₱301,162,532
Reclassification from deposits for purchased land (Note 8)	3,432,000	8,828,000
Net carrying value	₱313,422,532	₱309,990,532

Land and building held for lease for 2023 and 2022 are as follows:

	2023			
	Land	Building	Land Improvements	Total
Cost:				
Balances at beginning and end of year	₱63,908,760	₱7,142,747	₱87,340,124	₱158,391,631
Accumulated depreciation:				
Balances at beginning of year	–	7,142,747	5,818,762	12,961,509
Depreciation (Note 18)	–	–	2,911,337	2,911,337
Balances at end of year	–	7,142,747	8,730,099	15,872,846
	₱63,908,760	₱–	₱78,610,025	₱142,518,785



2022				
	Land	Building	Land Improvements	Total
Cost:				
Balances at beginning of year	₱63,908,760	₱7,142,747	₱87,238,988	₱158,290,495
Transfers from real estate inventories (Note 6)	—	—	101,136	101,136
Balances at end of year	63,908,760	7,142,747	87,340,124	158,391,631
Accumulated depreciation:				
Balances at beginning of year	—	7,142,747	2,907,966	10,050,713
Depreciation (Note 18)	—	—	2,910,796	2,910,796
Balances at end of year	—	7,142,747	5,818,762	12,961,509
	₱63,908,760	₱—	₱81,521,362	₱145,430,122

Rental income generated from land held under lease included under “Other income” in the consolidated statements of comprehensive income amounted to ₱3.2 million in 2023 and 2022 and ₱0.1 million in 2021 (see Note 22). Direct operating expense related to land held for lease included under “General, administrative and selling expenses” in the consolidated statements of comprehensive income amounted to ₱2.9 million in 2023, 2022 and 2021.



12. Property, Plant and Equipment

2023	Land	Leasehold Improvements	Bearer Plants	RBD and Fractionation Machineryes	Building and Improvements	Machineryes and Equipment	Other Equipment	Construction in Progress	Right of Use Assets	Total
Cost										
At January 1	₱12,967,297	₱65,501,304	₱366,513,856	₱253,060,820	₱56,993,298	₱305,413,645	₱287,879,709	₱364,780,373	₱30,535,735	₱1,743,646,037
Additions	59,195,551	-	636,748	-	24,042,871	22,497,984	42,654,294	290,104,700	-	439,132,148
Reclassifications	-	4,072,951	-	-	3,050,057	-	2,299,117	(9,422,125)	-	-
Disposals	-	-	-	-	-	-	(765,318)	-	-	(765,318)
At December 31	72,162,848	69,574,255	367,150,604	253,060,820	84,086,226	327,911,629	332,067,802	645,462,948	30,535,735	2,182,012,867
Accumulated depreciation										
At January 1	-	29,596,836	11,989,939	44,935,552	49,538,300	195,368,061	165,846,967	-	2,671,314	499,946,969
Depreciation	-	6,737,325	-	16,711,401	1,116,435	25,738,404	28,504,235	-	1,101,965	79,909,765
Disposals	-	-	-	-	-	-	(765,318)	-	-	(765,318)
At December 31	-	36,334,161	11,989,939	61,646,953	50,654,735	221,106,465	193,585,884	-	3,773,279	579,091,416
Allowance for impairment										
At January 1	-	-	85,440,060	-	-	-	-	18,649,242	-	104,089,302
Addition	-	-	26,733,469	-	-	-	-	-	-	26,733,469
At December 31	-	-	112,173,529	-	-	-	-	18,649,242	-	130,822,771
Net Book Value	₱72,162,848	₱33,240,094	₱242,987,136	₱191,413,867	₱33,431,491	₱106,805,164	₱138,481,918	₱626,813,706	₱26,762,456	₱1,472,098,680

2022	Land	Leasehold Improvements	Bearer Plants	RBD and Fractionation Machineryes	Building and Improvements	Machineryes and Equipment	Other Equipment	Construction in Progress	Right of Use Assets	Total
Cost										
At January 1	₱12,967,297	₱65,501,304	₱365,877,108	₱253,060,820	₱56,581,732	₱275,799,358	₱233,829,033	₱164,110,122	₱30,535,735	₱1,458,262,509
Additions	-	-	636,748	-	411,566	29,614,287	54,425,693	200,670,251	-	285,758,545
Disposals	-	-	-	-	-	-	(375,017)	-	-	(375,017)
At December 31	12,967,297	65,501,304	366,513,856	253,060,820	56,993,298	305,413,645	287,879,709	364,780,373	30,535,735	1,743,646,037
Accumulated depreciation										
At January 1	-	23,065,853	11,784,606	34,803,721	48,699,373	188,631,477	148,781,973	-	2,535,977	458,302,980
Depreciation	-	6,530,983	205,333	10,131,831	838,927	6,736,584	17,440,011	-	135,337	42,019,006
Disposals	-	-	-	-	-	-	(375,017)	-	-	(375,017)
At December 31	-	29,596,836	11,989,939	44,935,552	49,538,300	195,368,061	165,846,967	-	2,671,314	499,946,969
Allowance for impairment										
At January 1	-	-	64,729,932	-	-	-	-	14,095,856	-	78,825,788
Addition	-	-	20,710,128	-	-	-	-	4,553,386	-	25,263,514
At December 31	-	-	85,440,060	-	-	-	-	18,649,242	-	104,089,302
Net Book Value	₱12,967,297	₱35,904,468	₱269,083,857	₱208,125,268	₱7,454,998	₱110,045,584	₱122,032,742	₱346,131,131	₱27,864,421	₱1,139,609,766



There are no contractual commitments to purchase property and equipment.

The depreciation from property, plant and equipment in 2023 and 2022 are recognized as:

	2023	2022
General, administrative and selling expense (Note 18)	₱68,735,558	₱30,879,360
Capitalized as part of:		
Real estate inventories (Note 6)	10,537,459	8,454,484
Bearer plants	636,748	636,748
Other inventories (Note 7)	—	2,048,414
	₱79,909,765	₱42,019,006

In 2023 and 2022, the Group has assessed that its bearer plants have indications of impairment due to the palm oil plantation's bearer plants not reaching their optimal fruiting stages. In 2023, 2022, and 2021, the Group recognized impairment loss amounting to ₱26.7 million, ₱20.7 million, and ₱15.1 million respectively, to account for the estimated fruit loss due to some trees not reaching the optimal fruiting stages in accordance with the industry standard yield.

Other than the impairment loss due to the bearer plants inability to reach optimal fruiting stages, no additional impairment was recognized by the Group for the remaining bearer plants since management estimated that the recoverable amount exceeds the carrying value of the bearer plants excluding the specific impairment as of December 31, 2023 and 2022. The recoverable amount was computed using discounted cash flows approach.

The calculation of value in use of the bearer plants are most sensitive to the following assumptions:

- Revenue - Projected revenue is derived by multiplying the forecasted selling price of FFB per metric ton (MT) to total projected FFB production considering management's best estimates on the future FFB prices and FFB production level considering factors such as the annual growth rate based on average values achieved in the three years preceding the beginning of the budget period, palm oil yields adjusted to the Philippine climate and setting, historical experiences and other economic and agricultural factors.

Projected FFB yield per hectare (ha.) used was 10.05 MT per ha. and 7.9 MT per ha. in 2023 and 2022, respectively. Forecasted FFB selling price per MT used was ₱6,300.0 per MT and ₱6,637.6 per MT with annual growth rate of 3.0% in 2023 and 2022, respectively.

- Direct costs and price inflation - Projected costs are based on the Group's historical experience of the plantation costs incurred (fertilizers, labor and other plantation supplies) per hectare adjusted for inflation based on projected increase in prices with reference to the Philippine market. Forecast figures are used if data is publicly available, otherwise past actual material price movements are used as an indicator of future price movement. Management has considered the possibility of greater-than-forecast increases in price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers.

Projected direct costs related to the plantation in terms of revenue is 42.60% and 38.49% in 2023 and 2022, respectively.

- Discount rate - Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and risk of the underlying assets that



have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

After-tax discount rate used is 9.35% and 9.67% - 11.14% in 2023 and 2022, respectively.

Management have reflected future economic uncertainty in the risk-adjusted cash flows, giving a more accurate representation of the risks specific to the CGU.

In 2023, the Group purchased property and equipment comprising of land, building and machineries related to palm oil milling operations amounting to ₱100.0 million. The outstanding payable in relation to the purchase amounted to ₱34.5 million presented as “Accounts and other payables” in the consolidated statements of financial position.

Borrowing costs capitalized as construction in progress in relation to the Tanay E-Beam & Cold Storage Facility Project amounted to ₱16.0 million and ₱0.1 million in 2023 and 2022, respectively (see Note 16).

The Group’s property, plant and equipment are not used as collateral to its short-term and long-term debts.

13. Accounts and Other Payables

	2023	2022
Trade payables	₱ 747,826,307	₱768,765,412
Statutory payables	234,896,985	168,258,043
Retention payable	72,003,266	43,881,497
Accruals:		
Services	49,851,464	47,731,657
Payroll	26,691,451	26,584,351
Professional fee	9,873,659	9,356,568
Interest (Notes 16 and 25)	8,102,638	6,514,943
Others	11,024,897	12,968,779
	₱ 1,160,270,667	₱1,084,061,250

Trade payables are noninterest-bearing and are generally on a 30 to 60-day credit terms.

Statutory payables pertains to the output tax on the sale of real estate units, dues for remittance to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, and Bureau of Internal Revenue. These are noninterest-bearing and are normally settled within one year.

Retention payable are noninterest-bearing and pertains to the amount withheld by the Group on contractor’s billings to be settled upon completion of the relevant contracts within the year. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects.



Others pertain to rentals, administrative expenses and other recurring expenses incurred by the Group.

14. Contract Assets and Liabilities

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as ICR. This is reclassified as ICR when the monthly amortization of the customer is already due for collection. The movement in contract asset is mainly due to new real estate sales contract recognized during the period and increase in POC, less reclassification to ICR.

The Group requires buyers of real estate units to pay a minimum percentage of the total contract price as reservation fee before the parties enter into a sale transaction. Payments from buyers which have not yet reached the buyer's equity to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on POC are presented as "Contract liabilities" in the consolidated statements of financial position.

When the Group's current collection threshold is reached by the buyer, revenue is recognized, and these deposits and down payments are recorded as either ICR or contract asset depending on the right to demand collection. The excess of collections over the recognized revenue is applied against the receivables or contract assets in the succeeding years. The movement in contract liabilities is mainly due to the reservation sales and advance payments of buyers less real estate sales recognized upon reaching the collection threshold and from increase in POC.

The Group's contract assets and liabilities as at December 31, 2023 and 2022 are as follows:

	2023	2022
Current portion of contract assets	₱494,203,019	₱684,156,555
Noncurrent portion of contract assets	1,375,188,278	784,993,918
Contract assets	₱1,869,391,297	₱1,469,150,473
Contract liabilities	₱319,515,433	₱219,826,473

The amount of revenue recognized in 2023 and 2022 from amounts included in contract liabilities at the beginning of the year amounted to ₱132.4 million and ₱153.3 million, respectively.

15. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control or common significant influence which include affiliates. In considering each possible related party relationship, attention is directed to the substance of relationship and not merely the legal form. Related parties may be individuals or corporate entities.

Material related party transactions refer to any related party transactions, either individually, or in aggregate, amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements.

The Group, in the normal course of business has significant transactions with related parties, which principally consist of the following:



- Loan by the Group from shareholder (see Note 16).

Shareholder Loan - A

As of December 31, 2023 and 2022, the Group has outstanding loan from shareholder, which is classified under “Long term debt” in the consolidated statements of financial position amounting to ₱124.3 million and ₱184.1 million, respectively, to be paid in equal monthly amortization until December 31, 2025. The loan bears a fixed annual interest rate of 6.0%.

- Noninterest-bearing cash advances to the Group’s associates, PEI and EWRTC.

The consolidated statements of financial position include the following amounts resulting from the above transactions with related parties:

2023				
Category	Amount	Receivable (Payable)	Terms	Conditions
Shareholders				
<i>Long-term debt (see Note 16):</i>				
<i>Shareholder Loan - A</i>				
Current	₱–	(₱63,473,072)	5-year, 6.0%	Unsecured;
Noncurrent	–	(60,861,940)	interest-bearing	no collateral
		(₱124,335,012)		
Associates				
<i>Receivable from related parties:</i>				
EWRTC	₱–	₱50,894,936	On demand; non- interest bearing	Unsecured; no impairment
		₱50,894,936		
2022				
Category	Amount	Receivable (Payable)	Terms	Conditions
<i>Long-term debt (see Note 16):</i>				
<i>Shareholder Loan - A</i>				
Current	₱–	(₱59,785,625)	5-year, 6.0%	Unsecured;
Noncurrent	–	(124,306,039)	interest-bearing	no collateral
		(₱184,091,664)		
Associates				
<i>Receivable from related parties:</i>				
PEI	₱–	₱56,885,761	On demand; non-	Unsecured;
EWRTC	–	49,926,086	interest bearing	no impairment
		₱106,811,847		

Terms and Conditions of Transactions with Related Parties

The outstanding accounts with related parties, except for the advances to key management personnel, shall be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. These accounts are generally unsecured. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. The Group has approval process and established limits when entering into material related party transactions.



The compensation of the key management personnel, included as part of salaries, wages and employee benefits under “General and administrative expenses” in the consolidated statements of comprehensive income follows:

	2023	2022	2021
Short-term employee benefits	₱28,352,364	₱33,073,565	₱31,379,838
Other employee benefits	8,554,263	3,657,175	—
	₱36,906,627	₱36,730,740	₱31,379,838

Key management personnel of the Group include all directors and senior management.

16. Loans Payable

Loans payable represents various secured and unsecured loans obtained from local financial institutions and shareholder to finance the Group’s real estate development projects, working capital requirements and for general corporate purposes.

The Group entered into loan agreements with the following banks: Union Bank of the Philippines (UBP), Development Bank of the Philippines (DBP), Landbank of the Philippines (LBP), China Bank Corporation (CBC), and Philippine Bank of Communication (PBCOM). The Parent Company also entered into loan agreements from a financial services company, Caterpillar Financial Services Phils. Inc. (CFSPI), and from a shareholder.

Short-term debt

Short-term debt represents peso loans obtained from local banks and shareholder for working capital and financing requirements. These loans, except loan from shareholder, bear annual interest rates ranging from 5.5% to 9.8% and 5.5% to 8.3% in 2023 and 2022, respectively, subject to semi-annual and quarterly repricing and are due at various dates within the following year from the reporting date. Loan from shareholder is on demand and noninterest-bearing.

	2023	2022
DBP	₱201,154,000	₱189,159,000
LBP	199,600,000	29,660,208
UBP	150,000,000	90,000,000
CBC	150,000,000	150,000,000
PBCOM	44,660,000	13,200,000
	₱745,414,000	₱472,019,208

Interest expense arising from these loans amounts to ₱49.5 million, ₱25.0 million and ₱26.4 million in 2023, 2022 and 2021, respectively.

In 2023, the Group assigned accounts receivable with recourse as collateral with its short-term loan discounting agreement with a bank. The outstanding balance of the assigned accounts receivable amounted to ₱230.8 million as of December 31, 2023 (see Note 5).



Long-term debt

The long-term debt represents various loans obtained from local financial institutions and shareholder to finance the Group's real estate projects and for general corporate purposes.

	2023	2022
UBP	₱691,761,016	₱749,181,355
LBP	435,283,200	22,783,200
CBC	422,636,307	76,069,100
DBP	213,794,000	246,294,000
Shareholder Loan - A (Note 15)	124,335,012	184,091,664
CFSPI	—	1,580,235
	1,887,809,535	1,279,999,554
Less unamortized debt issue cost	8,233,639	3,122,766
	1,879,575,896	1,276,876,788
Less current portion	480,838,826	317,602,384
	₱1,398,737,070	₱959,274,404

Loans from UBP

Loans from UBP are comprised of loans subject to fixed interest rates which are payable in monthly installments and secured by real estate mortgage. Fixed-rate loans have annual interest rates ranging from 6.5% to 9.8% payable for 5 years.

On October 28, 2022, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱330.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8%, whichever is higher, payable monthly. The Group has availed ₱300.0 million in 2022. On June 23, 2023, the remaining ₱30.0 million of the term loan was availed carrying a nominal interest rate of 8.0% and effective interest of 8.3%, payable in monthly installments for 5 years.

On October 3, 2023, the Parent Company entered into a loan agreement with UBP for a term loan that grants a maximum aggregate principal of ₱120.0 million available for drawing within 1 year from the date of approval. Interest rate is fixed at BVAL plus 2% spread and floor rate of 8.3%, whichever is higher, payable monthly. On October 31, 2023, the maximum aggregate principal of ₱120.0 million was availed with this agreement carrying a nominal interest rate of 8.1% and effective interest rate of 8.5%, payable in monthly installments for 5 years.

Loans from LBP

These loans are payable in quarterly installments for 5 years secured by real estate mortgage which are subject to fixed interest rate of 7.0% to 8.0%.

On November 29, 2022, the Parent Company entered into a loan agreement with LBP for a term loan that grants a maximum aggregate principal of ₱500.0 million available for drawing within 1 year from the date of signing of loan documents. On March 27, 2023, the maximum aggregate principal of ₱500.0 million was availed with this agreement carrying a nominal interest rate of 8.0% and effective interest of 8.3%, payable in quarterly installments for 5 years.

Loans from CBC

These loans are payable in monthly installments for 2 to 5 years pertaining to secured car loans subject to fixed annual interest rates ranging from 6.0% to 10.6%.

On September 30, 2022, ISI was granted a 10-year ₱400.0 million credit facility by CBC of various drawdown depending on the percentage of completion of its E-Beam and Cold Storage Facility project, with interest rate of 8.0% payable quarterly. In 2023 and 2022, the Group has availed



₱333.1 million and ₱50.0 million, respectively, carrying a nominal interest rate of 8.0% and effective interest of 8.3%. Principal is payable in quarterly amortizations starting after the grace period of 13 quarters of the first drawdown on December 19, 2022 and will mature on December 19, 2032.

In addition, the Group has availed ₱30.4 million and ₱10.7 million in 2023 and 2022, respectively, as various car loans from CBC carrying a nominal interest rate of 9.5% to 10.6%, payable in monthly installments for 2 to 5 years.

Loan from DBP

This loan is payable in quarterly installments for 6 years secured by real estate mortgage which is subject to a fixed annual interest rate of 6.0%.

Shareholder Loan - A

This loan is payable in monthly installments for 5 years, unsecured and subject to a fixed annual interest rate of 6.0% (see Note 15). As of December 31, 2023 and 2022, total payments made to shareholder amounted to ₱59.8 million and ₱56.3 million.

Loan from CFSPI

This loan is payable in monthly installments for 3 years, unsecured, and subject to a fixed annual interest rate of 11.0%. As of December 31, 2023, this loan has been fully settled.

Borrowing Cost

Total interest expense arising from long-term loans and from those due to related parties amounted to ₱133.3 million, ₱74.4 million and ₱62.0 million in 2023, 2022 and 2021, respectively.

Total borrowing costs for short-term and long-term debt recognized in 2023, 2022 and 2021 amounted to ₱102.0 million, ₱75.3 million and ₱61.7 million, respectively, are capitalized as part of real estate inventories (see Note 6), while ₱16.0 million, ₱0.1 million and nil, respectively, are capitalized as construction in progress under property, plant and equipment (see Note 12).

The capitalization rate used to determine the borrowing costs eligible for capitalization is 8.3%, 6.9% and 6.6% for 2023, 2022 and 2021, respectively.

The movement of the unamortized debt issue cost follows:

	2023	2022
At January 1	₱3,122,766	₱—
Additions	7,372,997	3,555,000
Amortization	(2,262,124)	(432,234)
At December 31	₱8,233,639	₱3,122,766



Repayment schedule

The repayment schedule of the long-term debt follows:

Year	2023	2022
2023	₱—	₱318,604,203
2024	483,256,690	346,068,626
2025-2030	1,404,552,845	615,326,725
	₱1,887,809,535	₱1,279,999,554

Security and Debt Covenants

Real estate inventories with carrying amounts of ₱1.5 billion and ₱0.3 billion as of December 31, 2023 and 2022, respectively, are collateralized for its loans payable for UBP, LBP, DBP and CBC (see Note 6).

As of December 31, 2023, accounts receivable with carrying amounts of ₱230.8 million are assigned to short-term loans for LBP (see Note 5).

The Group is not subject to any financial covenants from its short-term and long-term debts.

17. Equity

Common Stock

As of December 31, 2023 and 2022, the Group's common stock consists of:

	Authorized Capital Stock	Number of Outstanding Shares
Subscribed and issued common shares, ₱1 par value	3,250,000,000	2,477,668,925
Less treasury shares		105,301,014
		2,372,367,911

Preferred Stock

On April 12, 2021, the BOD approved the amendment of the Articles of Incorporation (AOI) of the Parent Company to reclassify and divide the authorized capital stock into: (i) 3,250.0 million common shares with a par value of ₱1.00 per share; and (ii) 50.0 million preferred shares with a par value of ₱1.00 per share. The amendment of AOI was approved by the shareholders representing at least 2/3 of the outstanding capital stock during the Annual Stockholders' Meeting on June 24, 2021.

On May 25, 2021, the BOD authorized the shelf registration of 50 million preferred shares, and the offer and sale of up to 15.0 million preferred shares at an offer price of ₱100.00 per share.

On October 5, 2021, the SEC approved the Parent Company's proposal to create preferred shares by reclassifying its authorized capital stock from the current 3,300.0 million common shares to 3,250.0 million common shares and 50.0 million preferred shares.

On November 10, 2021, the Parent Company secured the approval from PSE for the shelf-listing of up to 50.0 million preferred shares and the follow-on public offer of up to 15.0 million preferred shares.

On November 12, 2021, the Parent Company secured the approval from SEC for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable "Series A"



preferred shares at the option of the Parent Company. The “Series A” preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, May 29, August 29 and November 29 each year. The offering allowed the Parent Company to raise ₱1,326.5 million as new capital.

The details of the Parent Company’s preferred stock as at December 31, 2023 and 2022 follow:

Authorized shares	50,000,000
Par value per share	₱1.00
Issued shares	13,264,900
Outstanding shares	13,264,900
Value of shares issued	₱13,264,900

Record of Registration of Securities with the SEC

Common Stock

The Securities and Exchange Commission (SEC) issued the following orders related to the Group's registration of its securities which are offered to the public: SEC-BED Order No. 1179 issued on December 17, 1993 of 200.0 million shares at an issue price of ₱4.50 per share; SEC-BED Order No. 847 issued on August 15, 1994 of 230.0 million shares; and, SEC-CFD Order No. 64 issued on March 12, 1996 of 530.0 million shares.

There were 2,086 and 2,088 common stockholders as of December 31, 2023 and 2022, in the records of the transfer agent, Professional Stock Transfer, Inc. (PSTI).

The share price closed at ₱0.65 and ₱0.73 on December 29, 2023 and 2022, respectively.

Preferred Stock

The SEC issued the following orders related to the Group’s registration and issuance of its "Series A" preferred shares securities which are offered to the public: (1) SEC MSRD Order No. 76 s. 2021 (“Order of Registration”) for the shelf registration of up to 50.0 million cumulative, non-voting, non-participating, non-convertible, and redeemable perpetual preferred shares; and (2) Permit to Offer Securities for Sale (“Permit to Sell”) covering the Initial Offer Shares dated November 12, 2021. The “Series A” preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, May 29, August 29, and November 29 each year.

On November 29, 2021, there were 13,264,900 “Series A” preferred shares that were issued and listed in the PSE with “BRNP” as its ticker symbol.

As of December 31, 2023 and 2022, there were three (3) registered “Series A” preferred stockholders in the records of the transfer agent, PSTI.

The share price closed at ₱96.15 and ₱100.00 on December 28, 2023 and 2022, respectively.

Additional Paid-In Capital (APIC)

APIC pertains to the excess proceeds over the par value of the issued shares. APIC for common shares amounted to ₱638.0 million as of December 31, 2023 and 2022.

In 2021, the Group has recognized APIC for preferred shares for the excess proceeds of subscriptions over the par value amounting to ₱1,313.2 million in relation to the issuance of preferred shares by the Parent Company. Incremental costs directly attributable to the issue of new shares such as underwriter fees, legal fees, and other professional fees are presented in equity as a deduction from APIC amounting to ₱20.0 million, net of income tax benefit.



As of December 31, 2023 and 2022, APIC on preferred shares amounted to ₱1,293.2 million.

Treasury Shares

In 2016, the Group has acquired all of the unissued fractional common shares arising from the stock dividend declaration in 2013, constituting an aggregate of 1,014 shares. These 1,014 shares were reflected as subscribed and issued shares and recognized as treasury shares at cost equal to par value of ₱1.00.

On August 17, 2020, the BOD of the Parent Company has approved the implementation of a share buyback program of up to ₱50.0 million worth of the Parent Company's common shares. On May 25, 2021, the initial approved budget of the program has been extended from ₱50.0 million to ₱100.0 million as recommended and approved by the BOD.

As of December 31, 2023 and 2022, the Parent Company has bought back from the market a total of 105,301,014 common shares or ₱94.9 million. These treasury shares are recorded at cost and are not entitled for dividends.

The movement in the Parent Company's treasury shares follows:

	2023		2022	
	Common Shares	Amount	Common Shares	Amount
At January 1	105,301,014	₱94,932,275	78,756,014	₱70,618,247
Additions	—	—	26,545,000	24,314,028
At December 31	105,301,014	₱94,932,275	105,301,014	₱94,932,275

Retained Earnings

Retained earnings amounting to ₱2,834.6 million and ₱2,381.0 million as of December 31, 2023 and 2022, respectively, include the accumulated equity in undistributed net earnings of consolidated subsidiaries. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

Declaration of Dividends

On February 2, 2022, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Group's unrestricted retained earnings as of December 31, 2021 or a total of ₱23.2 million to all preferred stockholders of record as of February 16, 2022, paid in arrears on March 1, 2022.

On April 29, 2022, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Group's unrestricted retained earnings as of December 31, 2021 to all preferred stockholders of record as of May 17, 2022 payable on May 30, 2022, all preferred stockholders of record August 3, 2022 payable on August 30, 2022 and all preferred stockholders of record as of November 3, 2022 payable on November 29, 2022. As of December 31, 2022, the Group has declared and paid dividends amounting to ₱92.9 million.

On February 3, 2023, the BOD declared a cash dividend for its preferred share amounting to ₱1.75 per share out of the Group's unrestricted retained earnings as of December 31, 2022 to all preferred stockholders of record as of February 17, 2023, payable on March 1, 2023, all preferred stockholders of record as of May 3, 2023, payable on May 29, 2023, all preferred stockholders of record as of August 1, 2023, payable on August 29, 2023 and all preferred stockholders of record as



of November 3, 2023, payable on November 29, 2023. As of December 31, 2023, the Group has declared and paid dividends amounting to ₱92.9 million.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong and healthy consolidated statements of financial position to support its current business operations and drive its expansion and growth in the future.

The Group undertakes to establish the appropriate capital structure for each business line, to allow it sufficient financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group attempts to continually lengthen the maturity profile of its debt portfolio and makes it a goal to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. To maintain or adjust the capital structure, the Group may issue new shares, obtain loan from local banks or obtain additional funding from shareholders as additional paid-up capital or debt.

The Group is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital in 2023 and 2022.

The table below pertains to the account balances the Group considers as its core economic capital:

	2023	2022
Short-term debt	₱745,414,000	₱472,019,208
Long-term debt	1,879,575,896	1,276,876,788
Common stock	2,477,668,925	2,477,668,925
Preferred stock	13,264,900	13,264,900
Additional paid-in capital	1,931,178,758	1,931,178,758
Treasury shares	(94,932,275)	(94,932,275)
Retained earnings	2,834,608,536	2,380,947,983
	₱9,786,778,740	₱8,457,024,287

Earnings Per Share

Basic and diluted earnings per share amounts attributable to common equity holders of the Parent Company are as follows:

	2023	2022	2021
Net income attributable to the common shareholders of the Parent Company	₱546,514,853	₱639,005,498	₱397,579,781
Less: Cumulative preferred dividends, net of tax	83,568,870	83,574,540	7,737,858
Net income attributable to the common shareholders of the Parent	462,945,983	555,430,958	389,841,923
Weighted average number of outstanding common shares*	2,372,367,911	2,377,280,455	2,418,299,636
Basic and diluted earnings per share	₱0.20	₱0.23	₱0.16

*Weighted average common shares considering the effect of treasury shares



Earnings per share are calculated using the consolidated net income attributable to the common shareholders of the Parent Company divided by the weighted average number of outstanding common shares.

For the years ended December 31, 2023 and 2022, there were no issued and outstanding share options that could potentially dilute the Group's earnings per share.

18. General, Administrative and Selling Expenses

	2023	2022	2021
Personnel cost	₱131,444,467	₱101,055,056	₱67,941,544
Marketing (Note 26)	70,975,998	76,838,008	51,041,808
Depreciation (Notes 11 and 12)	71,646,895	33,790,156	33,185,103
Transportation and travel	44,131,525	43,233,406	19,726,274
Taxes and licenses	43,590,207	20,235,932	24,442,769
Impairment loss (Notes 8 and 12)	26,755,369	32,068,874	16,889,227
Utilities and supplies	26,808,571	16,214,613	6,628,994
Outside services	20,731,060	26,127,585	14,825,061
Professional fees	18,410,290	13,556,796	11,437,891
Repairs and maintenance	15,867,354	9,541,551	4,144,863
Retirement benefits expense (Note 19)	11,408,597	10,630,252	7,773,386
Rental (Note 21)	8,166,192	7,636,596	8,283,589
Insurance	3,989,566	2,190,367	844,381
Directors' fee	1,121,000	958,600	818,000
Provision for expected credit loss (Note 5)	828,304	1,711,427	1,833,250
Provision for inventory losses (Note 7)	—	50,241,232	—
Others	45,593,978	26,251,767	14,721,786
	₱541,469,373	₱472,282,218	₱284,537,926

Marketing expenses significantly include amortization of the costs to obtain contracts on real estate sales and advertising expenses incurred by the Group.

Others includes notarization, bank charges, subscription fees and expenses arising from business and research development and software maintenance.

19. Retirement Benefit Obligation

The Group has a funded non-contributory retirement plan covering all regular and full-time employees effective July 1, 2002 (anniversary date was amended to take effect every January 1, retroactive 2003). Benefits are dependent on the years of service and the respective employee's compensation.

The defined benefit obligation is determined using the Projected Unit Credit method. There was no plan of termination, curtailment or settlement for the years ended December 31, 2023 and 2022.



Responsibilities of Trustee

The retirement fund is being administered and managed through a Multi-Employer Retirement Plan (the “Plan”) by a trustee bank. The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed between the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Plan and the management of the retirement fund.

The Retirement Plan Trustee may seek the advice of counsel and appoint an investment manager or managers to manage the retirement fund, an independent accountant to audit the fund, and an actuary to value the retirement fund.

The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position.

The components of retirement benefit expense recognized as retirement benefits under “General, administrative and selling expenses” in the consolidated statements of comprehensive income are as follows (see Note 18):

	2023	2022	2021
Current service cost	₱6,236,494	₱7,893,633	₱5,327,848
Interest expense on defined benefit obligation	5,470,422	2,845,181	2,570,218
Interest income on plan assets	(298,319)	(108,562)	(124,680)
Total retirement benefit expense	₱11,408,597	₱10,630,252	₱7,773,386

The components of remeasurements loss (gain) on defined benefit plan recognized in OCI are as follows:

	2023	2022	2021
Remeasurement loss (gain) on plan assets	₱149,647	(₱873,184)	₱6,116
Remeasurement loss (gain) on defined benefit obligation	–	(6,849,675)	248,976
Income tax effect	(37,411)	1,930,714	1,701,640
Remeasurement loss (gain) at end of year	₱112,236	(₱5,792,145)	₱1,956,732

Remeasurement loss on defined benefit obligation recognized in the consolidated statements of financial position are as follows:

	2023	2022
At January 1	₱21,458,396	₱27,250,541
Remeasurement loss (gain) on fair value of plan assets	149,647	(873,184)
Remeasurement gain on defined benefit obligation	–	(6,849,675)
Income tax effect	(37,411)	1,930,714
At December 31	₱21,570,632	₱21,458,396



The breakdown of the retirement benefit obligation recognized in the consolidated statements of financial position follow:

	2023	2022
Present value of defined benefit obligation	₱83,152,761	₱72,316,882
Fair value of plan assets	(6,170,381)	(4,161,311)
Retirement benefit obligation	₱76,982,380	₱68,155,571

Changes in the present value of the defined benefit obligation follow:

	2023	2022
Balance at beginning of year	₱72,316,882	₱72,109,434
Current service cost	6,236,494	7,893,633
Interest cost	5,470,422	2,845,181
Benefits paid from retirement fund	(871,037)	(3,657,175)
Benefits paid from company operating fund	—	(24,516)
Remeasurement gain	—	(6,849,675)
Balance at end of year	₱83,152,761	₱72,316,882

Changes in the fair value of plan assets follow:

	2023	2022
Balance at beginning of year	₱4,161,311	₱2,911,000
Contributions to the retirement fund	2,731,435	3,925,740
Benefits paid from retirement fund	(871,037)	(3,657,175)
Interest income	298,319	108,562
Remeasurement gain (loss)	(149,647)	873,184
Balance at end of year	₱6,170,381	₱4,161,311

The fair values of plan assets by each class as of December 31 are as follows:

	2023	2022
Equity investments	₱4,171,598	₱2,950,507
Deposits in banks	2,599	2,254
Debt instruments	1,979,673	1,197,427
Others	16,511	11,123
Balance at end of year	₱6,170,381	₱4,161,311

For determination of the retirement benefit obligation as of December 31, 2023 and 2022, the following actuarial assumptions were used:

Discount rates used	7.17%
Expected rate of salary increases	5.00%

Assumptions regarding future mortality and disability are based on the 2001 CSO table-Generational and The Disability Study, Period 2, Benefit 5, respectively.

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefit obligation as of December 31, 2023 and 2022, assuming all other assumptions were held constant.



	Increase	Effect
Discount rate	+1.00%	(P3,859,849)
	-1.00%	4,364,061
Salary increase rate	+1.00%	4,721,387
	-1.00%	(4,240,785)

The average duration of the defined benefit obligation is 7.92 to 12.29 years in December 31, 2023 and 2022.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2023 and 2022.

Less than 1 year	P35,549,670
1 to less than 5 years	26,678,255
5 to less than 10 years	40,538,432
10 to less than 15 years	52,053,617
15 to less than 20 years	42,821,108
20 years and above	80,832,476

20. Income Taxes

Provision for current income tax pertains to regular corporate income tax (RCIT) and minimum corporate income tax (MCIT) as follows:

	2023	2022	2021
RCIT	P1,092,402	P279,580	(P2,463,465)
MCIT	5,158,153	5,052,298	54,874
	P6,250,555	P5,331,878	(P2,408,591)

The reconciliation of provision for income tax computed at the statutory tax rate to provision for income tax reported in the consolidated statements of comprehensive income follows:

	2023	2022	2021
Provision for income tax computed at 25%	P174,953,680	P197,122,396	P105,206,999
Adjustments for:			
Equity in net earnings of associates	(84,986,879)	(79,099,490)	(68,374,584)
Nondeductible expenses	42,816,889	21,127,109	11,168,733
Change in unrecognized deferred tax assets	20,586,222	14,046,067	8,199,620
Interest income already subjected to final tax	(31,833)	(243,839)	(88,492)
CREATE impact	—	—	(32,834,710)
	P153,338,079	P152,952,243	P23,277,566



The components of net deferred tax liabilities as of December 31, 2023 and 2022 follow:

	2023	2022
In profit and loss:		
Deferred tax liabilities on:		
Excess of real estate sales based on POC over real estate sales based on tax rules	(P558,695,556)	(P380,324,441)
Unamortized debt issue cost	(2,049,785)	(780,692)
Prepaid commission	(3,019,250)	(595,851)
Unrealized foreign exchange gain	—	(158,934)
	(563,764,591)	(381,859,918)
Deferred tax assets on:		
Fair value adjustment arising from business combination	13,301,338	13,301,338
NOLCO	56,662,648	13,062,224
Retirement benefit liability	12,210,115	10,202,221
MCIT	10,963,577	6,087,308
Allowance for impairment on receivables	698,549	698,549
Unrealized foreign exchange loss	60,551	—
	93,896,778	43,351,640
In equity:		
Deferred tax assets (liability) on:		
Preferred share issue costs recognized in APIC	6,671,734	6,671,734
Remeasurement loss on retirement benefit plan	7,084,877	7,047,465
Cumulative translation adjustment	339,963	(256,164)
	14,096,574	13,463,035
Deferred tax liabilities - net	(P455,771,239)	(P325,045,243)

Unrecognized deferred tax assets

The Group has NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized amounting to P52.8 million and P32.2 million as of December 31, 2023 and 2022, respectively. These come from the following subsidiaries: ABERDI, BAC, PTCHC, ABBWCI, NRC, SHDI, MCPI, VEC and ISI.

In 2023, the Group has derecognized the deferred tax assets of ABERDI amounting to P15.0 million as this has no probable future economic benefit. As of December 31, 2023 and 2022, the carrying amount of deferred tax assets as presented under noncurrent assets in the consolidated statements of financial position amounted to nil and P15.0 million, respectively.

The details of unrecognized deferred tax assets as at December 31, 2023 and 2022 are as follows:

	2023		2022	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
NOLCO	P208,099,593	P52,024,898	P125,377,766	P31,334,442
Excess MCIT	783,045	783,045	887,279	887,279
	P208,882,638	P52,807,943	P126,265,045	P32,221,721



NOLCO.

The details of NOLCO are as follow:

Year Incurred	Expiry Date	At December 31, 2022	Addition	Expired	At December 31, 2023
2020	December 31, 2025	₱41,586,606	₱—	₱—	₱41,586,606
2021	December 31, 2026	117,351,600	—	—	117,351,600
2022	December 31, 2025	45,461,857	—	—	45,461,857
2023	December 31, 2026	—	257,123,523	—	257,123,523
		₱204,400,063	₱257,123,523	₱—	₱461,523,586

MCIT.

The details of excess MCIT are as follow:

Year Incurred	Expiry Date	At December 31, 2022	Addition	Expired	At December 31, 2023
2020	December 31, 2023	₱386,117	₱—	(₱386,117)	₱—
2021	December 31, 2024	1,536,172	—	—	1,536,172
2022	December 31, 2025	5,052,298	—	—	5,052,298
2023	December 31, 2026	—	5,158,153	—	5,158,153
		₱6,974,587	₱5,158,153	(₱386,117)	₱11,746,623

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan 2 which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the ABCI and ABERDI recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

21. Lease Agreements

Group as a Lessor

The Group leased its various properties under operating leases. The term of the lease agreements is for 8 months to one year and is renewable upon mutual agreement of both parties. The agreements provide that the lessees shall pay for all major and minor repairs, business taxes, and charges for water, light, telephone and other utilities expense. There is no escalation clause and the leases are classified as operating leases.

Rental income from third parties under these operating leases amounted to ₱14.9 million, ₱3.2 million and ₱0.1 million in 2023, 2022 and 2021, respectively (see Note 22).



Group as a Lessee

In 2023 and 2022, the Group entered into lease agreements with related and non-related parties for its office spaces in Cagayan de Oro City, Impasug-ong and Metro Manila which have lease terms of 8 to 12 months or less and are renewable upon the agreement of both parties. The Group applies the 'short-term lease' recognition exemption for these leases.

There are no other significant restrictions imposed by lease agreements such as those concerning dividends, additional debt and further leasing.

In 2023, 2022 and 2021, rent expense amounted to ₱8.2 million, ₱7.6 million, and ₱8.3 million, respectively (see Note 18).

The Group paid advance rentals for the rights to use parcels of land in Impasugong, Kalabugao, Salawaga Tingalan, Opol, Misamis Oriental and Tignapoloan, Cagayan de Oro City and to develop them as palm oil commercial plantations under the Group's development contracts (DC) with KASAMAKA and KMBT identified as contracts containing leases scoped in under PFRS 16. There are no future lease payments related to these lease contracts. The lease agreement will expire on 2036.

In 2023 and 2022, the movements in the Group's right-of-use asset follows (see Note 12):

	2023	2022
Cost		
Balance at beginning and end of year	₱30,535,735	₱30,535,735
Accumulated depreciation		
At January 1	2,671,314	2,535,977
Depreciation	1,101,965	135,337
At December 31	3,773,279	2,671,314
Net book value	₱26,762,456	₱27,864,421

22. Other Income

	2023	2022	2021
Income from forfeited deposits	₱20,026,646	₱18,401,162	₱12,117,875
Rental income (Note 11)	14,944,353	3,245,353	105,000
Tapping fees, transfer fees and other water charges	6,347,261	4,095,755	4,862,628
Interest income (Notes 4 and 5)	486,154	2,331,406	2,183,947
Dividend income (Note 9)	5,354	10,618	7,442
Gain on sale of property and equipment (Note 12)	—	99,685	288,867
	₱41,809,768	₱28,183,979	₱19,565,759

Income from forfeited deposits pertains to collections from potential buyers deemed nonrefundable due to prescription of the period for entering into a contracted sale and/or payment from defaulting buyers upon prescription of the period for payment of the required amortizations subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*.



23. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities in relation to its financial instruments which include financial assets comprising cash, receivables (excluding advances to officers and employees), receivables from related parties, EIFVOCI and deposit in escrow and refundable deposits included under “Other assets”. This also includes financial liabilities comprising accounts and other payables (excluding statutory payables), short-term and long-term debts. The main types of risks are market risk (mainly interest rate and equity price risks), credit risk and liquidity risk which arise in the normal course of the Group’s business activities.

The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group’s results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle. The management takes charge of the Group’s overall risk management strategies and for approval of risk strategies and policies under the direction of the Group’s BOD.

The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

There were no changes in the Group’s financial risk management objectives and policies in 2023 and 2022.

The main risks arising from the use of financial instruments are credit risk, liquidity risk, interest rate risk and equity price risk. The Group’s BOD reviews and agrees with policies for managing each of these risks. These are summarized below:

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group trades only with recognized, creditworthy third parties. The Group’s receivables are monitored on an ongoing basis to manage exposure to bad debts and to ensure timely execution of necessary intervention efforts. The Group’s debt financial assets are not subject to collateral and other credit enhancement except for ICRs. Real estate buyers are subject to standard credit check procedures, which are calibrated based on payment scheme offered. The Group’s respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

In addition, the credit risk for ICRs is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject real estate property in case of refusal by the buyer to pay on time the due ICR. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%).

With respect to credit risk arising from the other debt financial assets of the Group, which comprise cash and due to a related party, the Group’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The



Group transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

For financial assets recognized on the consolidated statements of financial position, the gross exposure to credit risk equals their carrying amount except for ICR and contract assets where exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid.

The Group's maximum exposure to credit risk is equal to the carrying values of its debt financial assets except for ICR and contract assets as discussed above. The table below shows the credit quality and aging analysis of the Group's financial assets and contract assets:

	2023	2022
Financial assets:		
Cash in banks (Note 4)	₱101,421,428	₱195,980,138
Receivables (Note 5)	375,448,715	275,696,036
Receivables from related parties (Note 15)	50,894,936	106,811,847
Refundable deposits (Note 8)	52,903,664	49,701,991
Deposit in escrow (Note 8)	7,424,332	—
Contract assets (Note 14)	1,869,391,297	1,469,150,473
	₱2,457,484,372	₱2,097,340,485

The aging analysis per class of financial assets as at December 31 is as follows:

	2023						
		Neither Past	Past Due But not Impaired				
	Total	Due nor Impaired	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Impaired
Financial assets:							
Cash in banks	₱101,421,428	₱101,421,428	₱–	₱–	₱–	₱–	₱–
Receivables	375,448,715	353,529,087	4,711,034	3,420,087	2,813,567	2,341,098	8,633,842
Receivables from related parties	50,894,936	50,894,936	–	–	–	–	–
Refundable deposits	52,903,664	52,903,664	–	–	–	–	–
Deposit in escrow	7,424,332	7,424,332					
	₱588,093,075	₱566,173,447	₱4,711,034	₱3,420,087	₱2,813,567	₱2,341,098	₱8,633,842
	2022						
		Neither Past	Past Due But not Impaired				
	Total	Due nor Impaired	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Impaired
Financial assets:							
Cash in banks	₱195,980,138	₱195,980,138	₱–	₱–	₱–	₱–	₱–
Receivables	275,696,036	264,613,375	1,602,840	535,176	569,554	569,554	7,805,537
Receivables from related parties	106,811,847	106,811,847	–	–	–	–	–
Refundable deposits	49,701,991	49,701,991	–	–	–	–	–
	₱628,190,012	₱617,107,351	₱1,602,840	₱535,176	₱569,554	₱569,554	₱7,805,537

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2023 and 2022.

Low credit risk simplification approach

- *Cash and Deposit in Escrow* - These are of high quality as the amounts are deposited in reputable banks which have good bank standing and is considered to have a low credit risk. Accordingly, management assessed that no ECL relating to the cash and deposit in escrow of the Group is recognized.



General approach

- *Receivables (except ICR and trade receivables), receivables from related parties and refundable deposits* - These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables and deposits of the Group is recognized. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.

Simplified approach

- *ICR and contract assets* - These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables of the Group is recognized. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.
- *Trade receivables* - These are high grade since these pertain to receivables from customers who have established good credit standing with the Company. The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. Accordingly, management assessed and recognized ECL relating to trade receivables amounting to ₱0.88 million and ₱1.7 million in 2023 and 2022, respectively. Trade receivables are regarded as short-term and while there are certain accounts that are past-due, the Group evaluates the credit risk with respect to trade receivables as low as there were no history of default payments.

2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱274,756,965	₱—	₱—	₱2,191,361,248	₱2,466,118,213
ECL allowance	—	—	—	(8,633,841)	(8,633,841)
Carrying amount	₱274,756,965	₱—	₱—	₱2,182,727,407	₱2,457,484,372

2022					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱457,629,396	₱—	₱—	₱1,647,516,626	₱2,105,146,022
ECL allowance	—	—	—	(7,805,537)	(7,805,537)
Carrying amount	₱457,629,396	₱—	₱—	₱1,639,711,089	₱2,097,340,485

Applying the expected credit risk model resulted to recognition of impairment loss of ₱0.8 million and ₱1.7 million from receivables in 2023 and 2022, respectively.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Group monitors its cash flow position



and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed adequate by management to finance its operations and capital requirements and to mitigate the effects of fluctuations in cash flows. The Group considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, this is backed up by contracts to sell and collaterals. Further, the Group's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt. In addition, the Group also has credit lines available if immediate payment is needed. As part of its liquidity risk management, it regularly evaluates its projected and actual cash flows.

The tables below summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of its financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments:

2023				
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
Cash	₱118,082,483	₱—	₱—	₱118,082,483
Receivables	9,000,000	357,814,874		366,814,874
EIFVOCI	—	—	362,386,957	362,386,957
Receivables from related parties	50,894,936	—	—	50,894,936
Refundable deposits	—	843,263	52,060,401	52,903,664
Deposit in escrow	7,424,332	—	—	7,424,332
Total financial assets	185,401,751	358,658,137	414,447,358	958,507,246
Contract assets	—	494,203,019	1,375,188,278	1,869,391,297
	185,401,751	852,861,156	1,789,635,636	2,827,898,543
Financial Liabilities				
Accounts and other payables*		925,373,682	—	925,373,682
Short-term debt				
Principal	—	745,414,000	—	745,414,000
Interest	—	47,219,304	—	47,219,304
Long-term debt				
Principal	—	483,256,690	1,404,552,845	1,887,809,535
Interest	—	18,465,688	53,669,269	72,134,957
	—	2,219,729,364	1,458,222,114	3,677,951,478
Net Inflow (Outflow)	₱185,401,751	(₱1,366,868,208)	₱331,413,522	(₱850,052,935)

* Excluding statutory payables

2022				
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
Cash	₱209,847,156	₱—	₱—	₱209,847,156
Receivables	20,000,000	247,890,499		267,890,499
EIFVOCI	—	—	301,030,435	301,030,435
Receivables from related parties	106,811,847	—	—	106,811,847
Refundable deposits	—	827,263	48,874,728	49,701,991
Total financial assets	336,659,003	248,717,762	349,905,163	935,281,928
Contract assets	—	684,156,555	784,993,918	1,469,150,473
	336,659,003	932,874,317	1,134,899,081	2,404,432,401
Financial Liabilities				
Accounts and other payables*	₱—	₱915,803,207	₱—	₱915,803,207
Short-term debt				
Principal	—	472,019,208	—	472,019,208
Interest	—	29,900,724	—	29,900,724
Long-term debt				
Principal	—	318,604,203	961,395,351	1,279,999,554
Interest	—	12,174,163	36,735,864	48,910,027
	—	1,748,501,505	998,131,215	2,746,632,720
Net Inflow (Outflow)	₱336,659,003	(₱815,627,188)	₱136,767,866	(₱342,200,319)

* Excluding statutory payables



Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes.

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all variables held constant, of the Group's income before tax and equity, through the impact on floating rate borrowings:

2023		2022	
Increase (decrease) in basis points	Effect on profit before tax	Increase (decrease) in basis points	Effect on profit before tax
200	(23,314,561)	200	(15,151,039)
100	(11,657,281)	100	(7,575,519)
(100)	11,657,281	(100)	7,575,519
(200)	23,314,561	(200)	15,151,039

Equity Price Risk. The Group's equity investments in golf and club shares are susceptible to market price risk arising from uncertainties about future values of the investment securities.

As of December 31, 2023 and 2022, the Group's exposure to equity price risk with respect to EIFVOCI is minimal.

Fair Value of Financial Assets and Liabilities

The following table presents a comparison by category of carrying values and estimated fair values of the Group's financial instruments as at December 31:

	2023		2022	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Cash	₱118,082,483	₱118,082,483	₱209,847,156	₱209,847,156
Receivables	366,814,874	366,814,874	267,890,499	267,890,499
Receivables from related parties	50,894,936	50,894,936	106,811,847	106,811,847
EIFVOCI	362,386,957	362,386,957	301,030,435	301,030,435
Refundable deposits	52,903,664	52,903,664	49,701,991	49,701,991
Deposit in escrow	7,424,332	7,424,332	—	—
	₱958,507,246	₱958,507,246	₱935,281,928	₱935,281,928
Financial Liabilities				
Accounts and other payables*	₱925,373,682	₱925,373,682	₱915,803,207	₱915,803,207
Short-term debt	745,414,000	745,414,000	472,019,208	472,019,208
Long-term debt	1,887,809,535	1,915,364,480	1,279,999,554	1,399,827,840
	₱3,558,597,217	₱3,586,152,162	₱2,667,821,969	₱2,787,650,255

* Excluding statutory payables



The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash, receivables, deposit in escrow, accounts and other payables and short term-debt.* The fair values approximate their carrying amounts as of reporting dates due to the short-term maturity of these financial instruments.
- *ICR.* The fair value of ICR due within one year approximates its carrying amount.
- *Receivables from related parties.* Carrying amounts of receivables from related parties which are collectible on demand approximate their fair values. Receivables from related parties are unsecured and have no foreseeable terms of repayments.
- *EIFVOCI.* For unquoted equity securities, the fair value is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair values are determined based on average selling price of price per share of similar or identical assets traded in an active market (Level 2 input).
- *Refundable deposits.* The fair values of refundable deposits are not determinable since the timing of each refund is not reasonably predictable, hence presented at cost.
- *Long-term debt.* The fair value of borrowings with fixed interest rate is based on the discounted net present value of cash flows using the PH BVAL. Discount rates used range from 7.1% to 8.3% and 5.9% to 8.4% in 2023 and 2022, respectively. The Group classifies the fair value of its long-term debt under Level 3.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2023, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
EIFVOCI	₱362,386,957	₱—	₱362,386,957	₱—
Disclosed at fair value:				
Long-term debt	1,915,364,480	—	—	1,915,364,480

As at December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



24. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The segments where the Group operate follow:

- Real estate development - Development of land into commercial and residential subdivision, sale of lots and residential houses and the provision of customer financing for sales;
- Agricultural - Development of land for palm oil production and sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.
- Power and utilities - Operating of power plants and/or purchase, generation, production supply and sale of power. However, there was no commercial operations yet as of December 31, 2023. The results of operations of the associates operating in the power and utilities industry are presented in this segment.
- Holding - Holding of properties of every kind and description.
- Services - Provide irradiation services for all types of goods.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For the years ended December 31, 2023, 2022 and 2021, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information about the operations of these operating segments is summarized below (in thousands):

For the Year Ended December 31, 2023							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Revenue	₱1,482,220	₱255,768	₱-	₱-	₱-	(₱113,205)	₱1,624,783
Costs and expenses	575,774	235,564	-	-	-	(113,205)	698,133
Gross profit	906,446	20,204	-	-	-	-	926,650
General, administrative and selling expenses	(339,373)	(191,566)	(7,184)	(566)	(9,503)	6,723	(541,469)
Other income (expenses)	(37,879)	15,452	805,782	2	(2)	(468,721)	314,634
Income (loss) before income tax	529,194	(155,910)	798,598	(564)	(9,505)	(461,998)	699,815
Provision for (benefit from) income tax	135,654	12,784	(3)	-	584	4,319	153,338
Net income (loss)	₱393,540	(₱168,694)	₱798,601	(₱564)	(₱10,089)	(₱466,317)	₱546,477

As of December 31, 2023							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Other information							
Segment assets	₱11,255,743	₱1,155,565	₱1,796,770	₱1,045,440	₱559,424	(₱4,103,440)	₱11,709,502
Deferred tax assets	-	-	-	-	-	-	-
Total Assets	₱11,255,743	₱1,155,565	₱1,796,770	₱1,045,440	₱559,424	(₱4,103,440)	₱11,709,502
Segment liabilities	₱3,704,983	₱1,345,085	₱16,251	₱853,432	₱521,052	(₱2,259,044)	₱4,181,759
Deferred tax liabilities	467,523	-	1	-	663	(12,416)	455,771
Total Liabilities	₱4,172,506	₱1,345,085	₱16,252	₱853,432	₱521,715	(₱2,271,460)	₱4,637,530



For the Year Ended December 31, 2022							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Revenue	₱1,404,064	₱116,143	₱—	₱—	₱—	₱—	₱1,520,207
Costs and expenses	491,935	87,730	—	—	—	—	579,665
Gross profit	912,129	28,413	—	—	—	—	940,542
General, administrative and selling expenses	(311,379)	(153,611)	(16,047)	(489)	(2,401)	11,645	(472,282)
Other income (expenses)	3,841	2,860	556,512	(10)	16	(242,989)	320,230
Income (loss) before income tax	604,591	(122,338)	540,465	(499)	(2,385)	(231,344)	788,490
Provision for (benefit from) income tax	151,464	(2,478)	2	—	80	3,885	152,953
Net income (loss)	₱453,127	(₱119,860)	₱540,463	(₱499)	(₱2,465)	(₱235,229)	₱635,537

As of December 31, 2022							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Other information							
Segment assets	₱9,780,302	₱1,181,316	₱1,704,755	₱1,065,751	₱241,398	(₱3,983,254)	₱9,990,268
Deferred tax assets	—	11,410	—	—	—	4,169	15,579
Total Assets	₱9,780,302	₱1,192,726	₱1,704,755	₱1,065,751	₱241,398	(₱3,979,085)	₱10,005,847
Segment liabilities	₱2,997,934	₱1,228,878	₱41,834	₱853,463	₱193,600	(₱2,194,769)	₱3,120,940
Deferred tax liabilities	336,862	—	3	—	—	(11,820)	325,045
Total Liabilities	₱3,334,796	₱1,228,878	₱41,837	₱853,463	₱193,600	(₱2,206,589)	₱3,445,985

For the Year Ended December 31, 2021							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Revenue	₱653,289	₱56,980	₱—	₱—	₱—	₱—	₱710,269
Costs and expenses	229,270	42,017	—	—	—	—	271,287
Gross profit	424,019	14,963	—	—	—	—	438,982
General, administrative and selling expenses	(198,893)	(73,515)	(4,362)	(1,795)	(9,742)	3,769	(284,538)
Other income (expenses)	(5,824)	1,596	506,103	(6)	5	(235,490)	266,384
Income (loss) before income tax	219,302	(56,956)	501,741	(1,801)	(9,737)	(231,721)	420,828
Provision for (benefit from) income tax	22,119	(1,502)	—	—	—	2,661	23,278
Net income (loss)	₱197,183	(₱55,454)	₱501,741	(₱1,801)	(₱9,737)	(₱234,382)	₱397,550

As of December 31, 2021							
	Real Estate Development	Agricultural	Power and Utilities	Holding	Services	Eliminations	Consolidated
Other information							
Segment assets	₱8,456,142	₱1,207,940	₱1,529,346	₱1,121,523	₱93,809	(₱3,794,545)	₱8,614,215
Deferred tax assets	—	8,957	—	14	—	2,559	11,530
Total Assets	₱8,456,142	₱1,216,897	₱1,529,346	₱1,121,537	₱93,809	(₱3,791,986)	₱8,625,745
Segment liabilities	₱2,413,454	₱1,137,237	₱41,679	₱845,257	₱78,546	(₱2,041,540)	₱2,474,633
Deferred tax liabilities	188,684	—	2	—	—	(11,400)	177,286
Total Liabilities	₱2,602,138	₱1,137,237	₱41,681	₱845,257	₱78,546	(₱2,052,940)	₱2,651,919

25. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities:

2023					
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	₱472,019,208	₱830,721,000	(₱557,326,208)	₱—	₱745,414,000
Long-term debt	1,279,999,554	1,013,535,044	(405,725,063)	—	1,887,809,535
Debt issue cost	(3,122,766)	—	(7,372,997)	2,262,124	(8,233,639)
Interest payable	6,514,943	—	(181,316,214)	182,903,909	8,102,638
Preferred share dividends	—	—	(92,854,300)	92,854,300	—
	₱1,755,410,939	₱1,844,256,044	(₱1,244,594,782)	₱278,020,333	₱2,633,092,534



	2022				
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	₱443,461,020	₱326,857,000	(₱298,298,812)	₱—	₱472,019,208
Long-term debt	1,052,455,009	484,720,800	(257,176,255)	—	1,279,999,554
Debt issue cost	—	—	(3,555,000)	432,234	(3,122,766)
Interest payable	2,883,267	—	(95,992,851)	99,624,527	6,514,943
Preferred share dividends	—	—	(92,860,000)	92,860,000	—
	₱1,498,799,296	₱811,577,800	(₱747,882,918)	₱192,916,761	₱1,755,410,939

Others include interest expenses paid, capitalized borrowing costs, amortized debt issue costs and dividends declared during the year.

The Group's noncash investing and financing activities pertain to the following:

- Dividend receivable amounted to ₱9.0 million and ₱20.0 million as of December 31, 2023 and 2022, respectively.
- In 2023 and 2022, capitalized borrowing cost on real estate inventories amounted to ₱102.0 million and ₱75.3 million, respectively.
- In 2023 and 2022, capitalized borrowing cost on property, plant and equipment amounted to ₱16.0 million and ₱0.1 million, respectively.
- In 2023 and 2022, capitalized depreciation expense amounted to ₱11.2 million and ₱11.1 million, respectively.
- In 2023, the Group has outstanding payable in relation to the additions in property, plant and equipment amounting to ₱34.5 million.

26. Revenue from Contracts with Customers

Revenue Disaggregation

The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

	2023	2022	2021
<i>Type of product:</i>			
Real estate sales			
Lot-only units	₱836,143,956	₱892,937,107	₱245,570,349
House and lot units	618,642,173	485,802,048	382,882,076
Sale of agricultural goods			
Crude palm oil	126,844,087	102,474,075	33,902,921
Palm olein	4,152,175	4,422,098	16,423,563
Palm stearin	4,148,250	1,824,045	1,762,946
Palm acid oil	3,679,120	3,873,180	2,345,170
Palm fatty acid distillate	2,030,160	873,887	1,890,880
Palm kernel nut	1,571,894	—	286,130
Palm kernel	137,600	924,944	368,602
Refined bleached deodorized oil	—	1,751,240	—
Water service	27,433,584	25,323,973	24,836,284
	₱1,624,782,999	₱1,520,206,597	₱710,268,921



The real estate sales and water service revenue are revenue from contracts with customers that are recognized over time while revenue from sale of agricultural goods are recognized at a point in time.

Cost to obtain contract are derecognized if sales are subsequently cancelled. The balances below pertain to the costs to obtain contracts:

	2023	2022
Balance at January 1	₱2,383,406	₱12,725,634
Additions	50,429,909	38,477,515
Amortization	(40,736,314)	(48,819,743)
Balance at December 31	₱12,077,001	₱2,383,406

The amortization of prepaid commissions which are expensed as the related revenue is recognized totaling ₱40.7 million, ₱48.8 million, and ₱34.6 million in 2023, 2022 and 2021, respectively, are recognized as marketing expenses presented under “General, administrative and selling expenses” account in the consolidated statements of comprehensive income (see Note 18).

Performance obligation

Information about the Parent Company’s significant performance obligation is summarized below:

Real estate sales

The Parent Company entered into contracts to sell with one identified performance obligation, which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii), and service lot and house and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payments of 10% to 25% of the contract price spread over a certain period (e.g., three months to four years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The remaining performance obligation is expected to be recognized within one year which relate to the continuous development of the Group’s real estate projects. The Group’s real estate projects are completed within 6 months to 12 months, from start of construction.

27. Other Matters

Impasug-Ong and Kalabugao Plantations

The Group entered into a DC with KASAMAKA at the Municipality of Impasug-ong, Bukidnon concerning the development of palm oil commercial plantation on August 2006.

KASAMAKA had been granted with Community Based Forest Management Agreement (CBFMA) no. 55093, by the Department of Environment and National Resources (DENR) on



December 22, 2000 covering an area of 2,510.80 hectares. Under the CBFMA, KASAMAKA is mandated to develop, manage and protect the allocated community forest project area. Moreover, it is allowed to enter into agreements or contracts with private or government entities for the development of the whole or portion of the CBFMA area.

The project's objectives are to establish approximately 894 hectares into a commercial palm plantation within 5 years (2006-2011). However, ABERDI may intercrop suitable agricultural crops in the plantation and raise livestock, the harvest and produce of which shall belong to ABERDI. The responsibilities of KASAMAKA with regards to the project follow:

- To provide the land area of 894 hectares within CBFMA area for oil palm plantation; and,
- To provide manpower needs of the Group in all developmental activities such as land preparation, planting, weeding, fertilization, harvesting, maintenance and others.

On the other hand, the responsibility of ABERDI in regard to the project is to provide technical and financial resources to develop the 894 hectares into palm oil plantation for a period of 20 years up to 2026.

Opol Plantation

The Group entered into a DC for the establishment of palm oil commercial plantation in Tingalan, Opol, Misamis Oriental with KMBT.

KMBT has been granted CBFMA No. 56297 by DENR on December 31, 2000 covering a total area of 1,000 hectares of forest lands located in Tingalan, Opol, Misamis Oriental to develop, manage and protect the allocated Community Forest Project Area.

The roles and responsibilities of KMBT under the Development Contract are as follows:

- To provide the land area within the CBFMA for oil plantation; and,
- To provide manpower needs of NC in all developmental activities such as land preparation, planting, weeding, fertilization, harvesting, maintenance and others.

On the other hand, the responsibility of NC in regard to the project is to provide technical and financial resources to develop the covered area into palm oil plantation for a period of 25 years.

In 2019, the Group entered into a contract with the landowners' association in Tingalan, Opol, Misamis Oriental providing the landowners a royalty fee of ₱10.0 per metric ton of fresh fruit bunches harvested. The royalty fee is included as part of the costs of purchase of FFB recognized under "Other inventories - at cost" in the consolidated statements of financial position.

Subsequent Events

Preferred Shares Offering

On November 3, 2023, the BOD approved the offer and sale to the public of up to 15,000,000 Non-voting Preferred Shares, to be issued and offered under the Corporation's 50,000,000 Preferred Shares Shelf Registration under MRSD Order No. 76 series 2021.

The Board likewise authorized Management to cause the preparation and filing of (i) a Registration Statement and Offer Supplement in relation to the Offer under the Shelf Registration; (ii) a Listing Application with the Philippines Stock Exchange ("PSE") for the Offer; (iii) the approval of all the



disclosure contained in the Registration Statement, the Offer Supplement, and Listing Application to be filed with the Securities and Exchange Commission and the PSE.

Consequently, the Company filed on November 7, 2023 an Amended Registration Statement together with a Preliminary Offer Supplement for the issuance of 10,000,000 Preferred Shares with an oversubscription option of 5,000,000 Preferred Shares to be offered at an issue price of Php100.00 per share (the “Offer Shares”).

On February 12, 2024, the Parent Company secured the approval from PSE for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable “Series B and C” preferred shares at the option of the Parent Company. The “Series B” and “Series C” preference shares are entitled to fixed rate cash dividends at 8.25% and 8.75% per annum, respectively.

On February 23, 2024, the Parent Company concluded its follow-on offering (FOO) and has listed its Series B and Series C preferred shares on the Philippine Stock Exchange. A total of 7,341,750 and 6,941,000 Series B and Series C preferred shares were issued, respectively. The offering allowed the Parent Company to raise ₱1.4 billion as new capital.

Dividend Declaration

Pursuant to the yearly cash dividends on “Series A” preferred shares (see Note 17), on February 1, 2024, the BOD approved the declaration of cash dividends in the amount of ₱1.75 per share out of the Parent Company’s unrestricted retained earnings as of December 31, 2023 to all holders of “Series A” preferred shares on record as of February 16, 2024, payable on March 1, 2024, all preferred stockholders of record as of May 3, 2024, payable on May 29, 2024, all preferred stockholders of record as of August 1, 2024, payable on August 29, 2024 and all preferred stockholders of record as of November 5, 2024, payable on November 29, 2024.

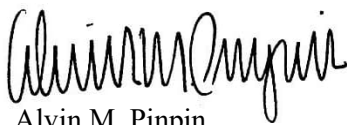


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates Uptown, Airport Road
Balulang, Cagayan de Oro City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 8, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until December 22, 2026

PTR No. 10079991, January 6, 2024, Makati City

April 8, 2024

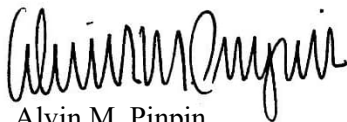


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates Uptown, Airport Road
Balulang, Cagayan de Oro City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 8, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin
Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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April 8, 2024



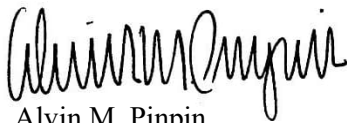
INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A Brown Company, Inc.
Xavier Estates Uptown, Airport Road
Balulang, Cagayan de Oro City

We have audited the accompanying financial statements of A Brown Company, Inc. (the Parent Company), as at December 31, 2023 and for the year then ended, on which we have rendered the attached report dated April 8, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has 2,020 common stockholders and 3 preferred stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10079991, January 6, 2024, Makati City

April 8, 2024



A BROWN COMPANY, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Consolidated Financial Statements

Report of Independent Auditors' Report

Consolidated Statements of Financial Position as of December 31, 2023 and 2022

Consolidated Statements of Comprehensive Income for the Years Ended
December 31, 2023, 2022 and 2021

Consolidated Statements of Changes in Equity for the Years Ended
December 31, 2023, 2022 and 2021

Consolidated Statements of Cash flows for the Years Ended
December 31, 2023, 2022 and 2021

Notes to Consolidated Financial Statements

A BROWN COMPANY, INC. AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Annex 68-J

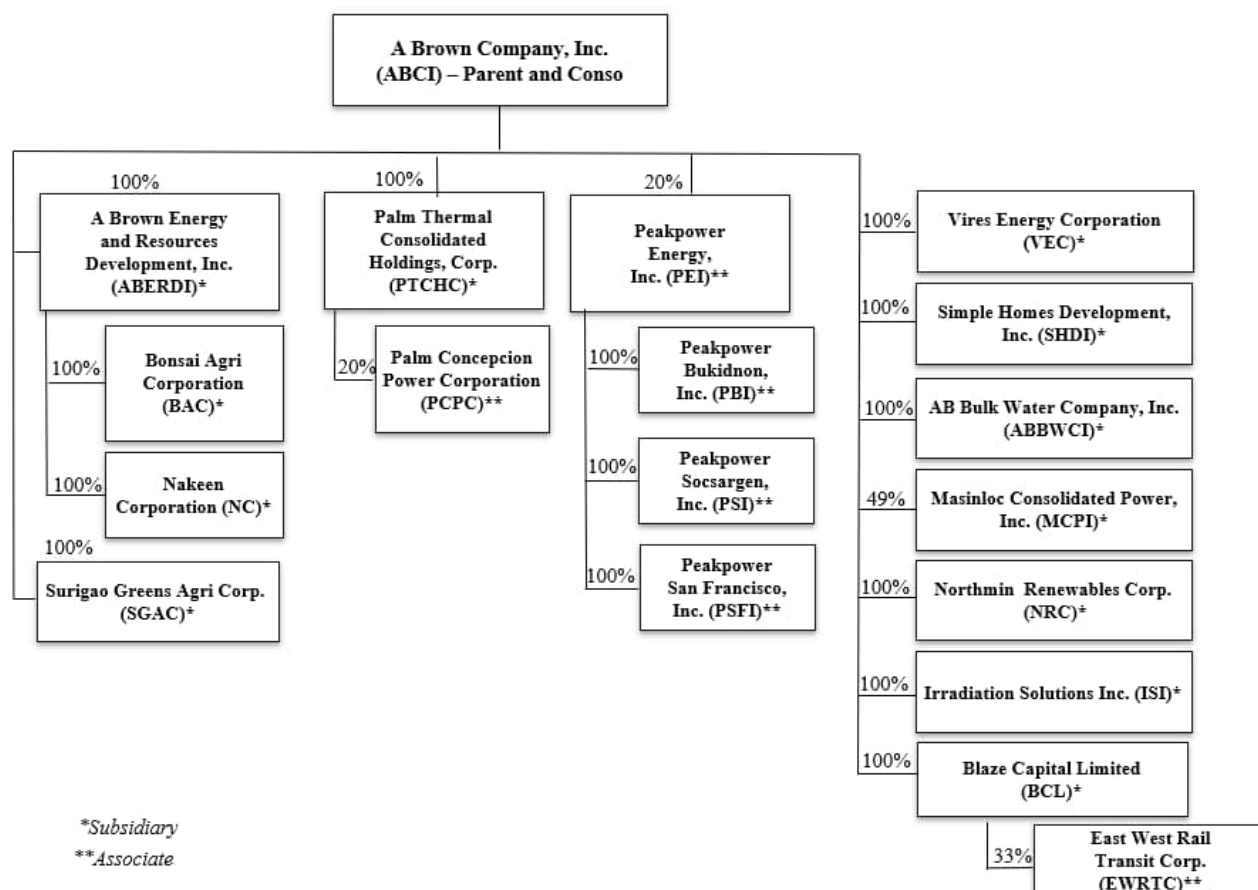
- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

SCHEDULE I**A BROWN COMPANY, INC. AND SUBSIDIARIES****RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
DECEMBER 31, 2023**

Unappropriated Retained Earnings, as of January 1, 2023	₱2,274,547,568
Less: Deferred tax assets that reduced the amount of income tax expense	(31,275,302)
Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(92,854,300)
Unappropriated Retained Earnings, beginning as adjusted	2,150,417,966
Add/Less: Net Income (loss) for the current year	669,525,641
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Treasury shares (except for reacquisition of redeemable shares)	(94,932,275)
Deferred tax asset not considered in the reconciling items under the previous categories	(50,545,929)
Total Retained Earnings, end of the reporting period available for dividend	₱2,674,465,403

A BROWN COMPANY, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2023



A BROWN COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS

DECEMBER 31, 2023

	Number of shares or principal amount of bonds and notes	Amount shown in the consolidated statement of financial position	Income received or accrued
Cash	—	₱118,082,483	₱128,679
Receivables			
Dividend receivable	—	9,000,000	—
Trade receivable	—	22,398,533	—
ICR	—	299,571,418	327,794
Advances to officers and employees		9,489,854	
Other receivables	—	34,988,910	—
EIFVOCI	29,387,017	362,386,957	5,354
Deposit in escrow	—	7,424,332	—
Receivables from related parties	—	50,894,936	—
Refundable deposits	—	52,903,664	—
	29,387,017	₱967,141,087	₱461,827

SCHEDULE III - B

A BROWN COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES) DECEMBER 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at the end of the period
<i>Not applicable. The Group's receivables from officers and employees pertain to ordinary purchases subject to usual terms, travel and expense advances and other transactions arising from the Group's ordinary course of business.</i>						

A BROWN COMPANY, INC. AND SUBSIDIARIES
**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
 RELATED PARTIES WHICH ARE ELIMINATED DURING THE
 CONSOLIDATION OF FINANCIAL STATEMENTS
 DECEMBER 31, 2023**

Intercompany receivable and payable

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱88,535,723	(₱72,358,116)	₱16,177,607
ABERDI	23,512,588	(10,558,870)	12,953,718
ABBWCI	—	(15,512,917)	(15,512,917)
SHDI	—	(2,286,793)	(2,286,793)
BAC	—	(1,763,847)	(1,763,847)
NC	26,550,747	(4,478,104)	22,072,643
BCL	—	(28,736,065)	(28,736,065)
MCPI	—	(239,387)	(239,387)
ISI	—	(4,760,458)	(4,760,458)
VEC	—	(4,866,990)	(4,866,990)
SGAC	7,770,260	—	7,770,260
PTCHC	—	(807,771)	(807,771)
Total Eliminated Receivables/Payables	₱146,369,318	(₱146,369,318)	₱—

Deposit for future stock subscription (DFFS) classified as liability

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱1,996,258,872	₱—	₱1,996,258,872
ABERDI	248,047,978	(936,371,204)	(688,323,226)
NC	—	(248,037,603)	(248,037,603)
PTCHC	—	(749,427,698)	(749,427,698)
BCL	—	(12,109,707)	(12,109,707)
ISI	—	(120,000,000)	(120,000,000)
VEC	—	(103,102,148)	(103,102,148)
SGAC	—	(75,258,490)	(75,258,490)
Total Eliminated DFFS	₱2,244,306,850	(₱2,244,306,850)	₱—

A BROWN COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

DECEMBER 31, 2023

Long-term Debt			
Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related consolidated statement of financial position	Amount shown under caption "long-term debt" in related consolidated statement of financial position
Term Loan	₱2,761,736,249	₱480,838,826	₱1,398,737,070

A BROWN COMPANY, INC. AND SUBSIDIARIES**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)****DECEMBER 31, 2023**

Indebtedness to related parties (Long-term loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
Shareholders	₱184,091,664	₱124,335,012

A BROWN COMPANY, INC. AND SUBSIDIARIES**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES
OF OTHER ISSUERS****DECEMBER 31, 2023**

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
Not applicable				

SCHEDULE III - G

A BROWN COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK

DECEMBER 31, 2023

Title of Issue	Number of shares		Number of shares reserved for options warrants, conversion and other rights	Number of shares held by		
	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption		Affiliates	Directors, officers and employees	Others
Common stock	3,250,000,000	2,372,367,911	—	1,351,556,468	216,929,848	803,881,595
Preferred stock	50,000,000	13,264,900	—	—	54,000	13,210,900
Total	3,300,000,000	2,385,632,811	—	1,351,556,468	216,983,848	817,092,495

A BROWN COMPANY, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2023

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2023 and 2022.

Ratios	Formula	2023	2022
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.00	2.34
Acid test ratio	$\frac{\text{Quick assets}}{\text{Current liabilities}}$	0.20	0.28
Solvency ratio	$\frac{\text{Net income} + \text{Depreciation}}{\text{Total liabilities}}$	0.13	0.19
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.66	0.53
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.66	1.53
Interest rate coverage ratio	$\frac{\text{EBITDA}}{\text{Total interest paid}}$	4.62	8.82
Return on equity	$\frac{\text{Net income}}{\text{Average total equity}}$	0.08	0.10
Return on assets	$\frac{\text{Net income}}{\text{Average total assets}}$	0.05	0.07
Net profit margin	$\frac{\text{Net income}}{\text{Net revenue}}$	0.34	0.42

APPENDIX B - DESCRIPTION OF PROPERTY

Location	Owned By	Area (sq.m.)
Luzon		
Angono, Rizal	A Brown Company, Inc.	263
Binangonan, Rizal ⁽¹⁾	A Brown Company, Inc.	162,647
Cuyambay, Tanay, Rizal	A Brown Company, Inc.	1,670,017
Sampaloc, Tanay, Rizal	A Brown Company, Inc.	1,627,779
Plaza Aldea, Tanay, Rizal	A Brown Company, Inc.	25,806
Laiban, Tanay, Rizal	A Brown Company, Inc.	60,084
Simlong, Batangas City	A Brown Company, Inc.	24,320
Brgy. Bahay Toro & Culiati, Quezon City	A Brown Company, Inc.	5,550
Tungkod, Sta. Maria, Laguna	A Brown Company, Inc.	48,947
Luzon Subtotal		3,625,413
Mindanao		
Balubal, Cagayan de Oro	A Brown Company, Inc.	128,098
Balulang, Cagayan de Oro ⁽²⁾	A Brown Company, Inc.	310,393
Bayanga, Cagayan de Oro ⁽³⁾	A Brown Company, Inc.	758,318
Brgy. Cugman, Cagayan de Oro City	A Brown Company, Inc.	1,160
Butuan, Agusan del Norte ⁽⁴⁾	A Brown Company, Inc.	663,864
Casisang, Malaybalay City, Bukidnon ⁽⁵⁾	A Brown Company, Inc.	36,898
Claveria, Misamis Oriental	A Brown Company, Inc.	303,192
Damilag, Bukidnon	A Brown Company, Inc.	65,866
Davao City	A Brown Company, Inc.	42
Initao, Misamis Oriental	A Brown Company, Inc.	154,751
Kalugmanan, Manolo Fortich, Bukidnon	A Brown Company, Inc.	1,843,364
Libertad, Agusan del Norte	A Brown Company, Inc.	9,990
Macasandig, Cagayan de Oro	A Brown Company, Inc.	40,775
Mambuaya, Cagayan de Oro	A Brown Company, Inc.	28,464
Manapa, Buenavista, Agusan del Norte ⁽⁶⁾	A Brown Company, Inc.	275,138
Talakag, Bukidnon	A Brown Company, Inc.	179,554
Valencia City, Bukidnon ⁽⁷⁾	A Brown Company, Inc.	303,902
Mindanao Subtotal		5,103,769

Properties Owned by Subsidiaries		
Impasug-ong, Bukidnon	A Brown Energy and Resources Development, Inc.	160,000
Libertad, Butuan City	Simple Homes Development, Inc.	20,000
Tambis, Barobo, Surigao del Sur	Surigao Greens Agri Corp.	70,000
Sampaloc, Tanay, Rizal ⁽⁸⁾	Irradiation Solutions Inc.	12,734
Subsidiaries Subtotal		262,734
GRAND TOTAL		8,991,916

Description of Properties

The table above sets out the real properties owned by A Brown Company, Inc. and by its subsidiaries, consisting of an aggregate landholding of 8,991,916 sq.m. across Luzon and Mindanao. These properties are held by the Company as land for future real estate development and as investment properties, and, in the case of the Company's subsidiaries, as property, plant, and equipment (PPE) used in their respective operations. The discussion below describes the mortgages, liens, and other encumbrances affecting these properties.

Mortgages, Liens, and Encumbrances

As of the date of this Prospectus, an aggregate of 39 titled lots with a combined area of approximately 916,199.61 sq.m., representing approximately 10.2% of the Company's total landholdings, are subject to real estate mortgages in favor of Land Bank of the Philippines (LBP), Union Bank of the Philippines (UBP), Philippine National Bank (PNB), and China Banking Corporation, as security for outstanding loan facilities and a project finance facility obtained by the Company and its subsidiary in the ordinary course of business. The properties indicated by superscript reference (1) through (8) in the tables above correspond to the following mortgaged properties:

- (1) Six (6) titled lots in Binangonan, Rizal with an aggregate area of 148,953 sq.m. are mortgaged to Union Bank of the Philippines (UBP) as security for an outstanding loan facility.
- (2) Eight (8) titled lots in Balulang, Cagayan de Oro with an aggregate area of 78,893.61 sq.m. are mortgaged to Land Bank of the Philippines (LBP) and Union Bank of the Philippines (UBP) as security for outstanding loan facilities.
- (3) Ten (10) titled lots in Bayanga, Cagayan de Oro with an aggregate area of 303,297 sq.m. are mortgaged to Land Bank of the Philippines (LBP) as security for an outstanding loan facility.
- (4) Seven (7) titled lots in Butuan, Agusan del Norte with an aggregate area of 174,388 sq.m. are mortgaged to Union Bank of the Philippines (UBP) as security for an outstanding loan facility.
- (5) Four (4) titled lots in Casisang, Malaybalay City, Bukidnon with an aggregate area of 36,898 sq.m. are mortgaged to Union Bank of the Philippines (UBP) as security for an outstanding loan facility.
- (6) Two (2) titled lots in Manapa, Buenavista, Agusan del Norte with an aggregate area of 100,000 sq.m. are mortgaged to Philippine National Bank (PNB) as security for an outstanding loan facility.
- (7) One (1) titled lot in Valencia City, Bukidnon with an area of 61,036 sq.m. is mortgaged to Union Bank of the Philippines (UBP) as security for an outstanding loan facility.
- (8) One (1) titled lot in Tanay, Rizal with an area of 12,734 sq.m., owned by Irradiation Solutions Inc. (ISI), is mortgaged to China Banking Corporation as part of a project finance facility obtained for the ISI E-Beam irradiation facility.

Other than the foregoing, none of the Company's remaining properties listed are subject to any mortgage, lien, or encumbrance, and the titles thereto are free and unencumbered as of the date of this Prospectus.

Leased Properties

Certain parcels within the Company's Butuan, Agusan del Norte landholding (referenced under note (4) above) with an aggregate area of 174,388 sq.m. are leased to West Highlands Golf Club, an independent entity that operates a golf course and related leisure facilities on the subject properties. Rental income generated from leased land amounted to ₱3.4 million in 2025.

Planned Property Acquisitions in the Next Twelve (12) Months

The Company has not identified any new properties for acquisition within the next twelve (12) months. However, the following properties are currently being acquired through installment payments under existing purchase agreements, with closing documentation expected to be completed upon full payment of the applicable purchase price:

(i) Certain parcels in Ampayon, Butuan City; Claveria, Misamis Oriental; and Buenavista, Agusan del Norte with an aggregate area of approximately 503,704 sq.m. are being acquired from private sellers on installment terms, with an aggregate acquisition cost of approximately ₱381.6 million. These parcels are covered by TCT Nos. 2698, 55650, 55093, R3381, 158-2017000299, and TD 1809316. Closing documentation for these properties is expected to be completed upon full settlement of the purchase price under the respective purchase agreements.

(ii) A parcel of land consisting of approximately 4,024 sq.m. located at Barangay 27, Cagayan de Oro City, Misamis Oriental, covered by TCT Nos. T-30549, T-30548, T-30547, and T-204428, is being acquired from the Province of Misamis Oriental for a total purchase price of ₱281,680,000, payable on an installment basis pursuant to the Joint Venture Agreement between the Company and the Province of Misamis Oriental as approved under Ordinance No. 1613-2024 of the Sangguniang Panlalawigan of Misamis Oriental. The Deed of Sale in favor of the Company shall be executed by the Province upon full payment of the purchase price.

All of the foregoing acquisitions are being funded through the Company's internally generated funds.



A BROWN COMPANY, INC.

(a company incorporated under the laws of the Republic of the Philippines)

OFFER SUPPLEMENT

**Offer of ₱3,000,000,000.00 Fixed Rate Bonds
with an Oversubscription Option of up to P2,000,000,000.00
under its ₱12,000,000,000.00 Shelf Registration**

consisting of:

Series A Bonds: 7.4428% p.a. due 2029

Series B Bonds: 7.9583% p.a. due 2031

at an Offer Price of 100.00% of Face Value

**to be listed and traded on the
Philippine Dealing & Exchange Corp.**

Sole Issue Manager



Joint Lead Underwriters and Joint Bookrunners



THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

This Offer Supplement is dated June 18, 2026

A BROWN COMPANY, INC.
Xavier Estates Masterson Avenue,
Upper Balulang, Cagayan de Oro City, 9000
Telephone number (02) 8631 8890 / (02) 8633-3135 / (08) 8323-3425
<https://www.abrown.ph>

A Brown Company, Inc. (“**ABCI**”, the “**Company**” or the “**Issuer**”), prepared the Prospectus dated June 18, 2026 (the “**Prospectus**”) relating to the shelf registration and the offer and sale in the Philippines within the Shelf Period, as defined below, subject to the registration requirements of the Securities and Exchange Commission (“**SEC**”), of Philippine Peso-denominated fixed rate bonds with an aggregate principal amount of Twelve Billion Pesos (₱12,000,000,000.00) (the “**Shelf Registered Bonds**”).

The Shelf Registered Bonds shall be issued in tranches within a period of five (5) years from the effective date of the registration statement, subject to applicable regulations (the “**Shelf Period**”).

This Offer Supplement dated June 18, 2026 (the “**Offer Supplement**” and as the context may require, the term includes the Prospectus) relates to the take down of the initial tranche of the Shelf Registered Bonds and the public offer for sale, distribution and issuance in the Philippines (the “**Offer**”) of Philippine Peso-denominated fixed rate bonds with an aggregate principal amount of up to Five Billion Pesos (₱5,000,000,000.00) (the “**Offer Bonds**”) by the Company. The Offer Bonds will be issued at face value (the “**Issue Price**”) and listed and traded through the Philippine Dealing & Exchange Corp. (“**PDEX**”).

The Offer will have an aggregate principal amount of Three Billion Pesos (₱3,000,000,000.00) (the “**Base Offer**”) and in the event of oversubscription, the Sole Issue Manager, Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, may increase the size of the Offer by up to ₱2,000,000,000.00 (the “**Oversubscription Option**”, and the Offer Bonds pertaining to such option, the “**Oversubscription Option Bonds**”) to an aggregate issue size of up to Five Billion Pesos (₱5,000,000,000.00).

The Offer Bonds will be issued on July 3, 2026 (the “**Issue Date**”) and will be comprised of Series A Bonds due 2029 (the “**Series A Bonds**”) and Series B Bonds due 2031 (the “**Series B Bonds**”). The Issuer has the discretion to allocate the principal amount of the Offer Bonds between the Series A and Series B Bonds based on the book building process.

The Series A Bonds shall have a term of three (3) years from the Issue Date with fixed interest rate equivalent to 7.4428% per annum. The Series B Bonds shall have a term of five (5) years from the Issue Date with fixed interest rate equivalent to 7.9583% per annum. For a more detailed discussion on the Interest Payment Dates, see “*Description of the Offer Bonds*” – “*Interest*” of this Offer Supplement.

Subject to the consequences of default as may be contained in the Trust Agreement, and unless otherwise earlier redeemed or purchased and cancelled, the Offer Bonds will be redeemed at 100% of face value on their respective Maturity Dates. For a more detailed discussion on the redemption of the Offer Bonds, see “*Description of the Offer Bonds*” – “*Redemption and Purchase*” of this Offer Supplement.

The Company estimates that the net proceeds from the Offer shall amount to approximately ₱2,944,624,375.00 after fees, commissions and expenses. Assuming the Oversubscription Option is fully exercised, the net proceeds of the Offer shall amount to approximately ₱4,917,624,375.00 after fees, commissions, and expenses. The net proceeds of the Offer shall be used for renewable energy investments, residential pipeline projects, redemption of Series A Preferred Shares, and for other general corporate purposes. For a more detailed discussion on the use of proceeds, please refer to the section “*Use of Proceeds*” of this Offer Supplement.

On April 28, 2026, the Board of Directors of the Company authorized the sale and offer of the Shelf Registered Bonds under such terms and conditions as the management of ABCI may deem advantageous to it. On May 8, 2026, the Company applied with the SEC to register the Shelf Registered Bonds under the provisions of the Securities Regulation Code of the Philippines. A corresponding permit

to offer securities for sale covering the Offer Bonds is expected to be issued prior to the commencement of the public offer and sale of the Offer Bonds.

The Company will apply for listing of the Offer Bonds in the PDEX. However, there is no assurance that such a listing will be achieved either before or after the relevant issue date of the Offer Bonds being offered at a particular time or whether such a listing will materially affect the liquidity of the Offer Bonds on the secondary market. Such listing will be subject to the Company's execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings and payments on an ongoing basis.

The Offer Bonds will be offered for subscription solely in the Philippines through PNB Capital and Investment Corporation ("**PNB Capital**" or the "**Sole Issue Manager**"), together with Land Bank of the Philippines ("**LANDBANK**" and, collectively with PNB Capital, the "**Joint Lead Underwriters and Joint Bookrunners**").

This Offer Supplement contains the final terms of the Offer Bonds and must be read in conjunction with the Prospectus. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. Full information on the Issuer and the Offer is only available on the basis of the combination of the Offer Supplement and the Prospectus. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

The Company reserves the right to withdraw any offer and sale of the Offer Bonds at any time prior to the execution of the Underwriting Agreement and before the commencement of the Offer Period, and the Issuer (acting through the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners) reserve the right to reject any application to purchase the Offer Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Bonds sought by such purchaser. If an Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PDEX. Any of the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners may acquire for their own account a portion of the Offer Bonds. For a more detailed discussion on the withdrawal of the offer, see "*Plan of Distribution*" – "*Withdrawal of the Offer*" of this Offer Supplement.

The Offer Bonds will be registered and offered exclusively in the Philippines. The distribution of this Offer Supplement, and the offer and sale of the Offer Bonds may, in certain jurisdictions, be restricted by law. This Offer Supplement does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction. The Company, the Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners require persons into whose possession this Offer Supplement comes to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally, and to observe all such restrictions. Each investor in the Offer Bonds must comply with all laws applicable to it and must obtain the necessary consent, approvals or permission for its purchase or subsequent offer and sale of the Offer Bonds under the laws and regulations in force in any jurisdiction to which it is subject. None of the Company, the Sole Issue Manager, the Joint Lead Underwriters and Joint Bookrunners, and any participating underwriter will have any responsibility therefor.

Unless otherwise stated, the information contained in this Offer Supplement has been supplied by the Company. To the best of its knowledge and belief, the Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Offer Supplement is correct, and that there is no material misstatement or omission of fact which would make any statement in this Offer Supplement misleading in any material respect.

The Sole Issue Manager, Joint Lead Underwriters and Joint Bookrunners, and the Company, have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in this Offer Supplement, and any amendment or supplement thereto are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect.

Unless otherwise indicated, all information in this Offer Supplement is as of the date hereof. Neither the delivery of this Offer Supplement nor any sale made pursuant to this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its Subsidiaries since such date.

Market data and certain industry forecasts used throughout this Offer Supplement were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified. The Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in this Offer Supplement in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

THE OFFER BONDS ARE BEING OFFERED ON THE BASIS OF THE PROSPECTUS AND THIS OFFER SUPPLEMENT ONLY. ANY DECISION TO PURCHASE THE OFFER BONDS MUST BE BASED ONLY ON THE INFORMATION CONTAINED IN THE PROSPECTUS AND THIS OFFER SUPPLEMENT.

The price of securities, such as the Offer Bonds, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Offer Bonds described in this Offer Supplement involves a certain degree of risk. A prospective purchaser of the Offer Bonds should carefully consider several risk factors relating to the Company's business and operations, risks relating to the Philippines and risks relating to the Offer Bonds, as set out in "*Risk Factors*" found in the Prospectus, in addition to the other information contained in this Offer Supplement, in deciding whether to invest in the Offer Bonds. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Offer Bonds. A person contemplating an investment in the Offer Bonds should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities.

This Offer Supplement is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Sole Issue Manager, Joint Lead Underwriters, and Joint Bookrunners or their respective affiliates or legal advisers that any recipient of this Offer Supplement should purchase the Offer Bonds. Each person contemplating an investment in the Offer Bonds should make his own investigation and analysis of the creditworthiness of ABCI and his own determination of the suitability of any such investment. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Offer Bonds. A person contemplating an investment in the Offer Bonds should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of high-risk securities. Investing in the Offer Bonds involves a high degree of risk. For a discussion of certain factors to be considered in respect of an investment in the Offer Bonds, see the section on "*Risk Factors*" found in the Prospectus.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Offer Supplement. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or the Sole Issue Manager, Joint Lead Underwriters, and Joint Bookrunners.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

A BROWN COMPANY, INC.

By:

PAUL FRANCIS B. JUAT
President

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) SS.

SUBSCRIBED AND SWORN to before me this JUN 18 2026 in MAKATI CITY,
affiant exhibiting to me his PASSPORT NO. PG991941B expiring on 10 MARCH 2029 as
competent evidence of identity.

Doc No.: 391 ;
Page No.: 80 ;
Book No.: VI ;
Series of 2026.

VIVIEN ROSE C. DE GUZMAN
Appointment No. M-318
Notary Public for Makati City
Until December 31, 2026
Liberty Center-Picazo Law
104 H.V Dela Costa Street, Makati City
Roll of Attorney's No. 85310
PTR No. 10766609/Makati City/01-02-2026
IBP No. 536187/Quezon City/12-23-2025
MCLE No. VIII-0026215/April 7, 2025

Table of Contents

DEFINITION OF TERMS.....	6
SUMMARY OF THE OFFER.....	13
DESCRIPTION OF THE OFFER BONDS	25
CAPITALIZATION.....	54
USE OF PROCEEDS	55
PLAN OF DISTRIBUTION	60
PARTIES TO THE OFFER	69

DEFINITION OF TERMS

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set forth below.

Affiliates	:	With respect to A Brown Company, Inc., any Person that directly or indirectly, controls or is controlled by, or is under common control with A Brown Company, Inc. In this context, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and under common control with) means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of such Person whether through ownership of voting shares, by contract, or otherwise.
Applicable Law	:	Any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.
Applicable Interest Rate	:	Series A Fixed-Rate Bonds: 7.4428% per annum Series B Fixed-Rate Bonds: 7.9583% per annum
Applicant	:	Any Person who seeks to subscribe to the Offer Bonds and submits a duly accomplished Application to Purchase, together with all requirements set forth therein.
Application to Purchase	:	The application form accomplished and submitted by an applicant for the purchase of a specified amount of Offer Bonds (including the breakdown per Series), together with all the other requirements set forth in such application form.
Board of Directors or Board	:	Board of Directors of ABCI
Bond Agreements	:	Collectively, the Underwriting Agreement, the Trust Agreement and the Registry and Paying Agency Agreement
Bondholder	:	A Person whose name appears, at any relevant time, as the registered owner of the Series A Bonds and/or the Series B Bonds in the Registry of Bondholders.
Business Day	:	A day, other than a public non-working holiday, Saturday, Sunday or legal holiday, on which the facilities of the Philippine banking system are open and available for clearing, and banks are open for business in Metro Manila, Philippines.
BSP	:	Bangko Sentral ng Pilipinas
Change in Law or Circumstance	:	Each of the events described as such under “ <i>Description of the Offer Bonds – Redemption by Reason of Change in Law or Circumstance</i> ”.
Change of Control	:	Means the acquisition, at any given time, by any person or persons acting in concert or any third person or persons acting on behalf of such person(s), whether directly or indirectly, of a controlling participation in the Issuer.

For purposes of this paragraph, the word “controlling participation” means ownership of at least 51% of the total issued and outstanding voting capital stock, or the right to

elect at least 51% of the total number of the members of the Board of Directors of the Issuer.

Company, Issuer or ABCI	:	A Brown Company, Inc.
Control	:	Means, as applied to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms “Controlling”, “Controlled by” and “under common Control with” shall have correlative meanings
Declaration of Default	:	Has the meaning defined under “ <i>Events of Default – Consequences of Default</i> ”.
Default Payment Date	:	Has the meaning defined under “ <i>Events of Default – Consequences of Default</i> ”.
EBITDA	:	Earnings before interest, taxes, depreciation and amortizations computed as the sum of Income before income tax, depreciation, and interest expense.
Final Redemption Amount	:	100% of the face value of the outstanding Series A Bonds and Series B Bonds, as the case may be, on the relevant Maturity Date of such series.
Government	:	The Government of the Republic of the Philippines
Governmental Authority	:	Any government agency, authority, bureau, department, court, tribunal, legislative body, statutory or legal entity (whether autonomous or not), commission, corporation, or instrumentality, whether national or local, of the Republic of the Philippines and any other country (as applicable), and any self-regulatory bodies.
Group	:	At any time, the Company and its Subsidiaries at such time.
GRT	:	Gross Receipts Tax
Interest	:	For any Interest Period, the interest payable on the Offer Bonds at such rate set out under “ <i>Description of the Offer Bonds – Interest</i> ”.
Interest Payment Date	:	October 3, 2026 and thereafter, each January 3, April 3, July 3, and October 3 of each year, or on the next Business Day if such date falls on a non-Business Day (without adjustment to the amount of Interest to be paid), during which the relevant series of the Offer Bonds are outstanding.
Interest Period	:	The period commencing on the Issue Date and having a duration of three (3) months and, thereafter, each successive three (3)-month period commencing on the last day of the immediately preceding Interest Period up to, but excluding the first (1st) day of the immediately succeeding Interest Period, but in the case of the last Interest Period, it will be the period from and including the last day of the immediately preceding Interest Period up to, but excluding, the relevant Maturity Date.

For the avoidance of doubt, the term “month”, when used in this definition, means the period commencing on a specified day in a calendar month and ending on the numerically corresponding day in the relevant subsequent calendar month (or if there is no day corresponding in the

calendar month in which such period ends, such period shall end on the last day of such calendar month).

Issue Date	:	July 3, 2026, or the immediately succeeding Business Day if such date is not a Business Day, or such other date as may be agreed upon by the Issuer and the Joint Lead Underwriters and Joint Bookrunners with advice to the SEC, PDTC and PDEx.
Joint Lead Underwriters and Joint Bookrunners	:	PNB Capital Investment Corporation and Land Bank of the Philippines
Lien	:	With respect to any property or asset, (a) any mortgage, lien, pledge, charge, security interest, encumbrance or other preferential arrangement of any kind in respect of such property or asset, including, without limitation, any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of a debt prior to any general creditor of such Person; and (b) the right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or asset, or the proceeds therefrom, prior to any general creditor of the owner thereof.
Majority Bondholders	:	(a) with respect to matters relating only to the Series A Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series A Bonds; and (b) with respect to matters relating only to the Series B Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series B Bonds.
Master Certificate of Indebtedness	:	For each of the Series A Bonds and the Series B Bonds, the certificate of indebtedness (substantially in the form attached as Annex C of the Underwriting Agreement) issued by the Issuer in the name of the Trustee for the benefit of the Bondholders covering the entire principal amount of each series of the Offer Bonds purchased during the Offer Period and to be issued by the Issuer on the Issue Date.
Material Adverse Effect	:	A material adverse effect on (a) the financial condition, business or operations of the Company, or any of its Subsidiaries, taken as a whole (b) the ability of the Issuer to observe and comply with the provisions of and perform its financial obligations under the Offer Bonds and the Bond Agreements, or (c) the validity or enforceability of the Offer Bonds or any of the Bond Agreements, in each case, as declared in the reasonable opinion of the Majority Bondholders acting in good faith and in consultation with the Company.
Offer	:	The public offer for sale, distribution and issuance in the Philippines of the Offer Bonds under the terms and conditions contained in the Prospectus and in this Offer Supplement.
Offer Bonds	:	The SEC-registered Series A Bonds and Series B Bonds, to be issued by ABCI in the aggregate amount of up to ₱5,000,000,000, consisting of the Base Offer of ₱3,000,000,000 and the Oversubscription Option of up to ₱2,000,000,000.

Offer Supplement	:	The document which sets out the terms and conditions for each tranche of the Bonds.
Optional Redemption	:	The right (but not the obligation) of the Issuer to redeem in whole (but not in part) the outstanding Offer Bonds on an Optional Redemption Date.
PDEX	:	The Philippine Dealing & Exchange Corp., a domestic corporation duly registered with the SEC to operate an exchange and trading market for fixed income securities and a member of the Philippine Dealing System Group of Companies.
PDEX Trading Participant	:	A trading participant of PDEX defined as such under the PDEX rules.
PDTC	:	The Philippine Depository & Trust Corp.
PDTC Rules	:	The SEC-approved rules of the PDTC, including the PDTC operating procedures, as may be amended, supplemented, or modified from time to time.
Permitted Lien	:	(a) Any Lien over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase or acquisition price, or cost of leasehold rights, of such asset or another asset; or (ii) the payment of the cost and expenses for the development of such asset, or for the construction of new projects in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefore) incurred for the purpose of financing the purchase, lease or development of such asset or another asset; or (iv) the normal rediscounting of receivable activities of the Issuer made in the ordinary course of business; (b) Any Lien created for the purpose of paying current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings diligently conducted by the Issuer upon stay of execution of the enforcement thereof and adequate reserves having been provided for payment thereof to the extent required in accordance with generally accepted accounting principles in the Philippines as interpreted by the Auditor, or where penalties and consequences for a delay in the payment thereof will not result in a Material Adverse Effect. For purposes of this paragraph, "Auditor" means SGV & Co or any auditing firm which is affiliated with an internationally recognized firm of independent public accountants as the Issuer may from time to time appoint as its auditors; (c) Any Lien to secure, in the normal course of the business of the Issuer or its Affiliates: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of

bids, tenders, contracts (other than for the repayment of borrowed money) or leases;

- (d) Any Lien: (i) imposed by, or arising by operation of, Applicable Law, such as carriers', warehousemen's, mechanics', landlords', materialman's liens and other similar liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation; and (iii) arising out of the set-off provision in the normal course of its financial arrangements, provided that, the Bondholders hereunder shall also have, to the extent permitted by Applicable Law and upon notice to the Issuer, a similar right of set-off
- (e) Any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by the Issuer under which creation of a security is a prerequisite in order to obtain such financing, and which cover assets of the Issuer which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding 15% of the Issuer's total assets based on the most recent financial statements;
- (f) Any Lien established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets;
- (g) Any Lien over or affecting any asset of any company which becomes a member of the Group after the date of the Trust Agreement, where the Lien is created prior to the date on which that company becomes a member of the Group;
- (h) Any Lien created by or resulting from any litigation or legal proceeding which is effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings and with respect to which the Issuer or its Subsidiary, as applicable, has established adequate reserves on its books in accordance with PFRS Accounting Standards;
- (i) Any Lien securing indebtedness under hedging transactions (including foreign currency and interest rate swap and derivative transactions) entered into in the ordinary course of business and designed solely to protect the Issuer or its Subsidiaries from fluctuations in interest rates or currencies or commodities and not for speculation, provided that any such

indebtedness shall not exceed the amount of ₱1,500,000,000.00;

- (j) Any Lien created with the prior written consent of the Majority Bondholders;
- (k) Any Lien existing on the date of the Trust Agreement; and
- (l) Any extension, renewal, supplement, or replacement (or successive extensions, renewals, supplements, or replacements) in whole or in part of any Lien referred to in paragraphs (a) to (k) above, or any indebtedness or obligation secured thereby; provided that such extension, renewal, supplement, or replacement is limited to all or any part of the same property that secured the Lien extended, renewed, supplemented, or replaced (plus any construction, repair, or improvement on such property) and shall secure no larger amount of indebtedness or obligation than that existing at the time of such extension, renewal, supplement, or replacement.

Permit to Sell Securities	:	The Certificate of Permit to Sell or Offer for Sale of Securities issued by the SEC in respect of the Offer.
Person	:	Any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.
Peso or ₱ or PHP	:	Philippine Peso, the lawful currency of the Republic of the Philippines
PFRS Accounting Standards	:	Philippine Financial Reporting Standards Accounting Standards
Philippines	:	Republic of the Philippines
PhilRatings	:	Philippine Rating Services Corporation
PNB Capital	:	PNB Capital and Investment Corporation
Prospectus	:	The Prospectus dated June 18, 2026 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Offer Bonds within the Shelf Period. As the context may require, the term includes the Offer Supplement.
Record Date	:	With respect to any Payment Date, (a) two (2) Business Days immediately preceding the relevant Payment Date, which shall be the cut-off date in determining the Bondholders entitled to receive Interest, the principal and/or such other payments that may be due on the Offer Bonds or (b) such other date as the Issuer may duly notify PDTC.
Redemption Date	:	The date when the Bonds (or any series thereof) are redeemed earlier than the relevant Maturity Date in accordance with the terms and conditions of the Offer Bonds; provided that if the relevant Redemption Date falls on a day that is not a Business Day, then the payment of the principal and accrued interest (if any) shall be made by the Issuer on the next Business Day, without adjustment to the

amount of principal and interest to be paid. For the avoidance of doubt, the term “Redemption Date” includes the Optional Redemption Date.

Registrar and Paying Agent	:	Philippine Depository & Trust Corp.
Registration Statement	:	The registration statement filed with the SEC in connection with the offer and sale to the public of the Offer Bonds.
Registry	:	The electronic registry book of the Registrar containing the official information on the Bondholders, including, but not limited to, the names and addresses of the Bondholders and the amount of the Offer Bonds they respectively hold, including all transfers and assignments thereof, any transactions relating thereto and any lien or encumbrance thereon, to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.
Registry and Paying Agency Agreement	:	The agreement dated June 18, 2026, and its annexes and schedules (when executed and delivered in accordance with the terms thereof), as may be modified, amended, or supplemented in a separate written instrument, from time to time, and entered into by and among the Issuer, the Registrar and the Paying Agent in relation to the Offer Bonds.
SEC	:	Securities and Exchange Commission of the Philippines
Sole Issue Manager	:	PNB Capital and Investment Corporation
Series A Bonds	:	Means the Offer Bonds to be issued by the Issuer, with an aggregate principal amount of One Billion Five Hundred Million Pesos (₱1,500,000,000.00) and, in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Offer Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending on the third (3 rd) anniversary of the Issue Date or on July 3, 2029 (unless earlier redeemed or purchased in accordance with the Terms and Conditions), with a fixed interest rate equivalent to 7.4428% per annum.
Series B Bonds	:	Means the Offer Bonds to be issued by the Issuer, with an aggregate principal amount of One Billion Five Hundred Million Pesos (₱1,500,000,000.00) and, in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Offer Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending on the fifth (5 th) anniversary of the Issue Date or on July 3, 2031 (unless earlier redeemed or purchased in accordance with the Terms and Conditions), with a fixed interest rate equivalent to 7.9583% per annum.
Shelf Period	:	A period of five (5) years from June 19, 2026 until June 19, 2031, during which the Shelf Registered Bonds may be offered and sold to the public.
SRC	:	Securities Regulation Code of the Philippines
Subsidiary	:	An entity of which the Issuer has direct or indirect Control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership.

Trust Agreement	:	The Trust Agreement dated as of June 18, 2026, and its annexes and attachments, as may be modified, supplemented or amended in a separate written instrument from time to time, executed by and between the Issuer and the Trustee in connection with the Bonds.
Trustee	:	Philippine National Bank – Trust Banking Group. The term includes, wherever the context permits, all other Person or Persons for the time being acting as trustee or trustees under the Trust Agreement.
Underwriting Agreement	:	The Underwriting Agreement, dated June 18, 2026, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Joint Lead Underwriters and Joint Bookrunners in relation to the Offer Bonds.
VAT	:	Value-added tax

SUMMARY OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations and privileges attaching to or arising from the Offer Bonds. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective bondholders are enjoined to perform their own independent investigation and analysis of ABCI and the Offer Bonds. Each prospective bondholder must rely on its own appraisal of ABCI and the Offer Bonds and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Bonds and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective bondholder's independent evaluation and analysis.

The following terms of the offer should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offer Supplement and in the Prospectus. These terms of the offer may not contain all of the information that prospective investors should consider before deciding to invest in the Offer Bonds. Accordingly, any decision by a prospective investor to invest in the Offer Bonds should be based on a consideration of the Prospectus and this Offer Supplement as a whole. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.

Issuer	A Brown Company, Inc.
Issue	SEC-Registered, Philippine Peso-denominated, fixed rate bonds consisting of Series A Bonds and Series B Bonds with an aggregate principal amount of Three Billion Pesos (₱3,000,000,000.00) and an Oversubscription Option of up to Two Billion Pesos (₱2,000,000,000.00) to be issued from the Twelve Billion Pesos (₱12,000,000,000.00) shelf registration of fixed rate bonds (" Shelf Program "), constituting the direct, unconditional, unsecured, and unsubordinated obligations of A Brown Company, Inc.
Issue Amount	Base Offer of Three Billion Pesos (₱3,000,000,000.00) (the "Base Offer"). The Joint Lead Underwriters and Joint Bookrunners shall have the option, in consultation with the Issuer, to increase the Base Offer by up to Two Billion Pesos (₱2,000,000,000.00) in the event of an oversubscription (the "Oversubscription Option") In the event that the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the unexercised portion shall be placed under the Shelf Program to be issued within the Shelf Period and consequently, the bonds under Shelf Program (the "Shelf Registered Bonds") will be automatically increased by such principal amount of the Oversubscription Option bonds that will not be taken up or exercised.
Series	The Offer Bonds will be issued in up to two (2) series consisting of: • three (3)-year Series A Bonds due on July 3, 2029 and • five (5)-year Series B Bonds due on July 3, 2031
Use of Proceeds	The entire net proceeds for this Offer will be used for renewable energy investments, residential pipeline projects, redemption of Series A Preferred Shares, and for other general corporate purposes. For a detailed discussion on the use of proceeds, please refer to the section on "Use of Proceeds" of this Offer Supplement.
Form and Denomination	The Offer Bonds shall be issued in scripless form and shall be issued in minimum denominations of Fifty Thousand Pesos (₱50,000.00) each, and in integral multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and

traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market].

A Master Certificate of Indebtedness representing each series of the Offer Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

Sole Issue Manager	Philippine National Bank Capital and Investment Corporation (" PNB Capital ")
Joint Underwriters and Joint Bookrunners	Lead Land Bank of the Philippines (" LANDBANK ") and PNB Capital
Counsel to the Issuer	Picazo Buyco Tan Fider Santos & Dee
Counsel to the Joint Lead Underwriters and Joint Bookrunners	SyCip Salazar Hernandez & Gatmaitan
Trustee	Philippine National Bank – Trust Banking Group
Registrar and Paying Agent	Philippine Depository & Trust Corp. (" PDTC ")
Listing	Philippine Dealing & Exchange Corp. (" PDEX ")
Offer Period	The Offer shall commence at 9:00 a.m. on June 23, 2026 and end at 5:00 p.m. on June 26, 2026, or on such other dates or time as the Issuer and the Joint Lead Underwriters and Joint Bookrunners may agree upon.
Issue Date	July 3, 2026, or the immediately succeeding Business Day if such Issue Date is not a Business Day, or such other date as may be agreed upon by the Issuer and the Joint Lead Underwriters and Joint Bookrunners with advice to the SEC, PDTC and PDEX.
Maturity Date	The maturity dates of the Offer Bonds (the "Maturity Date") are as follows: • Series A Bonds: the third (3rd) anniversary of the Issue Date, or on July 3, 2029; and • Series B Bonds: the fifth (5th) anniversary of the Issue Date, or on July 3, 2031.

provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the relevant Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid; provided further that if the Issue Date is set at a date other than July 3, 2026, then the Maturity Date will be adjusted automatically to the date falling on: (i) in respect of the Series A Bonds, the third (3rd) anniversary of the Issue Date, and (ii) in respect of Series B Bonds, the fifth (5th) anniversary of the Issue Date.

Interest Rate The Series A Bonds and the Series B Bonds shall bear interest on its outstanding principal amount from and including the Issue Date at the Applicable Interest Rate, adjusted as and when necessary, pursuant to the conditions set forth below.

- (a) Series A Bonds: 7.4428% per annum; and
- (b) Series B Bonds: 7.9583% per annum.

Issue Price	Par or 100% of face value.
Interest Payment Date	Interest on the Offer Bonds shall be calculated on a European 30/360-day count basis and shall be paid quarterly in arrear commencing on October 3, 2026 for the first Interest Payment Date and January 3, April 3, July 3, and October 3 of each year for each subsequent Interest Payment Date while the Offer Bonds are outstanding. In the event that the Interest Payment Date is not a Business Day, such Interest Payment Date shall be paid on the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date for each series shall fall on the relevant Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due, provided that if the Issue Date is set at a date other than July 3, 2026, then all Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every quarter following the actual Issue Date.
Withdrawal of the Offer	The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time prior to the execution of the Underwriting Agreement and before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PDEX. The Company may, by prior written notice to the Joint Lead Underwriters and Joint Bookrunners, also withdraw the offer and sale of the Offer Bonds at any time on or after the commencement of the Offer Period and prior to the Issue Date, if any of the following events occur, in which case the Underwriting Agreement shall be deemed terminated, namely: (a) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or (ii) occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or (iii) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders impracticable or inadvisable to continue with the Offer and/or listing of the Offer Bonds in the manner contemplated by the SEC pre-effective clearance, SEC order declaring effective the Registration Statement, or the Permit to Sell Securities (the "Approvals"), the Prospectus, and this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Bonds in the Philippines, rendering it, in the reasonable determination of the Issuer after consultation with the Joint Lead Underwriters and Joint Bookrunners, impracticable to proceed with the Offer in the manner contemplated by the Approvals, the Prospectus, and this Offer Supplement; (b) An order revoking, cancelling, suspending, preventing, terminating or imposing a condition that is not acceptable to the Issuer, the offer, sale, distribution, listing or issuance of the Bonds by any court or Governmental Authority having jurisdiction on the matter, including the SEC and the PDEX; (c) Suspension, cancellation, revocation, or termination of any of the Approvals or the imposition of a condition in respect of the issuance and/or validity of the Approvals that is not acceptable to the Issuer; (d) Trading in the PDEX is closed or suspended for at least three (3) consecutive trading days other than due to weekends or declared holidays, or in such manner or for such period as will render

impracticable the listing and trading of the Offer Bonds on the Issue Date or such other date as may be approved by the PDEX;

- (e) There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any Governmental Authority which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Bonds and enter into the Bond Agreements in connection with the Offer; (c) any of the features of the Offer Bonds, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by the Issuer and/or any of the Joint Lead Underwriters and Joint Bookrunners of their respective obligations hereunder;
- (f) Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Bonds unsuitable for offering to the public;
- (g) The Issuer is compelled through an official order, decree, or ruling issued by any competent court or Governmental Authority to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or Governmental Authority (as the case may be);
- (h) The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;
- (i) A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- (j) The commencement or the threatened commencement in writing by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Joint Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Bonds or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;

- (k) Any court, arbitral tribunal, or Governmental Authority which has jurisdiction on the matter issues an order restraining or prohibiting the Joint Lead Underwriters and Joint Bookrunners, or directing them to cease, from performing their underwriting obligations which makes it impossible for the Joint Lead Underwriters and Joint Bookrunners to perform their underwriting obligations due to conditions beyond their control;
- (l) Unavailability of PDTC's facilities used for the Offer and/or listing prior to or on the target Issue Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Joint Bookrunners to fully comply with the listing requirements of the PDEX, if the impact of such unavailability on the listing of the Offer Bonds remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Joint Bookrunners in good faith; and
- (m) Any force majeure event which, in the reasonable judgment of the Issuer, may have a material or adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

Final Redemption

Unless otherwise earlier redeemed or purchased and cancelled, the Offer Bonds shall be redeemed at 100% of face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment to the amounts due, on the succeeding Business Day.

Each Bondholder in whose name the Offer Bonds are registered in the Registry of Bondholders at the close of business on the Record Date preceding the relevant Maturity Date shall be entitled to receive the principal amount of the Offer Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Optional Redemption

The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding Series B Bonds before the Maturity Date on any one of the Interest Payment Dates indicated below (the "**Optional Redemption Dates**"), or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

Series B Bonds	
Optional Redemption Dates	Optional Redemption Price
Third (3 rd) anniversary of the Issue Date and every Interest Payment Date thereafter before the fourth (4 th) anniversary of the Issue Date	101.0%
Fourth (4 th) anniversary of the Issue Date and every Interest Payment Date thereafter before the Maturity Date	100.50%

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the Optional Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and Optional Redemption Price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause

the Issuer to redeem the Series B Bonds pursuant to this Optional Redemption.

The amount payable to the Bondholders in respect of any such redemption shall be calculated, based on the principal amount of the Series B Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the Optional Redemption Date; and (ii) the product of the principal amount of the Series B Bonds being redeemed and the Optional Redemption Price in accordance with the above table.

The Issuer shall give no more than sixty (60) nor less than thirty (30) days' prior written notice to the Trustee, Registrar and Paying Agent of its intention to redeem the Series B Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series B Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar and Paying Agent an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Series B Bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and Optional Redemption Price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Redemption for Taxation Reasons

If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Offer Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' prior written notice to the Trustee, the Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that if the Issuer does not redeem the Offer Bonds then all payments of principal and interest in respect of the Offer Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned, such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Upon receipt by the Trustee of the above written notice from the Issuer, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Offer Bonds subject of the early redemption is registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Offer Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

For the avoidance of doubt, the Issuer shall not, in any case, be liable for Excluded Taxes. Please see "*Description of the Offer Bonds - Payment of Additional Amounts – Taxation*" for the enumeration of Excluded Taxes in this Offer Supplement.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

**Redemption by
Reason of Change in
Law or Circumstance**

The following events shall be considered as changes in law or circumstances ("**Change in Law or Circumstance**") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Offer Bonds:

- (a) Any government and/or non-government consent, license, authorization, registration, or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Offer Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.
- (b) Any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents.
- (c) Any concessions, permits, rights, franchise, or privileges required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.
- (d) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize, or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

If any one or more of the events enumerated as a Change of Law or Circumstance shall occur and be continuing for a period of thirty (30) days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said thirty (30) day period, may declare the principal of the Offer Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Agreement to be documented or in the Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on "*Description of the Offer Bonds – Notice of Default*".

Each Bondholder in whose name the Offer Bonds are registered in the Registry of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Offer Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

**Redemption by
Reason of Change of
Control**

Upon the occurrence of a Change of Control, Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds at one hundred percent (100%) of face value, which shall be paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (and not some) of the Offer Bonds; and (ii) the date set by the Issuer for such repurchase (which shall not be earlier than forty-five (45) days and no later than sixty (60) days from the date written notice is received by the Trustee). Failure by the Issuer to provide the notice to the Trustee of the occurrence of such Change of Control shall be without prejudice to the Trustee providing the notice to the Bondholders as contemplated in this paragraph.

The decision of the Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds under this section shall be conclusive and binding upon all the Bondholders.

“Change of Control” means the acquisition, at any given time, by any person or persons acting in concert or any third person or persons acting on behalf of such person(s), whether directly or indirectly, of a controlling participation in the Issuer. For purposes of this paragraph, the word “controlling participation” means ownership of at least 51% of the total issued and outstanding voting capital stock, or the right to elect at least 51% of the total number of the members of the Board of Directors of the Issuer.

Each Bondholder in whose name the Offer Bonds are registered in the Registry of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Offer Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

**Purchase and
Cancellation**

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all the Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.

Status of the Bonds

The Offer Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured indebtedness of the Issuer, contingent or otherwise, other than indebtedness mandatorily preferred by operation of law and not by

contract, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors' rights generally.

Negative Pledge

The Issuer shall not, without the consent of the Majority Bondholders, permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligation in favor of any creditor or class of creditors without providing the Bondholders with the same kind or class of security, the benefit of which is extended equally or ratably among them to secure the Offer Bonds, provided that the foregoing restrictions shall not apply to any Permitted Liens.

Financial Covenants of the Issuer

From the date of the Trust Agreement and for as long as the Offer Bonds or any portion thereof remains outstanding, and unless the Majority Bondholders shall otherwise consent in writing, the Issuer undertakes to maintain the following financial ratios, with testing to be done on an annual basis:

- (a) a Debt-to-Equity Ratio not exceeding 2.50x
- (b) a Current Ratio of at least 1.0x; and,
- (c) an Interest Coverage Ratio of at least 3.0x.

Please see discussion under the "*Description of the Offer Bonds – Financial Covenants*" for the definitions of the above ratios and other terms relating to these financial covenants of the Issuer.

No Sinking Fund

The Issuer has not established and currently does not intend to establish a sinking fund for the payment of the Offer Bonds.

Taxation

Interest income on the Offer Bonds is subject to a withholding tax at rates of between ten percent (10%) and twenty-five (25)% depending on the tax status of the relevant Bondholder under relevant law, regulation, or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following ("**Excluded Taxes**"):

- (a) The withholding tax applicable on interest earned on the Offer Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholders' Joint Lead Underwriter and Joint Bookrunner or PDEX Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers, issued by the BIR;
- (b) Gross Receipts Tax under Section 121 and 122 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;
- (d) VAT under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337; and

- (e) Any applicable taxes on any subsequent sale or transfer of the Offer Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).
- (f) Documentary stamp tax for the primary issue of the Offer Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

Please see the section on "*Philippine Taxation*" in the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership, and disposition of the Offer Bonds.

Bond Rating

The Offer Bonds have been rated PRS A plus with a Stable Outlook by PhilRatings as of May 4, 2026.

Obligations rated PRS A plus are of high quality and are subject to very low credit risk. Furthermore, a Stable Outlook is assigned when a rating is likely to be maintained or to remain unchanged in the next twelve (12) months]. In coming up with the rating, PhilRatings considered the Issuer's business portfolio, business plans, growth and cash flows. The rating and outlook reflect the following key considerations: (1) Strong real estate presence in Mindanao, with expansion into Luzon; (2) experienced management team supporting expansion across real estate, palm oil, and power; (3) sustained recovery in revenues, supported by growing real estate sales, although the bottom line fluctuated; and (4) ample liquidity and conservative capital structure.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The rating is subject to regular annual review, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding.

After the Issue Date, the Trustee shall monitor the compliance of the Offer Bonds with the regular annual reviews.

Transfer of the Bonds

Trading of the Offer Bonds will be coursed through a PDEX Trading Participant subject to the applicable PDEX rules and conventions. Trading, transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders to be maintained by the Registrar.

For a detailed discussion on transfer of the bonds, please refer to the section on "*Description of the Offer Bonds – Transfer of the Bonds*" in this Offer Supplement.

Own Risk

Investment in the Offer Bonds is not covered by the Philippine Deposit Insurance Corporation. Any loss or depreciation in the value of the assets of the Bondholders, resulting from the investments or reinvestment in the Offer Bonds and the regular conduct of the Trustee's trust business shall be for the account of the Bondholder.

Please refer to the section on "*Risk Factors*" in the Prospectus which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Bonds.

Governing Law

Philippine law

Timetable

Receipt of SEC Pre-effective Approval	June 18, 2026
Interest Rate Setting Date	June 18, 2026
Receipt of the SEC Permit to Sell	June 22, 2026
Offer Period	June 23 – 26, 2026
Issue Date	July 3, 2026

DESCRIPTION OF THE OFFER BONDS

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Offer Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the articles of incorporation, by-laws and resolutions of the Board of Directors of ABCI submitted to the SEC, the information contained in this Offer Supplement, the Trust Agreement, Registry and Paying Agency Agreement (“RPAA”), Underwriting Agreement, and other documents relevant to the Offer, Applicable Law, rules and regulations of PDTC and PDEx relevant to the Offer, and to perform their own independent investigation and analysis of the Issuer and the Offer Bonds. Prospective Bondholders must make their own appraisal of the Issuer and the Offer, and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor’s independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Offer Bonds.

The offer and issuance of the Offer Bonds was authorized by a resolution of the Board of Directors of the Company on April 28, 2026. The Offer Bonds shall be issued as the initial tranche from the Issuer’s ₱12,000,000,000.00 fixed rate bonds, for which an application for shelf registration has been filed with the SEC. The Offer Bonds will be issued on July 3, 2026 (the “**Issue Date**”) and will comprise of fixed rate bonds to be issued in two (2) series: 3-year Series A Bonds due 2029 and 5-year Series B Bonds due 2031.

The Offer Bonds shall be governed by a Trust Agreement dated June 18, 2026 between the Issuer and PNB Trust Banking Group as Trustee. The Trustee has no interest in or relation to the Issuer which may conflict with the performance of its functions. The description of the terms and conditions of the Offer Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

A Registry and Paying Agency Agreement in relation to the Offer Bonds was executed on June 18, 2026 between the Issuer and PDTC as Registrar and Paying Agent. PDTC has no interest in or relation to the Issuer which may conflict with the performance of its functions.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Agreement and all the provisions of the RPAA applicable to them.

Form and Denomination

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Series A Bonds and Series B Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

The Offer Bonds shall be issued in minimum denominations of ₱50,000 each, and in integral multiples of ₱10,000 thereafter, and traded in denominations of ₱10,000 in the secondary market.

Title

Legal title to the Offer Bonds will be shown in the Registry maintained by the Registrar. A notice confirming the principal amount of the Offer Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Offer Bonds shall pass by recording of the transfer from the transferor to the transferee in the Registry maintained by the Registrar. Settlement in respect of such transfer or change of title to the Offer Bonds, including the settlement of any cost arising from such transfer or change, including, but not limited to, documentary stamps taxes, if any, shall be for the account of the relevant Bondholder or the transferee, as applicable.

BOND RATING

The Offer Bonds have been rated PRS A plus with a Stable Outlook by PhilRatings. PRS A plus is the third highest rating assigned by PhilRatings. The rating and outlook reflect the following key considerations: (1) strong real estate presence in Mindanao, with expansion into Luzon; (2) experienced management team supporting expansion across real estate, palm oil, and power; (3) sustained recovery in revenues, supported by growing real estate sales, although the bottom line fluctuated; and (4) ample liquidity and conservative capital structure.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The rating is subject to regular annual review, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Offer Bonds with the regular annual reviews.

TRANSFER OF THE BONDS

Registry of Bondholders

The Issuer will cause the Registry to be kept by the Registrar in electronic form. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and of all transfers and assignments of the Offer Bonds, including any liens and encumbrances thereon, shall be entered into the Registry. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry.

As required by Circular No. 428-04 issued by the BSP, as amended, the Registrar shall send each Bondholder a written statement of registry holdings at least every quarter (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Offer Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Offer Bonds may be made during the Closed Period (as defined below).

Initial placement of the Offer Bonds and subsequent transfers of interests in the Offer Bonds shall be subject to applicable prevailing Philippine selling restrictions.

Transfers; Tax Status

Trading of the Offer Bonds will be coursed through a PDEX Trading Participant subject to the applicable PDEX Rules. Trading, transfer and/or settlement of the Offer Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar and Paying Agent. Upon any assignment of the Offer Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders.

Settlement in respect of such transfers or change of title to the Offer Bonds, including the settlement of any documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Subject to the provisions of the Registry and Paying Agency Agreement, the relevant rules, conventions and guidelines of PDEX and PDTC, the Bondholders may not transfer their Offer Bonds as follows:

- (a) transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a Business Day; provided, however, that transfers from a tax-exempt Tax Category to a taxable Tax Category on a date other than an Interest Payment Date shall be allowed using the applicable tax withheld series name of PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt person shall be treated as being of the same Tax Category as its taxable counterparty for the Interest Period within which such transfer occurred; provided, finally, that this restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented. For purposes hereof, "**Tax Categories**" shall refer to the four (4) final withholding tax categories in the PDEX system covering, particularly, tax-exempt persons, 20% tax-withheld persons, 25% tax-withheld persons, and 30% tax-withheld persons, as such categories may be revised, amended or supplemented by PDEX in accordance with its rules and applicable law;
- (b) transfers by Bondholders with deficient documents; and

- (c) transfers during a Closed Period. For purposes hereof, “**Closed Period**” means, with respect to each series of the Offer Bonds, the period during which the Registrar shall not register any transfer or assignment of the relevant series of the Bonds, specifically: (i) the period of two (2) Business Days preceding any Interest Payment Date or the Maturity Date the relevant series of the Bonds; or (ii) with respect to the Optional Redemption, the period commencing on the Record Date indicated in the relevant notice delivered in respect of the Optional Redemption, as the case may be, until the relevant Redemption Date.

Transfers taking place in the Registry after the Offer Bonds are listed on PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

A Bondholder claiming tax-exempt status is required to submit to the Registry the required tax-exempt documents as detailed in the RPAA upon submission of the account opening documents to the Registrar. Please see the section on “*Description of the Offer Bonds – Tax-Exempt Status or Entitlement to Preferential Tax Rate*” for a detailed discussion on the requirements for claiming a preferential tax status.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar, or a Joint Lead Underwriter and Bookrunner of documentary proof of the tax-exempt status or entitlement to a preferential tax rate of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Offer Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Registry of Bondholders. The payment report to be prepared by the Registrar and submitted to the Issuer in accordance with the RPAA, which shall be the basis of payments on the Offer Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

Secondary Trading of the Bonds

The Issuer intends to list the Offer Bonds on PDEX for secondary market trading and, for that purpose, the Issuer intends to file an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Offer Bonds on the secondary market. Such listing would be subject to the Issuer’s execution of a listing agreement with PDEX that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

For so long as any of the Offer Bonds are listed on PDEX, the Offer Bonds will be traded in the secondary market in a minimum board lot size of ₱10,000, and in multiples of ₱10,000 in excess thereof. Secondary market trading in PDEX shall follow the applicable PDEX rules, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC, all of which shall be for the account of the Bondholders.

RANKING

The Offer Bonds shall constitute the direct, unconditional, unsecured, and unsubordinated obligations of the Issuer ranking at least *pari passu* and ratably without any preference or priority among themselves and at least *pari passu* with all other unsecured and unsubordinated indebtedness of the Issuer, whether now existing or hereafter outstanding, contingent or otherwise, other than obligations mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines).

INTEREST AND INTEREST PAYMENT DATES

Interest

The Series A Bonds shall have a term of three (3) years from Issue Date with a fixed interest rate equivalent to 7.4428% per annum.

The Series B Bonds shall have a term of five (5) years from Issue Date with a fixed interest rate equivalent to 7.9583% per annum.

Interest Payment Dates

The Offer Bonds shall bear interest on its principal amount from and including Issue Date, payable quarterly in arrears on and January 3, April 3, July 3, and October 3 of each year, commencing on October 3, 2026, or the subsequent Business Day without adjustment for accrued interest, if such Interest Payment Date falls on a non-Business Day (each of which, for purposes of this clause is an “**Interest Payment Date**”).

The cut-off date in determining the existing Bondholders entitled to receive Interest, principal and/or such other payments that may be due on the Offer Bonds shall be two (2) Business Days immediately preceding the relevant Payment Date or such other date as the Issuer may duly notify PDTC (the “**Record Date**”). The Record Date shall be the reckoning date in determining the Bondholders entitled to receive interest or any other amount due under the Offer Bonds.

Interest Accrual

The Offer Bonds shall cease to bear interest from and including the relevant Maturity Date or the relevant Redemption Date, as discussed under “*Description of the Offer Bonds - Redemption and Purchase*” below, unless (a) the Offer Bonds are redeemed at an earlier date in accordance with the terms and conditions of the Offer Bonds, or (b) upon due presentation, payment of the principal in respect of the Offer Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “*Description of the Offer Bonds - Penalty Interest*” below) shall apply.

Calculation of Interest

The interest shall be calculated on a European 30/360-day count basis, regardless of the actual number of days in a month.

REDEMPTION AND PURCHASE

Final Redemption

The maturity dates of the Offer Bonds (the “Maturity Date”) are as follows:

- (a) Series A Bonds: the third (3rd) anniversary of the Issue Date, or on July 3, 2029; and
- (b) Series B Bonds: the fifth (5th) anniversary of the Issue Date, or on July 3, 2031,

provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the relevant Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid; provided further that if the Issue Date is set at a date other than July 3, 2026, then the Maturity Date will be adjusted automatically to the date falling on: (i) in respect of the Series A Bonds, the third (3rd) anniversary of the Issue Date, and (ii) in respect of Series B Bonds, the fifth (5th) anniversary of the Issue Date.

Unless the Offer Bonds are otherwise earlier redeemed or purchased and cancelled, the Issuer shall redeem the Offer Bonds at one hundred percent (100%) of face value on their Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment to the amounts due, on the succeeding Business Day.

Each Bondholder in whose name the Offer Bonds is registered in the Registry of Bondholders at the close of business on the Record Date preceding the relevant Maturity Date shall be entitled to receive the principal amount of the Offer Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Optional Redemption

Prior to final maturity, the Issuer shall have the right, but not the obligation, to redeem (in whole but not in part), the outstanding Series B Bonds before the Maturity Date on any one of the Interest Payment Dates indicated below (the “**Optional Redemption Dates**”), or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

Series B Bonds	
Optional Redemption Date	Optional Redemption Price
Third (3 rd) anniversary of the Issue Date and every Interest Payment Date thereafter before the fourth (4 th) anniversary of the Issue Date	101.00%
Fourth (4 th) anniversary of the Issue Date and every Interest Payment Date thereafter before the Maturity Date	100.50%

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the Optional Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and Optional Redemption Price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Bonds pursuant to this Optional Redemption.

The amount payable to the Bondholders in respect of an Optional Redemption exercise shall be calculated, based on the principal amount of the Series B Bonds being redeemed, as the sum of (i) accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Series B Bonds being redeemed and a designated premium (the “Optional Redemption Price”) in accordance with the table above.

The Issuer shall give no more than sixty (60) nor less than thirty (30) days’ prior written notice to the Trustee, Registrar and Paying Agent of its intention to redeem the Series B Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series B Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar and Paying Agent an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Series B Bonds subject of the early redemption is registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and Optional Redemption Price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Redemption for Taxation Reasons

If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Offer Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days’ prior written notice to the Trustee, the Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that if the Issuer does not redeem the Offer Bonds then all payments of principal and interest in respect of the Offer Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned, such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Upon receipt by the Trustee of a written notice from the Issuer hereunder, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Offer Bonds subject of the early redemption are registered in the Registry at the close of business on the relevant Record Date shall be entitled to receive the principal of the Offer Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

For the avoidance of doubt, the Issuer shall not, in any case, be liable for Excluded Taxes. Please see “Description of Bonds - Payment of Additional Amounts – Taxation” for the enumeration of Excluded Taxes.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

Redemption by Reason of Change in Law or Circumstance

Each of the following events shall be considered as a change in law or circumstances ("**Change in Law or Circumstance**") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Offer Bonds:

- (a) Any government and/or non-government consent, license, authorization, registration, or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Offer Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.
- (b) Any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that it shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties thereto of their obligations under the Trust Agreement or any other related documents.
- (c) Any concessions, permits, rights, franchise, or privileges required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.
- (d) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize, or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

If any one or more of the events enumerated as a Change in Law or Circumstance shall occur and be continuing for a period of thirty (30) days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said thirty (30)-day period, may declare the principal of the Offer Bonds in whole, and not in part only, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Agreement to be documented or in the Offer Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on "*Description of the Offer Bonds – Notice of Default.*"

Each Bondholder in whose name the Offer Bonds are registered in the Registry of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

Redemption by Reason of Change of Control

Upon the occurrence of a Change of Control, Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, at par (or 100% of face value), which shall be paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, and (ii) the date set by the Issuer for such redemption (which shall not be earlier than forty-five (45) days and no later than sixty (60) days from the date written notice is received by the Trustee). Failure

by the Issuer to provide the notice to the Trustee of the occurrence of such Change of Control shall be without prejudice to the Trustee providing the notice to the Bondholders as contemplated in this paragraph.

The decision of the Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds under this section shall be conclusive and binding upon all the Bondholders.

“Change of Control” means the acquisition, at any given time, by any person or persons acting in concert or any third person or persons acting on behalf of such person(s), whether directly or indirectly, of a controlling participation in the Issuer. For purposes of this paragraph, the word “controlling participation” means ownership of at least 51% of the total issued and outstanding voting capital stock, or the right to elect at least 51% of the total number of the members of the Board of Directors of the Issuer.

Each Bondholder in whose name the Bonds are registered in the Registry of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

Purchase and Cancellation

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all the Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.

Payments

The principal of, interests on, and all other amounts payable on the Offer Bonds shall be paid to the Bondholders through the Paying Agent. The Paying Agent shall credit the proper amounts received from the Issuer via RTGS, net of final taxes and fees (if any), to the cash settlement banks of the Bondholders (nominated by the Bondholders in the Application to Purchase or as the Bondholder may notify the Paying Agent in writing), for onward remittance to the relevant cash settlement account of the Bondholder with the cash settlement bank. The principal of, and interest on, the Offer Bonds shall be payable in Philippine Pesos.

In the event that the details of the cash settlement account indicated by the relevant Bondholder in the Application to Purchase are incomplete or erroneous, or the cash settlement account of the relevant Bondholders has been closed, is dormant, or is inexistent, due to which payments to the Bondholders cannot be effected in a timely manner, and the Paying Agent does not receive any notice from the Bondholder as described in the Application to Purchase, the relevant cash settlement bank shall handle such funds in accordance with its own internal procedures until the correction of the cash settlement account is effected and until credit of the relevant cash entitlement is completed. In these cases, the Issuer and the Registrar and Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

In these cases, the Issuer and the Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

As mentioned above, the Record Date, which is the cut-off date in determining the existing Bondholders entitled to receive interest, principal, or any other amount due under the Offer Bonds, shall be two (2) Business Days immediately preceding the relevant Payment Date or such other date as the Issuer may duly notify PDTC. The Record Date shall be the reckoning date in determining the Bondholders entitled to receive interest, principal, or any other amount due under the Offer Bonds. No transfers of the Offer Bonds may be made during the Closed Period.

The Issuer shall ensure that so long as any of the Offer Bonds remain outstanding, there shall at all times be a Paying Agent for purposes of the Offer Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the RPAA. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint such other leading institution in the Philippines authorized to act in its place.

Payment of Additional Amounts – Taxation

Interest income on the Offer Bonds is subject to a final withholding tax at rates between ten percent (10%) and twenty-five (25%), depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following (“**Excluded Taxes**”):

- (a) The withholding tax applicable on interest earned on the Offer Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer or PDEX Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers issued by the BIR;
- (b) Gross Receipts Tax under Section 121 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;
- (d) Value Added Tax under Sections 106 to 108 of the Tax Code, as amended by Republic Act No. 9337; and
- (e) Any applicable taxes on any subsequent sale or transfer of the Offer Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).
- (f) Documentary stamp tax for the primary issue of the Offer Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer’s account.

Please see the section on “*Philippine Taxation*” on page 181 of the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition of the Offer Bonds.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

An investor (which is referred to below as “Bondholder” (which term, for purposes of this section, includes an Applicant) who is claiming exemption from the aforesaid withholding tax, or that it/he/she is subject to a preferential withholding tax rate shall be required to submit the following requirements, subject to acceptance by the Issuer as being sufficient in form and substance:

- (a) BIR-certified true copy of a valid, current, and subsisting tax exemption certificate, ruling or opinion issued by the BIR and addressed to the Bondholder, confirming its/his/her exemption or its/his/her entitlement to the preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto, and for tax-exempt Personal Equity Retirement Account (“**PERA**”) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator;
- (b) with respect to tax treaty relief, the Issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign Bondholder by relying on the submission by such Bondholder of the following documents before the interest income is paid or, if the Bondholder is a fiscally transparent entity, on the submission of each of the Bondholder’s owners or beneficiaries:

- (i) three (3) originals of a duly signed and executed application form for tax treaty purposes (BIR Form 0901-I (Tax Treaty Relief Application for Interest Income)) or if the Bondholder is a fiscally transparent entity, the following must also be attached to the duly signed and executed BIR Form 0901-I: (a) a copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the foreign fiscally transparent entity; (b) list of owners/beneficiaries of the foreign entity; and (c) proof of ownership of the foreign entity, in the form acceptable for recognition under Philippine laws;
- (i) an authenticated or apostilled tax residency certificate/s (TRCs) duly issued by the relevant foreign tax authority in favor of the Bondholder, or if the Bondholder is a fiscally transparent entity, in favor of each of the Bondholder's non-resident foreign owners or beneficiaries, in the form acceptable for recognition under Philippine laws, and which should be updated for such relevant years as required under existing Philippine tax rules and regulations and/or the terms and conditions in the BIR approval document/s;
- (ii) the relevant provision of the applicable tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer; and
- (iv) three (3) originals of the duly notarized and consularized or apostilled (as the case may be), if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder or the Bondholder's owners or beneficiaries, as may be applicable, in favor of the authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder or the Bondholder's owners or beneficiaries is/are not doing business in the Philippines to support the applicability of a tax treaty relief.

Prior to the payment of subsequent interests due, the Issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign Bondholder upon the submission of the following documents:

- (i) three (3) originals of a duly signed and executed application form for tax treaty purposes (BIR Form 0901-I (Tax Treaty Relief Application for Interest Income));
- (ii) an authenticated or apostilled tax residency certificate/s (TRCs) duly issued by the relevant foreign tax authority in favor of the Bondholder, or if the Bondholder is a fiscally transparent entity, in favor of each of the Bondholder's non-resident foreign owners or beneficiaries, in the form acceptable for recognition under Philippine laws, if the validity period of the previously issued tax residency certificate has already lapsed; and
- (iii) other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, which shall be submitted by the Bondholder or Registrar and Paying Agent to the Issuer no later than the first (1st) day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.

Failure to submit these documents will lead to withholding using the regular tax rates prescribed under the Tax Code, as amended, for non-resident foreign corporations or non-resident aliens not engaged in trade or business in the Philippines, as the case may be, and not the treaty rate.

If the tax treaty rate was applied by the Issuer based on the representations and supporting documents provided by the Bondholder, the Bondholder (either directly or through its duly authorized representatives) will file with the BIR's International Tax Affairs Division ("ITAD") a request for confirmation of the use of the tax treaty rate no later than the last day of the fourth (4th) month following the close of the relevant taxable year after the payment of the withholding tax with supporting documents specified in Revenue Memorandum Order No. 14-2021 and in relation to Revenue Memorandum Circular No. 77-2021 and its allied BIR issuances, as may be amended from time to time. In relation thereto, the Issuer requires that copies of the BIR-stamped "Received" request for confirmation (with the complete accompanying documents) be provided by the Bondholder to the Issuer within sixty (60) days from the payment of the interest income to the Bondholder (either directly or through its duly authorized representatives), and without need of prior request or demand from the Issuer. The Bondholder shall submit to the Issuer the original of the Certificate of Entitlement to Treaty Benefit issued by the BIR within ten (10) days from the Bondholder's receipt of the Certificate of Entitlement to Treaty Benefit. The Bondholder shall ensure

compliance with the requisites under the Certificate of Entitlement to Treaty Benefit for entitlement to the tax treaty benefits.

If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and the BIR will require the Issuer to pay the deficiency taxes with penalties. In such case, the Bondholder, as the ultimate income earner, shall either advance to the Issuer or reimburse the Issuer, at the option of the Issuer, the total amount of deficiency taxes and penalties imposed by the BIR, as well as all other reasonable and necessary fees that may be incurred by the Issuer as a result of the denial of the BIR application.

In case the Issuer used the regular tax rate under the Tax Code, the non-resident foreign Bondholder may file a tax treaty relief application with ITAD after it has received the interest income with supporting documents specified in Revenue Memorandum Order No. 14-2021 in relation to Revenue Memorandum Circular No. 77-2021. If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits, and the Bondholder may apply for a refund of excess withholding tax with the BIR within the two (2)-year period provided in Section 229 of the Tax Code. The claim for refund of the Bondholder may be filed simultaneously with the tax treaty relief application.

- (c) a duly notarized undertaking substantially in the form attached as Schedule 4 to the Registry and Paying Agency Agreement or in a form acceptable to the Issuer executed by:
- (i) the Bondholder, or in respect of juridical entities (save for a universal bank which is covered by item (ii) below), the corporate secretary or any authorized representative of such Bondholder, who is in possession of the relevant exemption documents as its authorized custodian, or who has personal knowledge of the exemption or entitlement to preferential tax treatment and will have personal knowledge of any amendment, revocation, expiration, change or any circumstance affecting the validity of the exemption or preferential tax treatment, based on his official functions, if the Bondholder purchases or holds the Offer Bonds for its account, or
 - (ii) the trust officer, if the Bondholder is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (e.g., Employee Retirement Fund, etc.),

in each case:

- (i) declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and Paying Agent:
 - (1) of any suspension, revocation, amendment, or invalidation (in whole or in part) of the tax exemption or preferential rate entitlement certificate, ruling, or opinion issued by the BIR;
 - (2) if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature, and method of operation, which are inconsistent with the basis of its income tax exemption or preferential rate entitlement; and or
 - (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Offer Bonds being ineligible for exemption or preferential tax rate; and
- (ii) agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax;

provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose;

- (d) tax undertakings must be executed and notarized on or after the Issue Date of the Offer Bonds; provided, that, all provisions, warranties, and commitments outlined therein must be fully reproduced and incorporated; and
- (e) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders.

Unless properly provided with satisfactory proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, each of the Issuer and the Registrar and Paying Agent may assume that such Applicant or Bondholder is taxable and proceed to apply the tax due on the Offer Bonds. Notwithstanding the submission by the Applicant or Bondholder, or the receipt by the Issuer or any of its agents, of documentary proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, the Issuer may require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Offer Bonds, upon submission of the Application to Purchase to any of the Joint Lead Underwriters and Joint Bookrunners who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, through the intermediary to the Registrar upon submission of the Investor Registration Form (in a form attached as Schedule 8 to the Registrar and Paying Agency Agreement) and other applicable account opening documents, in accordance with the procedures of the Registrar. A selling or purchasing Bondholder claiming tax-exempt status or preferential tax rate is required to submit, together with the account opening documents submitted to the Registry, the documents described above.

Transfers taking place in the Register of Bondholders after the Offer Bonds are listed in PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions, and guidelines of PDEX and PDTC and subject to the discussion above.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

FINANCIAL COVENANTS

From the date of the Trust Agreement and for as long as the Offer Bonds or any portion thereof remains outstanding, and unless the Majority Bondholders shall otherwise consent in writing, the Issuer undertakes to maintain the following financial ratios, with testing to be done on an annual basis:

- a Debt-to-Equity Ratio not exceeding 2.50x
- a Current Ratio of at least 1.0x; and,
- an Interest Coverage Ratio of at least 3.0x.

For purposes of computing the above ratios, the following terms shall have the meanings set forth herein:

- **“Current Ratio”** means the ratio of current assets and current liabilities of the Issuer based on its consolidated audited financial statements.
- **“Debt-to-Equity Ratio”** means the result obtained by dividing (i) the amount of interest-bearing (current and non-current) liabilities of the Issuer by (ii) the total Equity of the Issuer, in each case as appearing in the latest consolidated audited balance sheet of the Issuer; provided, that if the Issuer issues Offer Bonds which are (1) either redeemable at a fixed date, or redeemable at the option of the holder of the Offer Bonds, and (2) the Issuer is obliged to make payments in the form of either interest or dividends, or the terms and conditions of the issuance of the Offer Bonds oblige the Issuer to distribute a specific percentage of profits, then such Offer Bonds shall be categorized as liabilities falling under (i) hereof, otherwise, it shall be classified as part of Equity when computing Debt-to-Equity Ratio.

For purposes of calculating the Debt-to-Equity Ratio, “**Equity**” means, at any date and as shown in the latest consolidated audited balance sheet of the Issuer, the aggregate outstanding capital stock, additional paid-in-capital, equity reserve and retained earnings.

- “**Interest Coverage Ratio**” means the result obtained by dividing (i) the twelve (12)-months trailing EBITDA plus cash balance by (ii) interest due for the next year. For purposes of calculating the Interest Coverage Ratio, “**EBITDA**” means, during the relevant period, the net earnings of the Issuer before deducting net interest expense, income tax, depreciation, and amortization, as determined in accordance with PFRS Accounting Standards and based on the Issuer’s consolidated audited financial statements.

For the avoidance of doubt, any indebtedness to be incurred to refinance, in the same currency or its equivalent amount, an existing indebtedness outstanding on the Issue Date, shall not be construed as an incurrence of additional indebtedness.

In the determination of any particular amount of indebtedness in connection with these financial covenants, guarantees, security interests or obligations with respect to letters of credit supporting indebtedness otherwise included in the determination of such particular amount shall not be included.

Testing of the financial covenants shall be done on the last Business Day of April of each year, using the fiscal year-end audited consolidated financial statements of the Issuer.

For the years 2023 to 2025, the Issuer has been compliant with the financial covenants under its existing loan/notes facility agreements.

NEGATIVE PLEDGE

The Issuer shall not, without the consent of the Majority Bondholders, permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance constituted on any of the Issuer’s properties for the purpose of securing its or its Affiliate’s obligation in favor of any creditor or class of creditors without providing the Bondholders with the same kind or class of security, the benefit of which is extended equally or ratably among them to secure the Offer Bonds, provided that the foregoing restrictions shall not apply to any Permitted Liens.

EVENTS OF DEFAULT

Each of the following events shall constitute an “**Event of Default**” under the Offer Bonds and the Trust Agreement:

- (a) The Issuer defaults in the payment when due of any amount payable to the Bondholders under the Offer Bonds or the Trust Agreement, unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within three (3) Business Days after the date such payment is due (a “**Payment Default**”).
- (b) the Issuer fails to perform, comply with, or violates any material provision, term, condition, covenant or obligation contained in the Trust Agreement (other than by reason of paragraph (a) above), and any such failure, non-compliance or violation is not remediable or, if remediable, continues unremedied for a period of thirty (30) days (or such longer curing period granted to the Issuer by the Majority Bondholders) from the date after written notice thereof shall have been given to the Issuer by the Trustee;
- (c) any representation or warranty which is made by the Issuer or any of the directors or officers of the Issuer in the Trust Agreement or otherwise in connection with the Trust Agreement, or in any certificate delivered by the Issuer under or in connection with the Trust Agreement, shall prove to have been untrue or incorrect in any material respect as of the time it was made;
- (d) the Company or any of its Subsidiaries defaults in the performance or observance of, or compliance with, any one or more of its obligations under any agreement, contract or document, or a general violation of any law or regulation, whether singly or in the aggregate, and the effect of such violation or default results in the liability of or acceleration or declaration of the whole obligation thereunder, to be due and payable, in an amount equal to or exceeding ten percent (10%) of the Company’s or any such Subsidiaries’ total assets (based on the relevant financial statements prepared in

accordance with the PFRS), and such default shall not have been remedied as provided therein and such event might reasonably be expected to have a Material Adverse Effect;

- (e) any agreement, contract or document, whether singly or in the aggregate, with a value of equal to or exceeding ten percent (10%) of the Company's or any such Subsidiaries' total assets (based on the relevant financial statements prepared in accordance with the PFRS) (a "**Material Agreement**") is terminated, repudiated, cancelled or revoked and such event might reasonably result to a Material Adverse Effect;
- (f) a Material Agreement or any provision thereof is or becomes invalid, illegal or unenforceable and there is a Material Adverse Effect as a result thereof which has not been remedied within thirty (30) days of the occurrence thereof;
- (g) any Indebtedness of the Issuer, whether singly or in the aggregate, in excess of ₱1,500,000,000.00, is not paid on its due date or within any applicable grace period or is declared to be due and payable prior to its stated date of payment (except where liability for payment of that Indebtedness is being contested in good faith by appropriate means);
- (h) a decree or order by a court or other Governmental Authority having jurisdiction over the premises is entered without the consent or application of the Issuer:
 - (i) adjudging the Issuer bankrupt or insolvent;
 - (ii) approving a petition seeking a suspension of payments by or a reorganization of the Issuer under any applicable bankruptcy, insolvency or reorganization law;
 - (iii) appointing a receiver, liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or substantially all of the business or assets of the Issuer;
 - (iv) providing for the winding up or liquidation of the affairs of the Issuer;
 - (v) with a view to the rehabilitation, administration, liquidation, winding-up or dissolution of the Issuer; or
 - (vi) taking other action under Applicable Law which is similar to any of the events mentioned in paragraphs (i) to (v) above (inclusive);

Provided, that the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within ninety (90) days from issuance thereof;

- (i) the Issuer:
 - (i) institutes voluntary proceedings to be adjudicated bankrupt or insolvent or consents to the filing of a bankruptcy or insolvency proceeding against it;
 - (ii) files a petition seeking a suspension of payments by it or its reorganization under any applicable bankruptcy, insolvency or reorganization law or consents to the filing of any such petition;
 - (iii) seeks or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its business or assets;
 - (iv) makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts generally as they become due;
 - (v) files a petition seeking the winding up or liquidation of its affairs or consents to the filing of any such petition;
 - (vi) takes any other step with a view to its rehabilitation, administration, liquidation, winding-up or dissolution or a suspension of payments by it; or
 - (vii) takes other action under Applicable Law which is similar to any of the events mentioned

in paragraphs (i) to (vi) above (inclusive);

- (j) final and executory judgment(s) or order(s) are rendered by a court of competent jurisdiction against the Issuer or its properties or assets from which no appeal may be made for the payment of money which will have a Material Adverse Effect and such judgment or order shall continue unsatisfied or undischarged after ninety (90) days;
- (k) the Issuer shall suspend or discontinue all or a substantial portion of its business operations, whether voluntarily or involuntarily for a period of thirty (30) consecutive days except in cases of strike or lockout or closure when necessary to prevent business losses, or when due to fortuitous events or force majeure, provided that in any such event of strikes, lockouts or closure due to force majeure events, there is no Material Adverse Effect;
- (l) the Trust Agreement or any material portion there is declared to be illegal or unenforceable in a final and executory judgment rendered by a court of competent jurisdiction, and the Offer Bonds are not redeemed within a period of thirty (30) days after the judgment has become final and executory; *provided* that this paragraph shall be without prejudice to the right of the Majority Bondholders to require early redemption of the Offer Bonds (e.g., even prior to a final and executory judgment) pursuant to “*Description of the Offer Bonds – Redemption by Reason of Change in Law or Circumstance*”;
- (m) an attachment or garnishment of or levy upon any of the properties of the Issuer is made which will have, or is expect to have, a Material Adverse Effect, and is not discharged or stayed within ninety (90) days (or such longer period as the Issuer satisfies the Majority Bondholders is appropriate under the circumstances) of having been so imposed;
- (n) the Issuer shall contest in writing the validity or enforceability of the Trust Agreement or any other Bond Agreements or shall deny generally in writing the liability of the Issuer under the Trust Agreement or any other Bond Agreements;
- (o) any event or circumstance that will have a Material Adverse Effect has occurred and is continuing; and
- (p) any Governmental Approval now or hereafter necessary to enable the Issuer to comply with its obligations under any Material Agreement to which it is party is not issued when required or is revoked, cancelled, withdrawn or withheld, not renewed, modified or amended or otherwise ceases to remain in full force and effect and such cancellation, withdrawal withholding, non-renewal, modification or amendment has a Material Adverse Effect; provided, that if the same is capable of being remedied, it shall not be an Event of Default if remedied within ninety (90) days from occurrence thereof.

Notice of Default

The Trustee shall, within thirty (30) days after the occurrence of an Event of Default, give to all the Bondholders written notice of any such Event of Default unless the same shall have been cured before the giving of such notice; provided, that in the case of a Payment Default under the section “Events of Default”, the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

The existence of a written notice required to be given to the Bondholders hereunder shall be published for at least once a week for two consecutive weeks in at least two newspapers of general circulation in the Philippines indicating in the published notice that the Bondholders or their duly authorized representatives may request any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification. Otherwise, the Trustee may also provide notice via the other modes of notice as provided under Section 17.1 of the Trust Agreement (or Annex A of the Trust Agreement under “*Notice to the Bondholders*” or this section “*Description of the Offer Bonds*”).

Consequences of Default

If any one or more of the Events of Default shall have occurred and be continuing after the lapse of the period given to the Issuer within which to cure such Event of Default, if any, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders, by notice in writing

delivered to the Issuer and the Trustee, may declare the Issuer in default (“**Declaration of Default**”) and declare the principal of the Bonds then outstanding, together with all accrued and unpaid interest thereon and all amounts due thereunder, to be due and payable not later than five (5) Business Days from the receipt of the Declaration of Default (“**Default Payment Date**”) with a copy to the Registrar and Paying Agent who shall then prepare a payment report in accordance with the RPAA. Thereupon, the Issuer shall make all payments due on the Offer Bonds in accordance with the RPAA.

All the unpaid obligations under the Offer Bonds, including accrued interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Issuer.

Penalty Interest

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, or otherwise, is not paid on the relevant due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay a penalty fee on the defaulted amount(s) at the rate of 12% per annum (the “**Penalty Interest**”) from the time the amount fell due until it is fully paid in accordance with the terms and conditions of the Bonds and the Trust Agreement.

Provided there is failure to pay as indicated above, the Penalty Interest shall be payable notwithstanding that there is no, or even prior to a Declaration of Default.

Payments in the Event of Default

Upon the occurrence of any Event of Default, and provided that there has been a Declaration of Default and acceleration of payment of the Offer Bonds by the Majority Bondholders pursuant to the provisions on Consequences of Default above, then in any such case:

- (a) the Issuer will pay the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on such outstanding Offer Bonds with interest at the rate borne by the Offer Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date. The Issuer also undertakes that it shall give the Trustee written notice of its intention to make any payments under this paragraph (a); and
- (b) the Trustee shall have the right to require the Registrar and Paying Agent, upon demand in writing, to do the following:
 - (i) to hold all sums, documents and records held by them in respect of the Offer Bonds on behalf of the Trustee; and/or
 - (ii) deliver all evidence of the Offer Bonds and all sums, documents, and records held by them in respect of the Offer Bonds to the Trustee or as the Trustee shall direct in such demand; provided, that such demand shall be deemed not to apply to any documents or records which the Registrar or Paying Agent is not allowed to release by any law or regulation; and/or
 - (iii) subject to the terms of the Registry and Paying Agency Agreement, apply any money received from the Issuer pursuant to this section in the order of preference provided in the “*Description of the Offer Bonds – Application of Payments*” below.

Application of Payments

Any money collected by the Trustee as a consequence of a Declaration of Default and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds or to the RPAA, shall be applied by the Trustee in the order of preference as follows:

- (a) *First*: to the pro rata payment to the Trustee, the Registrar and Paying Agent and PDEx of the costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys, and all expenses and liabilities incurred, or disbursements made by them, without gross negligence or bad faith in carrying out their respective obligations under their respective agreements with the Issuer in connection with the Bonds.
- (b) *Second*: to the payment of the interest in default, in the order of the maturity of such interest with

Penalty Interest.

- (c) *Third*: to the payment of all other outstanding interest, in the order of maturity of such interest based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (d) *Fourth*: to the payment of the principal amount of the Bonds then due and payable based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (e) *Fifth*: the remainder, if any, shall be paid to the Issuer, its successors, or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Bonds shall require the written conformity of the Trustee. The Paying Agent shall render a monthly account of such funds under its control.

Prescription

Claims in respect of principal and interest or other sums payable under the Offer Bonds shall prescribe unless the claim is made within 10 years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

Remedies

Subject to the discussion below under “*Description of the Offer Bonds – Ability to File Suit.*”

- (a) all remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, and
- (b) unless the claim has already prescribed as set out in Section 10.8 of the Trust Agreement (or relates to Section 14 (*Prescription*) of Annex A of the Trust Agreement or of this section “*Description of the Offer Bonds - Prescription*”), no delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer under the Trust Agreement on account of principal, interest, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder unless:

- (a) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Offer Bonds in accordance with the provisions of the Notice of Default (see “*Description of the Offer Bonds – Notice of Default*”);
- (b) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in its own name;
- (c) the Trustee, for sixty (60) days after the receipt of such notice and request, shall have neglected or refused to institute any such action, suit or proceeding; and
- (d) no directions inconsistent with such written request or rescission and annulment of a Declaration of Default shall have been given by the Majority Bondholders.

It being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no Bondholder shall have any right in any manner whatsoever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Offer Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders. For the protection and enforcement of this ability to file suit, each Bondholder and the Trustee shall be entitled to such relief as can be given under Applicable Law.

Waiver of Default by the Bondholders

The Majority Bondholders may (a) direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or (b) on behalf of the Bondholder, waive any past default except the Events of Default defined as a Payment Default, insolvency default (paragraph (i)) or closure default (paragraph (k)), and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Trust Agreement; provided, that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Offer Bonds.

SUBSTITUTION

Substitution of the Offer Bonds is not contemplated.

TRUSTEE; NOTICES

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

TRUSTEE

Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Agreement and the terms and conditions of the Offer Bonds and all other notices, requests and other communications thereunder must be in writing and will be deemed to have been duly given only if delivered personally, or mailed (first class postage prepaid) or emailed to the Trustee at the following address and email addresses; and addressed to the individuals named below:

To the Trustee:	PHILIPPINE NATIONAL BANK – TRUST BANKING GROUP
Address:	3rd Floor, PNB Financial Center President Diosdado Macapagal Boulevard, Pasay City
Attention:	Joy Jasmin Santos / Maria Victoria Mendoza
Email:	mendozamc@pnb.com.ph

All such notices, requests and other communications will: (i) if delivered personally to the address as provided above, be deemed given upon delivery and (ii) if delivered by mail or email in the manner described above to the address or email addresses as provided above, be deemed given upon receipt and in case of email if received in readable form (in each case regardless of whether such notice, request or other communication is received by any other Person on behalf of such individual to whom a copy of such notice, request or other communication is to be delivered). The Trustee may from time to time change its address, email address or other information for the purpose of notices hereunder by giving notice specifying such change.

Any notice, report or communication received on a non-Business Day or after business hours in the place of receipt will only be deemed given on the next Business Day in that place.

Notice to the Bondholders

Except where the Bonds and the Bond Agreements specifically require another party to send notice to the Bondholders, the Trustee shall send any and all notices to the Bondholders as may be required or necessary under the Bonds and the Bond Agreements to their contact details as set forth in the Registry of Bondholders, it being understood, however, that for purposes of fulfilling its obligations to deliver such

notices, the Trustee shall be entitled to rely on the Registry of Bondholders in determining the Bondholders entitled to notice and their respective contact details. Further, while the Trustee shall exert best efforts to meet the periods relative to sending of notices as provided in the Trust Agreement, it shall not be liable for delays that are outside its control.

Except where a specific mode of notification is provided for in the Bond Agreements, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) e-mail; (iii) ordinary mail; (iv) by publication for at least once a week for two consecutive weeks in at least two newspapers of general circulation in the Philippines; (v) personal delivery to the address of record in the Registry of Bondholders; or (vi) disclosure through the Online Disclosure System of the PDEX. If notices to the Bondholders shall be sent by mail or personal delivery, such notices shall be sent to the mailing address of the Bondholders as set forth in the Registry of Bondholders. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) on the date of receipt of the e-mail in readable form; (iii) fifteen (15) days from mailing, if transmitted by ordinary mail; (iv) on the date of last publication, if notice is made by publication; (v) on the date of delivery, for personal delivery; or (vi) on the date of disclosure, if notice is made by disclosure through the Online Disclosure System of the PDEX.

A notice made by the Issuer to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the PDEX on a matter relating to the Offer Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication or the date of the disclosure, as the case may be.

Duties and Responsibilities of the Trustee

- (a) The Trustee shall independently perform each of the following duties for the benefit of the Bondholders:
 - (i) Coordinate with the Issuer, the Joint Lead Underwriters and Joint Bookrunners, the Registrar and the Paying Agent in relation to the performance of their respective responsibilities under the relevant Bond Agreements.
 - (ii) Have custody of and hold in its name, for and on behalf of the Bondholders, the Master Certificates of Indebtedness for the Bonds.
 - (iii) Monitor compliance by the Issuer with the Trust Agreement, including the Issuer's compliance or non-compliance with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement; *provided*, that such monitoring shall be based solely on a sworn certification executed by an authorized officer of the Issuer and delivered to the Trustee within seven (7) days from each Interest Payment Date, substantially in the form attached as Annex C to the Trust Agreement.
 - (iv) Report regularly to Bondholders any non-compliance by the Issuer with the Trust Agreement and any development with respect to the Issuer of which the Trustee may have actual notice or knowledge of based on official disclosures to PDEX, PSE, SEC and other regulatory agencies, or those which the Trustee may have been given actual notice or knowledge of that adversely affects the interest of the Bondholders, including any default by the Issuer on any of its obligations of which the Trustee may have actual notice or knowledge, and inform the Bondholders, upon the recommendation of legal counsel, of the alternative courses of action that they may take to protect their interest; *provided*, that for purposes hereof, the Trustee shall, without need of any further act or notice to the Issuer, publish a notice once in a newspaper of general circulation, binding upon all the Bondholders wherever situated or located, that the Bondholders or their duly authorized representatives may obtain a report regarding the Bonds at the principal office of the Trustee upon presentation of sufficient and acceptable identification. If the foregoing notice via publication is not practicable, the Trustee may issue the relevant notice via the other modes of notification as provided under Section 17.1 of the Trust Agreement (or Section 17.2 (*Notice to the Bondholders*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds – Notice to the Bondholders*"). Upon advice of legal counsel, the Trustee shall inform the Bondholders of the alternative courses of action that they may take to protect their interest.

All costs and expenses incurred by the Trustee in connection with the publication with newspapers of general circulation and printing of the notices shall be for the account of the Issuer and shall be paid or reimbursed by the Issuer within ten (10) Business Days from receipt of the duly supported billing statement.

- (v) Act on behalf of the Bondholders including calling for and/or attending meetings of the Bondholders in the manner set out in this section. A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of the Bonds under any under any provisions of the Trust Agreement or under Applicable Law or in respect of any matter related to the Bonds.
- (1) A meeting (either a face-to-face meeting or a meeting held through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication) of the Bondholders, for purposes of taking any actions authorized under the Trust Agreement or under Applicable Law or in respect of any matter related to the Bonds may be called by the following: (a) the Trustee, on its own accord or upon the written request of the Issuer, or (b) the Bondholders representing more than twenty-five percent (25%) of the outstanding principal amount of the Bonds. The meeting may be held at such time and at such place or via such mode (as applicable) as the Trustee shall determine.
- (2) Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must state the purpose thereof in reasonable detail and set forth the time, place, mode (as applicable), requirements and procedures for participating and voting in meetings held through remote communication, and purpose of such meeting in reasonable detail) to the Issuer and each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the notice shall be made at least five (5) days prior to the date fixed for the meeting; provided further that, if the foregoing notice via publication is not practicable, the Trustee may issue the relevant notice via the other modes of notification as provided under Section 17.1 of the Trust Agreement (or Section 17.2 (*Notice to the Bondholders*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds – Notice to the Bondholders*").
- The Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than forty-five (45) days before the date of the meeting; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the record date shall not be earlier than fifteen (15) days before the date of the meeting.
- (3) Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Bondholders representing more than twenty-five percent (25%) of the outstanding principal amount of the Bonds within ten (10) Business Days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of the Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the procedure in accordance with Section 18.1(a)(vi)(2) and Section 19.2 (*Notice of Meetings*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds*."
- (4) The presence of the Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the Registry and Paying Agency Agreement, which list shall include (a) the complete names of the Bondholders (including the name of the

authorized representative of the Bondholder, where applicable), (b) the amount of Bonds held by the Bondholders as of the relevant record date, (c) the complete address and contact details of the Bondholders, (d) the specimen signatures of the Bondholders' authorized signatories, and (e) such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement as may be requested by the Trustee. The Registrar shall, and the Issuer shall cause the Registrar to, provide the Trustee with a list of Bondholders at least five (5) Business Days upon receipt of written request from the Trustee.

- (5) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided in Section 18.1(a)(vi)(3) and Section 19. (*Failure of the Trustee to Call a Meeting*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds*" in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the person appointed by a public instrument in writing as proxy or agent by any such Bondholder in accordance with Section 18.1(vi)(7) and Section 19.6 (*Voting Rights*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds*". The elected secretary shall immediately provide the Trustee with the copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request, provided that the cost of furnishing the same to the requesting party shall be for such person's account.
- (6) Any meeting of the Bondholders may be adjourned from time to time for a period not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.
- (7) To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Bonds as reflected in the Registry of Bondholders on the relevant record date fixed pursuant to Section 18.1(a)(vi)(2) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds*", as the case may be, or a Person should be appointed by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting and any representative of the Trustee, any representative of the Issuer, and their respective legal counsels. Please refer also to Section 19.6 of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds – Voting Rights*".
- (8) Except as otherwise specifically provided in the Trust Agreement, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders (which should be present or represented in a meeting at which there is a quorum).

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee.
- (9) Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of Bonds may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined such action may

be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing in accordance with Section 18.1(a)(vi)(7) and Section 19.6 (*Voting Rights*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds*"; (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instruments and any such record of meeting of the Bondholders.

- (10) Notwithstanding the provisions in this section and other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the terms and conditions of the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to the proof of ownership of the Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit.
 - (11) All costs and expenses incurred by the Trustee in connection with the meetings of the Bondholders shall be for the account of the Issuer and shall be paid or reimbursed by the Issuer within ten (10) Business Days from receipt of the duly supported billing statement.
 - (12) Whenever this section or any other provision of the Trust Agreement provides for a certain percentage of Bondholders who may take any action, this section or any such provision shall be construed (a) with respect to matters relating only to the Series A Bonds, Bondholders representing the relevant percentage of the outstanding principal amount of the Series A Bonds; and (b) with respect to matters relating only to the Series B Bonds, Bondholders representing the relevant percentage of the outstanding principal amount of the Series B Bonds.
- (vi) Safekeep (1) all records enumerated in Section 3.2 of the Trust Agreement, (2) copies of all submissions of the Issuer to the SEC in connection with the procurement and maintenance of the SEC Registration Documents (as such term is defined in the Trust Agreement), the Bonds Agreements, and (3) such other documents that may be deemed pertinent and as may be reasonably requested by the Trustee in the performance of its functions.
- (vii) Upon written request by the Issuer no later than 11:30 a.m. within ten (10) Business Days following the date the Trustee receives such request, send notice of any matter to the Bondholders, other than those matters the notice of which is specifically required to be given to the Bondholders by another party under the Bond Agreements.
- For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with respect to any matters that must be taken up with the Issuer.
- (viii) Prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, the Trustee shall perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such diligence, judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, will exercise in the management of their own affairs.
 - (ix) The Trustee shall submit the reports described in Section 18.4 (*Reports to the Bondholders*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds – Reports to the Bondholders*".
 - (x) The Trustee shall allow the inspection of documents described in Section 18.5 (*Inspection of Documents*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds – Inspection of Documents*."

- (b) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Agreement, and observe due diligence required of a prudent and reasonable Person under the same circumstances, in the performance of its duties and obligations under the Trust Agreement. The Trustee may perform any of its duties under the Trust Agreement through its directors, officers, employees, agents, or attorneys-in-fact. Subject to the succeeding paragraph, the Trustee shall not be responsible for the inadequacy of the Issuer to meet and discharge any of its obligations under the Bonds or be liable for any depreciation in value or other losses of the Bonds. Neither shall the Trustee be a surety or a guarantor of the solvency or capacity of the Issuer, any of the Joint Lead Underwriters and Joint Bookrunners, the Registrar, the Paying Agent, or any of their authorized representatives. Each Bondholder is deemed to have represented and warranted to the Trustee and to the Issuer that it has independently and, without reliance on the Trustee or the issuer, made its own credit investigation and appraisal of the financial position and affairs of the Issuer on the basis of such documents and information it has deemed appropriate and that it has subscribed to the Bonds on the basis of such independent appraisal, and that it shall continue to make its own credit appraisal without reliance on the Trustee or the Issuer.

In the absence of willful misconduct, fraud, evident bad faith, gross negligence or breach of Applicable Law on the part of the Trustee, the Issuer and the Bondholders agree to indemnify and hold the Trustee free and harmless from and against any and all claims, liabilities, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations under the Trust Agreement.

- (c) Reliance in good faith on the information submitted by the Issuer, the Bondholders, the Joint Lead Underwriters and Joint Bookrunners, the Registrar and the Paying Agent, or any of their authorized representatives pursuant to the terms and conditions of the Bond Agreements shall absolve the Trustee from any liability. The Trustee shall be fully protected in acting in accordance with the written directions, requests, instructions, and certifications of the Issuer, the Bondholders, any of the Joint Lead Underwriters and Joint Bookrunners, the Registrar, or the Paying Agent, or any of their authorized representatives pursuant to the terms and conditions of the Bond Agreements, to the extent permitted by Applicable Law.

The Trustee may rely on any communication or document believed by it in good faith to be genuine, and may rely on the statements of any of the Issuer, the Bondholders, the Joint Lead Underwriters and Joint Bookrunners, the Paying Agent, the Registrar or any of their authorized representatives, on any matter or fact which might reasonably be expected to be within the knowledge of the latter.

The Trustee may request from the Issuer, the Bondholders, the Joint Lead Underwriters and Joint Bookrunners, the Paying Agent or the Registrar, or any of their authorized representatives, for any information and/or assistance as the Trustee may reasonably require to enable it to perform its rights, powers, duties, functions, authorities, and discretion under the Trust Agreement, including but not limited to a certification of compliance (in substantially the form attached as Annex C to the Trust Agreement) to be delivered by the Issuer on a quarterly basis to confirm the Issuer's compliance with its obligations and undertakings under the Bonds and the Trust Agreement. The Issuer shall submit the certification of compliance for the first three (3) quarters of the Issuer's fiscal year within forty-five (45) days from the end of the relevant quarter, and the annual certification of compliance within one hundred twenty (120) days from the end of its fiscal year.

The Trustee may presume that no Event of Default has occurred until it has received notice thereof and it may conclusively rely upon the certification of compliance to be delivered by the Issuer.

- (d) In coordination with the Issuer, the Trustee may seek the advice of legal counsel, and take any action in accordance with the written advice of such legal counsel; provided, however, that coordination with the Issuer shall not be necessary if there is an occurrence of an Event of Default. Any such action taken or suffered in good faith by the Trustee as a consequence of the reasonable opinion of the said legal counsel, shall be conclusive and binding upon the Issuer and the Bondholders, and the Trustee shall be fully protected from any liability for any loss or damage suffered or caused to be suffered by the Issuer and/or the Bondholders by virtue thereof, provided there is no concurrent breach by the Trustee of its obligations under the Trust Agreement.

The Trustee may assume that the Issuer has taken and obtained such necessary legal and other advice and opinion in respect of the actions taken or suffered by the Trustee in accordance with the foregoing paragraph and that the same is satisfactory to it, so that the Trustee shall have no obligation or responsibility to seek or obtain any other independent or additional advice or opinion

and shall not be liable for any loss or damage suffered or incurred by the Issuer and/or the Bondholders as a result thereof.

All costs and expenses (if any), including legal fees, incurred by the Trustee in connection with such action shall be reimbursed by the Issuer within five (5) Business Days from receipt of the duly supported billing statement.

- (e) The Trustee may refrain from doing anything under the Trust Agreement that would or might in its reasonable opinion be contrary to Applicable Law or render it liable to any Person, and until it has been indemnified or secured to its satisfaction against any and all costs, losses, expenses, or liabilities which it would or might sustain or incur as a result. The Trustee may refrain from performing any action not expressly provided in the Trust Agreement unless it is first given the proper written instructions by the Issuer and until it has been indemnified or secured to its satisfaction against any and all costs, losses, expenses, or liabilities which it would or might sustain or incur as a result, except if there is an occurrence of an Event of Default.
- (a) Except as may be necessary to perform its duties under the Trust Agreement and as required by Applicable Law, the Trustee (i) shall permanently keep privileged and confidential, separate and distinct, any information, data, documents, files, properties, funds, or any other matter which it may acquire pursuant to the Trust Agreement or obtained in the course of the performance of its duties and functions as a Trustee, (ii) shall refrain from disclosing any such information or item in any manner, whether written, verbal, telegraphic, coded, or encrypted, whether in physical, electronic, or any other form or media, and (iii) hereby undertakes not to use any such information or item for its own benefit or for the benefit of any of its clients regardless of whether or not such use can be shown to cause disadvantage, injury, or damage to the Issuer; *provided*, that where any disclosure of the foregoing information is required by Applicable Law, the Trustee shall, to the extent permitted by Applicable Law, consult with and properly apprise the Issuer of such legal requirement prior to the proposed disclosure and give reasonable opportunity to the Issuer to consider the same before the Trustee makes any decision to release it. This paragraph (f) shall survive the Trust Agreement.
- (g) For the faithful performance of its duties under the Trust Agreement, the Trustee shall not be required to furnish any bond or undertaking.
- (h) Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be party or any corporation succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the need for the execution or filing of any paper or any further act on the part of any parties hereto, anything to the contrary notwithstanding; provided that such successor trustee shall be eligible to act as trustee under the provisions of the Trust Agreement and under Applicable Law.
- (i) The Trustee shall collect, process, retain, share, dispose and destroy the personal and/or sensitive personal information (the “**Personal Information**”) of the Bondholders in accordance with the Data Privacy Act of 2012 and its Implementing Rules and Regulations, as the same may be amended from time to time. The Trustee shall not sell, trade or otherwise share the Personal Information for marketing purposes to third parties without the written consent of the relevant Bondholder. The Trustee may disclose the Personal Information to:
 - (i) government or regulatory agencies if required by the Applicable Law, or if reasonably determined by the Trustee to be necessary in relation to the use of the Personal Information in connection with the provision of any service related to the Trust Agreement, and for data processing, storage, retention, collection, sharing, disposal and destruction as may be necessary for the provision of such service, anti-money laundering monitoring, combating the financing of terrorism, review and reporting, or for purposes of complying with any law or regulation, for law enforcement purposes, national security or public interest (the “**Purpose**”);
 - (ii) its employees, directors, officers, representatives, agents, advisors, counsels, and service providers as the Trustee deems it reasonably necessary in relation to the Purpose; and
 - (iii) its Subsidiaries and affiliates as well as employees, directors, officers, representatives, agents, advisors, counsels, and service providers of such Subsidiaries and affiliates, as the Trustee deems it reasonably necessary in relation to the Purpose.

In addition to the above, the Trustee is appointed as trustee for and on behalf and benefit of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement.

Except as may be otherwise provided in the Trust Agreement, the Trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Trust Agreement if there is reasonable ground to believe that the repayment of such funds or liability is not reasonably assured to it under the terms of the Trust Agreement.

The Trust Agreement provides for other obligations of the Trustee and terms and conditions applicable to the Trustee's discharge of its functions under the agreement.

Resignation and Change of Trustee

- (a) The Trustee may at any time resign by giving at least 90 days' prior written notice to the Issuer and Bondholders of such resignation.
- (b) Upon receipt of such notice of resignation of the Trustee, the Issuer shall immediately appoint a replacement trustee, which shall be acceptable to the Issuer, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the replacement trustee. If no replacement trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee or any Bondholder who has been a bona fide holder for at least the immediately preceding six (6) months may, for and in behalf of the Bondholders, petition any court of competent jurisdiction for the appointment of a replacement trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, appoint a replacement trustee.

Subject to paragraph (f) below, a replacement trustee must possess all the qualifications required under pertinent laws and the Trust Agreement.

- (c) In case at any time the Trustee (i) shall fail to comply with the provisions of the Trust Agreement in relation to conflict of interest, after written request therefor by the Issuer or by any Bondholder, (ii) shall cease to be eligible in accordance with the provisions of the Trust Agreement or Applicable Law and shall fail to resign after written request therefor by the Issuer or by any Bondholder; (iii) in the reasonable opinion of the Issuer, has committed fraud, bad faith, willful misconduct or gross negligence or has otherwise violated Applicable Law, in each case, in the performance of any material obligation under the Trust Agreement; or (iv) shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days therefrom remove the Trustee, and appoint a replacement trustee, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the Trustee so removed and one (1) copy to the replacement trustee. If the Issuer fails to remove the Trustee and appoint a replacement trustee, any Bondholder may, on behalf of himself and all other Bondholders, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a replacement trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a replacement trustee.
- (d) The Majority Bondholders may at any time remove the Trustee for just and reasonable cause, and with consent of the Issuer (provided that no consent of the Issuer shall be required if there has been an occurrence of an Event of Default), appoint a replacement trustee, by the delivery to the Trustee so removed, to the replacement trustee and to the Issuer of the evidence (as provided for in the Trust Agreement) of the action in that regard taken by the Majority Bondholders, which removal shall take effect thirty (30) days from receipt of such notice by the Trustee; provided, that if no replacement trustee shall have been appointed within ninety (90) days from the receipt of the Issuer of the written evidence (as provided for in the Trust Agreement) of the action taken, the Majority Bondholders may appoint a replacement trustee without the consent of the Issuer. This is without prejudice to whatever remedies may be available to the Majority Bondholders under Applicable Law or in equity.

- (e) Any resignation or removal of the Trustee and appointment of a replacement trustee pursuant to any of the provisions of the Trust Agreement shall become effective upon the earlier of: (i) the acceptance of appointment by the replacement trustee as provided in the Trust Agreement; and (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement; provided, however, that until such replacement trustee is qualified and appointed, the outgoing Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the replacement trustee promptly upon the appointment thereof by the Issuer.
- (f) Within fifteen (15) days from the effectiveness of the resignation or removal of the outgoing trustee and the appointment of the replacement trustee, the outgoing trustee shall transfer and turn over to the replacement trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the outgoing trustee, if any, provided, that if the outgoing trustee does not receive any objections on the final accounting report within thirty (30) days from submission thereof, they shall be deemed to have absolutely and unconditionally accepted the accuracy of the final accounting report.

Replacement Trustee

- (a) The replacement trustee must have the following qualifications:
 - (i) it is a financial institution duly organized, validly existing, in good standing under and by virtue of the laws of the Philippines with full powers and authority to undertake its duties as trustee and duly authorized by the BSP to engage in trust and other fiduciary business;
 - (ii) it must be a third party that has no Subsidiary or Affiliate or any other relationship with the Issuer which would undermine its independence, including any conflict of interest under Section 11.1(c) of the Trust Agreement; and
 - (iii) it must have an adequate risk management and must be sufficiently capitalized as evidenced by its compliance with the risk-based capital adequacy ratio prescribed under applicable BSP regulations.
- (b) Any replacement trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor trustee an instrument accepting such appointment, and thereupon the resignation or removal of the outgoing trustee shall become effective and such replacement trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor under the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the replacement trustee, the trustee ceasing to act as such shall execute and deliver an instrument transferring to the replacement trustee, all the rights, powers and duties of the trustee so ceasing to act as such. Upon request of any such replacement trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such replacement trustee all such rights, powers and duties.
- (c) Upon acceptance of the appointment by a replacement trustee as provided in this section, the Issuer shall notify the Bondholders in writing and/or by publication once in a newspaper of general circulation in Metro Manila, Philippines, of the replacement of such replacement trustee to the trust provided in the Trust Agreement. If the Issuer fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the replacement trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

Reports to the Bondholders

Only upon the existence of (a) or (b) below, the Trustee shall submit to the Bondholders on or before March 1 of each year from the Issue Date until full payment of the respective Offer Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

- (a) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report which shall be based on the report to be given by the Paying Agent to the Trustee upon request by the Trustee through the Issuer; or
- (b) any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, the remaining unpaid amounts of such advance is at least 10% of the aggregate outstanding principal amount of the Bonds at such time.

Inspection of Documents

Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

- (a) the Trust Agreement;
- (b) the Registry and Paying Agency Agreement;
- (c) the Articles of Incorporation and By-laws of the Company; and
- (d) the Registration Statement of the Company with respect to the bonds (including the Offer Bonds) with the Prospectus and this Offer Supplement.

MEETINGS OF THE BONDHOLDERS

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of Offer Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Offer Bonds.

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice of Meetings

A meeting (either a face-to-face meeting or a meeting held through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication) of the Bondholders for purposes of taking any actions authorized under the Trust Agreement or under Applicable Law or in respect of any matter related to the Bonds may be called by the following: (a) the Trustee, on its own accord or upon the written request of the Issuer, or (b) the Majority Bondholders. The meeting may be held at such time and at such place or via such mode (as applicable) as the Trustee shall determine.

Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must state the purpose thereof in reasonable detail and set forth the time, place, mode (as applicable), requirements and procedures for participating and voting therein) to the Issuer and each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the notice shall be made at least five (5) days prior to the date fixed for the meeting; provided further that, if the foregoing notice via publication is not practicable, the Trustee may issue the relevant notice via the other modes of notification as provided under Section 17.1 of the Trust Agreement (or Section 17.2 (*Notice to the Bondholders*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds – Notice to the Bondholders*").

The Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than forty-five (45) days before the date of the meeting; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the record date shall not be earlier than fifteen (15) days before the date of the meeting.

All costs and expenses incurred by the Trustee in connection with the meetings of the Bondholders shall be for the account of the Issuer and shall be paid or reimbursed by the Issuer within ten (10) Business Days from receipt of the duly supported billing statement.

Failure of the Trustee to Call a Meeting

Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Majority Bondholders within ten (10) Business Days from receipt of such request shall entitle the requesting party to

send and publish the appropriate notice of the Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the procedure set forth under Section 18.1(a)(vi)(2) and Section 19.2 (Notice of Meetings) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds – Notice of Meetings*."

Quorum

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the RPAA, which list shall include (a) the complete names of the Bondholders (including the name of the authorized representative of the Bondholder, where applicable), (b) the amount of Bonds held by the Bondholders as of the relevant record date, (c) the complete address and contact details of the Bondholders, (d) the specimen signatures of the Bondholders' authorized signatories, and (e) such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement as may be requested by the Trustee. The Registrar shall, and the Issuer shall cause the Registrar to, provide the Trustee with a list of Bondholders and the foregoing information at least five (5) Business Days upon receipt of written request from the Trustee.

Procedure for Meetings

- (a) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided under Section 18.1(a)(vi)(3) and Section 19.3 (*Failure of the Trustee to Call a Meeting*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds – Failure of the Trustee to Call a Meeting*" in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the Person appointed by a public instrument as proxy or agent by any such Bondholder in accordance with the procedure set forth in Section 18.1(vi)(7) and Section 19.6 (*Voting Rights*) of Annex A of the Trust Agreement or of this section "*Description of the Offer Bonds – Voting Rights*". The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request, provided that the cost of furnishing the same to the requesting party shall be for such person's account.
- (b) Any meeting of the Bondholders may be adjourned from time to time for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Bonds as reflected in the Registry on the relevant record date fixed by the Trustee, the Issuer, or the Majority Bondholders, as the case may be, or a Person appointed in writing by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. A Bondholder shall be entitled to one (1) vote for every Ten Thousand Pesos (₱10,000.00) interest in the Bonds. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting, and any representative of the Trustee, any representative of the Issuer, and their respective legal counsels.

Voting Requirement

Except as provided in the Trust Agreement, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders (which should be present or represented in a meeting at which there is a quorum).

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Offer Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Offer Bonds may take any action (including the making of any demand or request and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the Bondholders of such specified percentage have joined such action may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing in accordance with the Trust Agreement, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance with the Trust Agreement; or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

Non-Reliance

Each Bondholder also represents and warrants to the Trustee and to the Issuer that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Bonds and on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all claims, liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations under the Trust Agreement, except for its gross negligence, fraud, evident bad faith, willful misconduct, or breach of Applicable Law on the part of the Trustee.

Amendments

The Issuer and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Trust Agreement if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency; provided, in all cases, that such amendment or waiver does not adversely affect the interests of the Bondholders; provided, further, that all Bondholders are notified of such amendment or waiver.

With the consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors or the executive committee of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental to the Trust Agreement for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, that no such supplemental agreement shall:

- (a) without the consent of all Bondholders affected thereby: (i) extend the maturity date of the Bonds; or (ii) reduce the principal amount of the Bonds, or (iii) reduce the rate or extend the time of payment of interest and principal thereon;
- (b) impair the right of any Bondholder to (i) receive payment of principal of and interest on the Bonds on or after the due dates therefore, or (ii) to institute suit for the enforcement of any payment on or with respect to such Bondholder;
- (c) affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders;
- (d) make any Bond payable in money other than that stated in the Terms and Conditions;

- (e) subordinate the Bonds to any other obligation of the Issuer;
- (f) amend or modify the provisions of the Terms and Conditions on Taxation, the Events of Default or the provisions under "*Description of the Offer Bonds - Waiver of Default by the Bondholders*";
- (g) reduce the percentage of the Bondholders required to be obtained under the Trust Agreement for their consent to or approval of any supplemental agreement or any waiver provided for in the Trust Agreement, without the consent of all the Bondholders; or
- (h) make any change or waiver of the conditions under this section (*Description of the Offer Bonds - Execution of Amendments or Supplemental Agreements*).

It shall not be necessary to obtain the consent of the Bondholders under this section (*Description of the Offer Bonds - Execution of Amendments or Supplemental Agreements*) for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given pursuant hereto shall be conclusive and binding upon all Bondholders and upon all future holders and owners of the Bonds or of any Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Bonds.

Promptly after the execution by the Issuer and the Trustee of any supplemental agreement pursuant to the provisions of this section (*Description of the Offer Bonds - Execution of Amendments or Supplemental Agreements*), the Issuer shall send a notice to the Bondholders setting forth in general terms the substance of such supplemental agreement. Any failure of the Issuer to send such notice or any defect therein shall not, however, in any way impair or affect the validity of any supplemental agreement.

GOVERNING LAW

The Bond Agreements are governed by and are construed in accordance with Philippine law.

VENUE

Any suit, action, or proceeding arising out of, or relating to, the Bonds or the Trust Agreement shall be brought before the proper courts in the City of Makati or City of Pasay, to the exclusion of all other courts at the option of the plaintiff, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer, Trustee and Bondholders expressly waiving other venue.

WAIVER OF PREFERENCE

The obligations created under the Bonds and the Trust Agreement shall not enjoy any priority of preference or special privileges by virtue of Article 2244, paragraph 14(a) of the Civil Code of the Philippines over any debt of the Issuer. Accordingly, whatever priorities or preferences that the Bonds and the Trust Agreement may have, or any Person deriving a right hereunder may have under Article 2244, paragraph 14(a) of the Civil Code of the Philippines, are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14(a) of the Civil Code of the Philippines shall be automatically revoked or deemed not given should any bank, lender or creditor to the Issuer or any claimant against the Issuer have a preference or priority over amounts owing under their respective agreements as a result of a notarization, and the Issuer has not either procured a waiver of this preference to the satisfaction of the Trustee in respect of the Bonds and the Trust Agreement, or equally and ratably extend such preference to the Bondholders and the Trustee in respect of the Bonds and the Trust Agreement.

CAPITALIZATION

The following table sets forth the consolidated capitalization and indebtedness of the Company as of December 31, 2025 and as adjusted to give effect to the issue of the Offer Bonds. This table should be read in conjunction with the Company' audited consolidated financial statements and the notes thereto, included in the Prospectus.

	As of December 31, 2025		
	Actual	As Adjusted ⁽¹⁾	
	(Audited)	Assuming P3.0B Issue Size	Assuming P5.0B Issue Size
	(in P)	(in P)	(in P)
Debt			
Short-term debt and current portion of long-term debt	1,462,271,879	1,462,271,879	1,462,271,879
Long-term debt—net of current portion	2,076,868,331	5,021,492,706	6,994,492,706
Total debt (a) ⁽²⁾	3,539,140,210	6,539,140,210	8,539,140,210
Cash and cash equivalents	1,122,083,245	4,066,707,620	6,039,707,620
Net debt ⁽³⁾	2,417,056,965	2,472,432,590	2,499,432,590
Equity			
Capital stock—net of subscription receivable	2,505,306,575	2,505,306,575	2,505,306,575
Additional paid-in capital	3,331,502,966	3,331,502,966	3,331,502,966
Other reserve	151,372,686	151,372,686	151,372,686
Cumulative translation adjustments of foreign subsidiaries and interests in joint ventures and associates	(10,131,649)	(10,131,649)	(10,131,649)
Remeasurement loss on net defined benefit plan—net of tax	(19,742,738)	(19,742,738)	(19,742,738)
Retained earnings			
Unappropriated	3,285,492,345	3,285,492,345	3,285,492,345
Less cost of common stock held in treasury	140,255,859	140,255,859	140,255,859
Total equity (b)	9,103,544,326	9,103,544,326	9,103,544,326
Total capitalisation (a+b)	12,642,684,536	15,642,684,536	17,642,684,536

(1) Adjusted amount as of December 31, 2025 includes the gross proceeds of the principal amount of the Bonds offered hereunder, net of expenses related to the proceeds, accounted for as contra-liability of the long-term debt account and subsequently amortized as expense during the term of the debt.

(2) Total debt includes short-term debt and current portion of long-term debt and long-term debt—net of current portion.

(3) Net debt is total debt less cash and cash equivalents.

USE OF PROCEEDS

The Company estimates that the net proceeds from the Offer shall amount to approximately ₱2,944,624,375.00 after fees, commissions and expenses. Assuming the Oversubscription Option is fully exercised, the net proceeds of the Offer shall amount to approximately ₱4,917,624,375.00 after fees, commissions, and expenses.

Net proceeds, after deducting estimated fees, commissions and expenses relating to the Offer are as follows:

Gross Proceeds from the Base Offer	₱3,000,000,000.00
Less:	
Underwriting and selling fees for the Series A and Series B Bonds being offered by the Company	₱18,000,000.00
Taxes to be paid by the Company	₱22,500,000.00
Listing and Maintenance Fee	₱450,000.00
Rating Fee	₱5,000,000.00
Philippine SEC filing and legal research fee	₱1,830,625.00
PDEX Listing Application fee (inclusive of VAT)	₱300,000.00
Estimated legal fees*	₱2,520,000.00
Estimated Paying Agency and Registry Fees	₱375,000.00
Trustee Account Opening Fee	₱200,000.00
Estimated other expenses (such as cost of printing, publication, out-of-pocket expenses)	
Cost of printing	₱200,000.00
Publication	₱500,000.00
Accounting fees	₱3,000,000.00
Public Relations, media expenses	₱500,000.00
Total Expenses	₱55,375,625.00
ESTIMATED NET PROCEEDS FROM THE BASE OFFER	₱2,944,624,375.00

*The legal fees will be paid to the Issuer's counsel, Picazo Buyco Tan Fider Santos & Dee, and shall exclude the legal fees of the counsel to the Sole Issue Manager, and Joint Lead Underwriters and Joint Bookrunners, SyCip Salazar Hernandez & Gatmaitan.

Assuming the Oversubscription Option is fully exercised:

Gross Proceeds from the Oversubscription Option	₱2,000,000,000.00
Less:	
Underwriting and selling fees for the Series A and Series B Bonds being offered by the Company	₱12,000,000.00
Taxes to be paid by the Company	₱15,000,000.00
Total Expenses	₱27,000,000.00
ESTIMATED NET PROCEEDS FROM THE OVERSUBSCRIPTION OPTION	₱1,973,000,000.00
ESTIMATED NET PROCEEDS FROM THE BASE OFFER AND THE OVERSUBSCRIPTION OPTION	₱4,917,624,375.00

USE OF PROCEEDS

The net proceeds of the Offer will be used for the following: 1) Renewable Energy Investments, 2) Residential Pipeline Projects, 3) Redemption of Series A Preferred Shares, and 4) General Corporate Purposes. The table below sets out a summary of the allocation of net proceeds under each scenario:

Purpose	Net Proceeds of the Base Offer (₱2,944,624,375.00)		Net Proceeds of the Base Offer + Full Oversubscription (₱4,917,624,375.00)		Estimated Timing of Disbursement
	Amount	%	Amount	%	
Renewable Energy Investments	₱1,000,000,000	33.96%	₱1,800,000,000	36.61%	Within 6 months of issuance
Residential Pipeline Projects	₱800,000,000	27.17%	₱1,200,000,000	24.41%	Within 12 months of issuance
Redemption of Series A Preferred Shares	₱1,000,000,000	33.96%	₱1,326,490,000	26.98%	November 2026
General Corporate Purposes	₱144,624,375	4.91%	₱591,134,375	12.02%	Within 12 months of issuance
TOTAL	₱2,944,624,375	100%	₱4,917,624,375	100%	

Any shortfall from the net proceeds of the Offer allotted to any of the foregoing will be financed from the Company's internally generated funds, subject to the approval of the Company's Board of Directors.

Renewable Energy Investments

The Company, through its subsidiary ABC Energy Inc. (ABCEI), intends to allocate up to ₱1.00 billion from the Base Offer and up to ₱1.80 billion assuming full exercise of the Oversubscription Option to fund equity investments in renewable energy companies. Proceeds will be applied to investments in Alternergy Tanay Wind Corp., Alabat Wind Power Corp., and Manolo Fortich Power Corporation.

The breakdown of Renewable Energy Investment proceeds by investee company is as follows:

Investee Company	Base Offer	Base Offer + Full Oversubscription
Alternergy Tanay Wind Corp.	₱650,000,000	₱1,100,000,000
Alabat Wind Power Corp.	₱350,000,000	₱600,000,000
Manolo Fortich Power Corporation	-	₱100,000,000
TOTAL	₱1,000,000,000	₱1,800,000,000

The Board of Directors has authorized management to make additional investments in renewable energy companies under ABCEI as management may deem appropriate, taking into consideration the capital requirements of the relevant businesses, funding requirements of their projects, opportunities

and developments in the renewable energy industry, and requirements of relevant regulatory agencies, among others.

Any shortfall in the proceeds allotted for Renewable Energy Investments will be financed from the Company's internally generated funds, subject to Board approval.

Residential Pipeline Projects

Proceeds will be used directly by the Company to partially finance development costs for identified pipeline residential real estate projects.

The Company intends to allocate ₱800.00 million from the Base Offer and up to ₱1.20 billion assuming full exercise of the Oversubscription Option to partially finance the development costs of identified pipeline residential real estate projects. The proceeds will be applied across the pipeline as and when required by each project based on actual construction progress and development requirements. The allocation to each identified project is yet to be determined and the management is duly authorized by the Board of Directors of the Company to determine the allocation of proceeds on a per project basis to the identified residential estate projects.

The residential pipeline projects to be funded from proceeds of the Offer are as follows:

No.	Project	Estimated Project Cost (in Millions ₱)	Estimated Commencement Date	Estimated Completion Date
1	Xavier Southwoods Estates	853	2026	12/30/30
2	South Cove Homes	320	2026	12/30/29
3	Alexandrite Columns – Zircon Tower	850	2026	12/30/29
4	Coral Bay Suites – Aqua North and Aqua South Buildings	608	2026	12/30/2026
5	Mountain Pines Farm Phase 2B	62	2026	12/30/26
6	West Coast Greenfield	285	2026	12/30/28
7	Mountain Breeze Homes	485	2027	12/30/30
8	Highlands Fairway Suites	477	2027	12/30/30
9	Adelaida Mountain Residences Phase 2	155	2026	12/30/28
10	Epic Leisure Lots at Epic Mountain Estates	376	2026	12/30/28
	Total	4,471		

The proceeds from the Offer to be used for the Development of Pipeline Real Estate Projects will be used directly by the Company, as these projects are directly held and are not conducted through subsidiaries.

The Board of Directors of the Company authorized its management to make additional investments in any of the aforementioned projects, at such time and in such amount as management may deem appropriate taking into consideration the capital requirements of the relevant residential pipeline projects.

The remaining balance of the estimated aggregate development cost of ₱4.47 billion will be sourced from the Company's internally generated funds and other funding options, including available credit lines from local banks or project financing.

Management expects to make the investments within twelve (12) months from the Issue Date. The Company shall file the appropriate SEC Form 17-C with the SEC and the PSE upon making any disbursement of the net proceeds of the Offer, as may be necessary.

Redemption of Series A Preferred Shares

Proceeds are earmarked for the optional redemption of the outstanding Series A Preferred Shares. ₱1.00 billion from the Base Offer will be applied toward the optional redemption of the outstanding Series A Preferred Shares. Assuming full exercise of the Oversubscription Option, the Company intends to redeem the Series A Preferred Shares in full at the aggregate redemption price of ₱1,326,490,000, based on a redemption price of ₱100.00 per share. The Company expects to exercise the optional redemption in November 2026.

As of the date of this Offer Supplement, there are no accrued, accumulated, declared, or unpaid dividends on the Series A Preferred Shares, and no portion of the proceeds of the Offer is intended for such purpose.

In the event the Oversubscription Option is not fully exercised, the remaining balance of the aggregate redemption price will be sourced from the Company's internally generated funds.

General Corporate Purposes

The Company may use a portion of the proceeds of the Offer to provide additional funds for the expenses of the Company related to its operations and activities, such as overhead expenses and taxes.

Subject to determination by Management of the appropriate amounts to be used for capital expenditures and investments in subsidiaries, a portion of the proceeds may be allocated for these general corporate purposes. Management expects to use such portion of the proceeds within 12 months from the Issue Date. The proceeds from the Offer to be used for general corporate purposes will be used directly and solely by the Company. No part of the proceeds allocated for general corporate purposes shall be allocated for or used by the Company's subsidiaries.

UNDERTAKING ON THE USE OF PROCEEDS

Pending the above use of proceeds, the Company intends to invest the net proceeds from the Offer in short-term liquid investments including, but not limited to, short-term government securities, bank deposits and money market placements which are expected to earn prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

Except for the underwriting fees and expenses related to the Offer Bonds, no amount of the proceeds will be utilized to pay any other outstanding financial obligations to any of the Joint Lead Underwriters and Joint Bookrunners. Please see section on "*Plan of Distribution*" on page 60 of this Offer Supplement.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event there is any change in the

Company's development plan, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation/adjustment in the planned use of proceeds, the Company shall inform the SEC, PDEx and the Bondholders in writing at least thirty (30) days before such deviation, adjustment or reallocation is implemented.

PLAN OF DISTRIBUTION

The Offer Bonds shall be issued in the aggregate principal amount of up to ₱5,000,000,000.00 fixed rate bonds, consisting of the Base Offer of ₱3,000,000,000.00 with an Oversubscription Option of up to ₱2,000,000,000.00. ABCI plans to issue the Offer Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners. The Offer does not include an international offering. The Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, may increase the Base Offer size of ₱3,000,000,000.00 by up to an additional ₱2,000,000,000.00 under the Oversubscription Option.

Sole Issue Manager, and Joint Lead Underwriters and Joint Bookrunners

The Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners have agreed to distribute and sell the Offer Bonds at the Offer Price, pursuant to an Underwriting Agreement to be entered into with the Company (the “**Underwriting Agreement**”). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners have committed to underwrite the following amount on a firm basis:

Joint Lead Underwriters and Joint Bookrunners	Underwriting Commitment
PNB Capital and Investment Corporation	₱1,500,000,000.00
Land Bank of the Philippines	₱1,500,000,000.00

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to the Company of the net proceeds of the Offer Bonds. For further discussion, please refer to “*Plan of Distribution – Withdrawal of the Offer*” in this Offer Supplement.

The underwriting and selling fees to be paid by the Company to the Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners in relation to the Offer shall be up to 0.60% of the gross proceeds of the Offer, applicable taxes for the account of the Issuer. The underwriting fee shall include ceding fees to selling syndicate, as applicable.

The allocation of the Oversubscription Option, if exercised, among the Joint Lead Underwriters and Joint Bookrunners and the distribution of the Offer Bonds between the Series A Bonds and Series B Bonds, will be determined and finalized by the end of the Offer Period.

The Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners are duly licensed by the SEC to engage in underwriting or distribution of the Offer Bonds. The Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Company or any of its Subsidiaries.

The Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners have no direct relations with the Company in terms of ownership by either of their respective major stockholder/s, and have no right to designate or nominate any member of the Board of Directors of the Company.

The Sole Issue Manager, and the Joint Lead Underwriter and Joint Bookrunners have no contract or other arrangement with the Company by which it may return any unsold Base Offer portion of the Offer Bonds subject of the firm underwriting commitment.

For the purpose of complying with their respective commitments under the Underwriting Agreement, each Joint Lead Underwriter and Bookrunner may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Joint Lead Underwriters and Joint Bookrunners, enter into agreements with co-lead underwriters and co-underwriters, and appoint selling agents for the sale and distribution to the public of the Offer Bonds; provided, that the Joint Lead Underwriters and Joint Bookrunners shall remain solely responsible to the Issuer in respect of their obligations under the Underwriting Agreement entered into by them with the Issuer, and except as otherwise provided in the Underwriting Agreement, the Issuer shall not be bound

by any of the terms and conditions of any agreements entered into by the Joint Lead Underwriters and Joint Bookrunners with any co-lead underwriters, co-underwriters, and selling agents.

PNB Capital and Investment Corporation

PNB Capital, a wholly-owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers & acquisitions. PNB Capital obtained its license from the Philippine SEC to operate as an investment house in 1997 and is licensed to engage in underwriting and distribution of securities to the public.

Land Bank of the Philippines

LANDBANK is a government financial institution organized and existing pursuant to Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code, as amended. Established in 1963, LANDBANK operates as a universal bank, providing a wide range of financial services to support the growth of the agriculture sector, rural communities, and other priority sectors of the economy, such as infrastructure and utilities; power; micro, small and medium enterprises; healthcare and education; and environment and natural resources management, among others. Present in all 82 provinces in the country, LANDBANK is the largest development financial institution in the Philippines that promotes financial inclusion, digital transformation, and sustainable national development. LANDBANK is licensed by the SEC as an Investment House Engaged in Dealing Government Securities under Certificate of Registration (C.R.) No.: 01-2008-00243. As of December 31, 2024, LANDBANK's total assets amounted to ₱3.46 trillion, with a capital of ₱296.96 billion.

SALE AND DISTRIBUTION

The distribution and sale of the Offer Bonds shall be undertaken by the Joint Lead Underwriters and Joint Bookrunners who shall sell and distribute the Offer Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Joint Lead Underwriters and Joint Bookrunners from purchasing the Bonds for their own respective accounts.

There are no Persons to whom the Offer Bonds are allocated or designated. The Offer Bonds shall be offered to the public at large and without preference.

The obligations of each of the Joint Lead Underwriters and Joint Bookrunners will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters and Joint Bookrunners. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Sole Issue Manager or a Joint Lead Underwriter and Bookrunner to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters and Joint Bookrunners of their obligations under the same Underwriting Agreement, nor shall a Sole Issue Manager or Joint Lead Underwriter and Bookrunner be responsible for the obligation of another Sole Issue Manager or Joint Lead Underwriter and Bookrunner.

OFFER PERIOD

The Offer Period shall commence at 9:00 a.m., Manila time, on June 23, 2026 and end at 5:00 p.m., Manila time, on June 26, 2026 or such other date as may be mutually agreed in writing by the Company, the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners.

APPLICATION TO PURCHASE

The procedure set out in this section and the succeeding sections should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Offer Bonds during the relevant Offer Period by submitting to the Joint

Lead Underwriters and Joint Bookrunners properly completed Applications to Purchase, together with all applicable supporting documentation in the prescribed form and submitted in the prescribed manner, with full payment of the Offer Price of the Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional applicants must also submit, in addition to the foregoing:

- (a) an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase; and (ii) designating the signatories, with their specimen signatures, for the said purposes;
- (b) copies of its Articles of Incorporation and By-Laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- (c) two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies);
- (d) validly issued tax identification number issued by the BIR;
- (e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and
- (f) such other documents as may be reasonably required by any of the Joint Lead Underwriters and Joint Bookrunners, or the Registrar in the implementation of its internal policies regarding “know your customer”, anti-money laundering and combating the financing of terrorism.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

- (a) identification document (“ID”) of the Applicant which shall consist of any one (1) of the following valid identification documents bearing a recent photo, and which is not expired: Philippine Identification Card (PhilID), Tax Identification Number (TIN) ID, Passport, Driver’s License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter’s ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman’s Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, (e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Philippine Health Insurance Corporation, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Maritime Industry Authority), Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);
- (b) two (2) duly accomplished signature cards containing the specimen signature of the Applicant;
- (c) validly issued tax identification number issued by the BIR; and
- (d) such other documents as may be reasonably required by any of the Joint Lead Underwriters and Joint Bookrunners, or the Registrar in implementation of its internal policies regarding “know your customer”, anti-money laundering and combating the financing of terrorism.

An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth above, be required to submit the following requirements to the relevant Joint Lead Underwriter and Bookrunner (together with the Application to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance:

- (a) BIR-certified true copy of a valid, current and subsisting rate of tax qualification for tax exemption (e.g., Tax Qualified Plan), Certificate of Entitlement with updated Tax Residency Certificate, Certificate of Tax Exemption), ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or its entitlement to the preferential rate, as required under BIR Revenue Regulation No. 15-2025, Revenue Memorandum Order (“**RMO**”) No. 38-2019 as clarified by BIR Revenue Memorandum Circular (“**RMC**”) No. 123-2024 and RMC No. 8-2014 including any clarification, supplement or amendment thereto;
- (b) with respect to tax treaty relief:
 - (i) a non-resident Bondholder may signify its intention to claim preferential tax rate under the relevant tax treaty by submitting to the Issuer the Application Form for Treaty Purposes (BIR Form 0901) and Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty, and such other documentary requirements enumerated in BIR RMO No. 14-2021 in relation to BIR RMC No. 77-2021. For the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax treaty rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for the availment thereof, other than residency, have been satisfied;
 - (ii) in the event that the Issuer determines that the non-resident Bondholder is not entitled to the preferential tax treaty rate based on the documents submitted in item (i) above and determines that all conditions for the availment have not been satisfied, the Issuer shall apply the regular tax rates;
 - (iii) the non-resident Bondholder may apply for preferential tax treaty rate with the BIR in accordance with BIR Revenue Memorandum Order No. 14-2021;
 - (iv) the Issuer shall not apply for any confirmatory application of preferential tax rates with the BIR;
 - (v) should the BIR grant the application for tax treaty relief, it is the obligation of the non-resident Bondholder to apply for refund with the BIR. The Issuer shall not refund the non-resident Bondholder any amount as a result of the application of the higher tax rate;
 - (vi) the non-resident Bondholder must update its BIR Certificate annually, if applicable, as described in BIR Revenue Memorandum Order No. 14-2021. Expired BIR Certificates will not be accepted by the Issuer; and
 - (vii) the non-resident Bondholder shall submit its Tax Residency Certificate annually to the Issuer as continuing proof of its entitlement to the preferential tax treaty rate. Absent such updated Tax Residency Certificate, the Issuer shall apply the regular tax rate.
- (c) a duly notarized undertaking executed by (i) the corporate secretary or any authorized representative of such Applicant or Bondholder, who has personal knowledge of the exemption or preferential rate treatment based on his official functions, if the Applicant purchases, or the Bondholder holds, the Bonds for its account, or (ii) the trust officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchases the Bonds pursuant to its management of tax-exempt entities (e.g., Employee Retirement Fund, etc.), declaring and warranting such entities’ tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent (1) of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption

certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement; (2) if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature, and method of operation, which are inconsistent with the basis for its income tax exemption; or (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax-exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such Bondholder shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and

- (d) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Offer Bonds, upon submission of the Application to Purchase to the Joint Lead Underwriters and Joint Bookrunners who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, through the intermediary to the Registrar upon submission of the investor registration form (in the form prescribed by PDTC), in accordance with the procedures of the Registrar.

Failure on the part of the Bondholder, Joint Lead Underwriters and Joint Bookrunners or PDEX Trading Participant to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

The Offer Price for each Offer Bonds is payable in full upon submission of the duly executed Application to Purchase. Payments of the Offer Price shall be made either in checks or appropriate debit instructions or payment instructions made out to the order of the relevant Joint Lead Underwriter and Bookrunner. All payments must be made or delivered to the Joint Lead Underwriter and Joint Bookrunner to whom the Application to Purchase is submitted.

Completed Applications to Purchase and corresponding payments must reach the Joint Lead Underwriter and Joint Bookrunner prior to the end of the Offer Period, or such other date and time as may be agreed in writing by the Issuer, and the Joint Lead Underwriters and Joint Bookrunners at their sole and absolute discretion and without prior notice, but subject to applicable rules and regulations. Acceptance by the Joint Lead Underwriter and Joint Bookrunner of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by ABCI. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

MINIMUM PURCHASE

A minimum purchase of ₱50,000 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.

ALLOTMENT OF THE BONDS

If the Offer Bonds are insufficient to satisfy all Applications to Purchase, the available Offer Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to the Joint Lead Underwriters and Joint Bookrunners' exercise of the right of reduction or rejection on behalf of the Issuer.

ACCEPTANCE OF APPLICATIONS

The Issuer, the Sole Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners reserve the right to accept, reduce or reject applications to purchase the Offer Bonds, and in case of oversubscription, allocate the Offer Bonds available to the applicants in a manner they deem appropriate.

REJECTION OF APPLICATIONS

The Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the allocation plan. Reasons for reduction or rejection, as the case may be, may include the following:

- (a) Applications may be rejected if: (i) the Offer Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonored upon first presentation; (iii) the Application to Purchase is not received by the Joint Lead Underwriters and Joint Bookrunners on or before the end of the Offer Period; (iv) the number of Bonds subscribed is less than the minimum amount of subscription; (v) the applications do not comply with the terms of the Offer; or (vi) the applications do not have sufficient information or are not supported by the required documents.
- (b) Applications may be reduced if the Offer is oversubscribed, in which case the number of Bonds covered by the applications shall be reduced pro rata.

In the event an Application to Purchase is rejected or the amount of Bonds applied for is scaled down in accordance for a particular Applicant in accordance with the Allocation Plan, the relevant Joint Lead Underwriters and Joint Bookrunners shall (i) in the event of a rejection, notify the Applicant concerned that his/her application has been rejected or (ii) in the event of a scale down, upon receipt of the Allocation Report from the Sole Issue Manager, notify the Applicant concerned that the amount of Bonds applied for has been scaled down.

REFUNDS

If any application is rejected or accepted in part only, payments made by the Applicant or the appropriate portion thereof shall be returned without interest to such Applicant by the relevant Joint Lead Underwriter and Bookrunner with whom such Application to Purchase was made.

Refunds shall be made, at the option of each Joint Lead Underwriter and Bookrunner, either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" which shall be made available for pick up by the Applicant at the office of the Joint Lead Underwriter and Bookrunner to whom the rejected or scaled down Application to Purchase was submitted no later than three (3) Business Days after the Issue Date, and where any checks that remain unclaimed after the three (3) Business Day period shall be mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase.

WITHDRAWAL OF THE OFFER

The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time prior to the execution of the Underwriting Agreement and before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PDEX.

The Company may, by prior written notice to the Joint Lead Underwriters and Joint Bookrunners, also withdraw the offer and sale of the Offer Bonds at any time on or after the commencement of the Offer Period and prior to the Issue Date, if any of the following events occur, in which case the Underwriting Agreement shall be deemed terminated, namely:

- (a) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or (ii) occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or (iii) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders impracticable or inadvisable to continue with the Offer and/or listing of the Offer Bonds in the manner contemplated by the SEC pre-effective clearance, SEC order declaring effective the Registration Statement, or the Permit to Sell Securities (the "Approvals"), the Prospectus, and this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Bonds in the Philippines, rendering it, in the reasonable determination of the Issuer after consultation with the Joint Lead Underwriters and Joint Bookrunners, impracticable to proceed with the Offer in the manner contemplated by the Approvals, the Prospectus, and this Offer Supplement;
- (b) An order revoking, cancelling, suspending, preventing, terminating or imposing a condition that is not acceptable to the Issuer, the offer, sale, distribution, listing or issuance of the Bonds by any court or Governmental Authority having jurisdiction on the matter, including the SEC and the PDEX;
- (c) Suspension, cancellation, revocation, or termination of any of the Approvals or the imposition of a condition in respect of the issuance and/or validity of the Approvals that is not acceptable to the Issuer;
- (d) Trading in the PDEX is closed or suspended for at least three (3) consecutive trading days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Bonds on the Issue Date or such other date as may be approved by the PDEX;
- (e) There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any Governmental Authority which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Bonds and enter into the Bond Agreements in connection with the Offer; (c) any of the features of the Offer Bonds, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by the Issuer and/or any of the Joint Lead Underwriters and Joint Bookrunners of their respective obligations hereunder;
- (f) Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Bonds unsuitable for offering to the public;
- (g) The Issuer is compelled through an official order, decree, or ruling issued by any competent court or Governmental Authority to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or Governmental Authority (as the case may be);
- (h) The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or

otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

- (i) A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- (j) The commencement or the threatened commencement in writing by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Joint Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Bonds or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;
- (k) Any court, arbitral tribunal, or Governmental Authority which has jurisdiction on the matter issues an order restraining or prohibiting the Joint Lead Underwriters and Joint Bookrunners, or directing them to cease, from performing their underwriting obligations which makes it impossible for the Joint Lead Underwriters and Joint Bookrunners to perform their underwriting obligations due to conditions beyond their control;
- (l) Unavailability of PDTC's facilities used for the Offer and/or listing prior to or on the target Issue Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Joint Bookrunners to fully comply with the listing requirements of the PDEX, if the impact of such unavailability on the listing of the Offer Bonds remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Joint Bookrunners in good faith; and
- (m) Any force majeure event which, in the reasonable judgment of the Issuer, may have a material or adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

The Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Joint Bookrunners' inability to sell or market the Offer Bonds or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Joint Bookrunners, or any other entity/person to take up any Offer Bonds remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the Offer Bonds will be issued only upon listing of such Offer Bonds on the PDEX, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Bonds prior to the Issue Date pursuant to this section and the "*Plan of Distribution – Withdrawal of the Offer*" of this Offer Supplement, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Bonds on Issue Date.

PAYMENTS

The Paying Agent shall open and maintain a payment account for each series of the Offer Bonds, which shall be operated solely and exclusively by the said Paying Agent in accordance with the RPAA, provided that beneficial ownership of the payment accounts shall always remain with the Bondholders. The payment account shall be used exclusively for the payment of the principal, interest and other payments due on the Bonds on the relevant Payment Date. The Issuer and the Paying Agent shall maintain the relevant payment account while the relevant series of the Bonds are outstanding, and until

six (6) months past the relevant Maturity Date or Redemption Date, as applicable. Upon closure of the payment accounts, any balance remaining in such payment account shall be turned over to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments and such other payments that are due on the relevant series of the Bonds.

UNCLAIMED PAYMENTS

Any payment of interest on, or the principal of the Offer Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk and shall be dealt with in accordance with the relevant provisions of the RPAA.

PURCHASE AND CANCELLATION

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEX rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

SECONDARY MARKET

ABCI intends to list the Bonds in the PDEX.

For a more detailed discussion, please refer to the section *"Description of the Offer Bonds – Secondary Trading of the Bonds"*.

REGISTRY OF BONDHOLDERS

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Series A Bonds and Series B Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Offer Bonds shall be shown in the Registry to be maintained by the Registrar. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and all transfers of the Offer Bonds shall be entered into the Registry. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry.

For a more detailed discussion, please refer to the section *"Description of the Offer Bonds – Transfer of the Bonds"*.

PARTIES TO THE OFFER

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