

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
Dec 31, 2025
2. SEC Identification Number
35841
3. BIR Tax Identification No.
000-158-664-000
4. Exact name of issuer as specified in its charter
FILSYN CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
Unit 8, 5B, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City
Postal Code
1227
8. Issuer's telephone number, including area code
(+632) 8652-5167
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
CLASS A COMMON	123,747,707
CLASS B COMMON	49,071,976
PREFERRED	33,426,498

11. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes ☐ No

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

PHILIPPINE STOCK EXCHANGE, CLASS A COMMON AND CLASS B COMMON

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

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

☒ Yes ☐ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

N/A

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☒ Yes ☐ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

N/A

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

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Filsyn Corporation FYN

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

For the fiscal year ended	Dec 31, 2025
Currency	IN PESOS

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Current Assets	258,811,980	183,988,563
Total Assets	2,057,832,300	1,974,740,508
Current Liabilities	415,123,802	366,218,134
Total Liabilities	1,095,940,406	1,106,091,249
Retained Earnings/(Deficit)	68,254,971	-21,881,162
Stockholders' Equity	961,891,894	868,649,259
Stockholders' Equity - Parent	972,268,922	624,313,919
Book Value Per Share	4	3.5

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Gross Revenue	905,407,622	689,083,426
Gross Expense	-60,515,570	-69,721,345
Non-Operating Income	5,924,036	3,660,549
Non-Operating Expense	13,677,934	59,350,042
Income/(Loss) Before Tax	107,122,161	49,891,563
Income Tax Expense	-16,003,334	-2,018,039
Net Income/(Loss) After Tax	91,118,827	47,873,524
Net Income/(Loss) Attributable to Parent Equity Holder	91,029,917	47,738,035

Earnings/(Loss) Per Share (Basic)	0.07	0.13
Earnings/(Loss) Per Share (Diluted)	0.12	0.07

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2025	Dec 31, 2024
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.62	0.5
; ; Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	0.4	0.27
; ; Solvency Ratio	Total Assets / Total Liabilities	1.87	0.08
Financial Leverage Ratios			
; ; Debt Ratio	Total Debt/Total Assets	0.53	0.57
; ; Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	1.14	1.27
; ; Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	3.54	0.99
; ; Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	2.14	2.27
Profitability Ratios			
; ; Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	19.37	174.56
; ; Net Profit Margin	Net Profit / Sales	10.06	6.95
; ; Return on Assets	Net Income / Total Assets	4.43	2.42
; ; Return on Equity	Net Income / Total Stockholders' Equity	9.47	5.51
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	0	0

Other Relevant Information

NONE

Filed on behalf by:

Name	Apolinario Posio
Designation	Chief Financial Officer



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Filsyn Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

A handwritten signature in black ink, appearing to read "F. Herrera III", written over a horizontal line.

FLORENTINO M. HERRERA III

Chairman and President

A handwritten signature in black ink, appearing to read "A. Posio", written over a horizontal line.

APOLINARIO L. POSIO

*Executive Vice President and
Chief Financial Officer*

A handwritten signature in black ink, appearing to read "Marinela C. Santos", written over a horizontal line.

MARINELA C. SANTOS

Treasurer

Signed this _____ day of _____

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

SUBSCRIBED AND SWORN to before me this 13 day of APR 2026, affiants exhibiting to me their competent evidence of identity to be the same persons, as follows:

Name	Passport ID No..
Florentino M. Herrera III	P2337037B
Apolinario L. Posio	P3043199C
Marinela Santos	P9883172B

Doc No. 150 ;
Page No. 31 ;
Book No. X ;
Series of 2026 .

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2026
IBP No. 656155 Lifetime Member
MCLE Compliance No. VIII-0040999
Appointment No. M-007(2025-2026)
PTR No. 10765528 Jan. 3, 2025
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg
Brgy. Pio Del Pilar, Makati City

COVER SHEET

MA-045

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SEC Registration Number

[illegible]

(Companyt's Full Name)

U	N	I	T		8		5	B		P	E	A	R	L	B	A	N	K		C	E	N	T	R	E
1	4	6		V	A	L	E	R	O		S	T	.		M	A	K	A	T	I		C	I	T	Y

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

Mr. Apolinario L. Posio

Contact Person

(02) 8652-5167

Company Telephone Number

SEC FORM 17-A
DECEMBER 31, 2025

Month

Day

Fiscal Year

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Month

Day

Annual Meeting

Not Applicable

Secondary License Type, if Applicable

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Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

[illegible]

Document I.D.

STAMPS

STAMPS

Remarks = please Use Black Ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
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3. BIR Tax Identification No. : 000-158-664-000
4. Exact name of issuer as specified in its charter : FILSYN CORPORATION
5. Makati City, Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. Unit 8 5B/F Pearlbank Center, 146 Valero Stree, Salcedo Village, Makati City
Address of principal office

1227
Postal Code
8. (+632) 8652-5167
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common and Preferred Stock Outstanding and Amount of Debt Outstanding
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CLASS B COMMON	49,071,976
PREFERRED	33,426,498

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

Yes [/] No []

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

PHILIPPINE STOCK EXCHANGE - Common A and Common B

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [/]

No []

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

Yes [/]

No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B"). – N/A

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [/]

No []

DOCUMENTS INCORPORATED BY REFERENCE

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(a) Any annual report to security holders; N/A

(b) Any information statement filed pursuant to SRC Rule 20; N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1. N/A

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(a) Business Development

Filsyn Corporation (“Corporation”) was organized in 1968 as Filipinas Synthetic Fiber Corporation to promote and support the polyester fiber and yarn requirements of the country's textile industry. It was registered with the Board of Investments in 1969 with a preferred and pioneer status. It went full-scale commercial operation in November 1971.

The Corporation changed its name to Filsyn Corporation in 1987 to reflect its wider range of activities. To date, it has investments in FYN Green PET Corporation, a manufacturing company, Island King Aquaventures Corporation, an aquaculture company, and SRTC Development Corporation, as real estate company.

In August 1989, the Corporation concluded an Investment Agreement with Far Eastern Textile Ltd. (“FETL”), a leading polyester manufacturer in Taiwan. The Agreement was not only limited to equity investment but also covered technical assistance, cooperation and marketing support.

The Corporation undertook various modernization programs and product development over the years. However, development related to domestic textile industry was not encouraging. Since the implementation of the import liberalization program of the government in 1995, the textile industry experienced excess capacity coupled with high production costs and financing costs. The Corporation suffered great financial turmoil aggravated by a labor strike in October 1996. Even after the settlement of the strike in September 1997, production has not resumed. The Corporation's operations since then, were limited to the disposal of old inventories, machineries and equipment, as well as sale of scrap materials and parts, plus acting as sales agent for FETL and other entities in the support of textiles in the Philippines. At present, the Corporation's sources of funds consist mainly of proceeds from warehouse rental lease income.

On December 14, 1998, the Corporation entered into an agreement with its various bank creditors and a supplier/shareholder to restructure its overdue and outstanding unsecured obligations amounting to PhP988 Million that included interests accrued up to April 30, 1998. Under the agreement, the Corporation agreed to give a second mortgage over some of the properties covered by the first Mortgaged Trust Indenture (“MTI”) to secure the payment of the said restructured obligations in exchange for the cessation of accrued interest after April 30, 1998. Negotiations are on-going with the MTI creditors in efforts to either finally settle the Corporation's debt or to have the MTI extended for a renewed term. The first alternative will see the Corporation paying off the loans with an amount significantly lower than the total outstanding obligation, but acceptable to all parties concerned as the final payments. Should negotiations in this direction fail, management intends to pursue its request for extension of the MTI to stave off foreclosure of the mortgage. The Corporation's MTI agreement remains in effect in the absence of formal termination notice from the creditors which was supposed to be expired in December 2003.

On December 10, 2009, the Board of Directors (“BOD”) of the Corporation approved to offer the Corporation’s property in Sta. Rosa, Laguna as dacion in payment of the entire obligation to CTBC Bank Phils. Corp. (“Chinatrust”), and in case of the latter’s acceptance, to offer to manage the property in trust, in consideration of management fees and trustee fees, until such time as may be agreed by the parties.

On November 2, 2010, Chinatrust accepted the proposal of the Corporation to fully settle its outstanding loan obligation to P1.2 billion through the Sta. Rosa property as dacion in payment. Chinatrust agreed that the Corporation shall not be liable for any deficiency between the amount of the outstanding loan obligation and the value of the Sta. Rosa property. The parties have not yet formally executed the “Dacion En Pago” arrangement.

In 2002, the Securities and Exchange Commission (“SEC”) has issued an Order of Revocation of the Corporation’s Registration of Securities and Permit to sell Securities to the public. On February 2005, the SEC acknowledged the Corporation’s full payment of the penalties for the reportorial violations.

On October 24, 2016, the PSE has issued a letter to the Corporation on the subject: Negative Stockholders' Equity and SEC Order of Revocation requesting for update on the following items:

- Settlement of outstanding loan obligations amounting to P1.2 billion through the Sta. Rosa property as dacion;
- Discussions/negotiations with real estate companies for potential joint venture arrangement over the property to develop the 30 hectares (ha.) property located at Sta. Rosa, Laguna;
- Discussions/negotiations regarding the sale of the property located in Gen. Malvar Alvarez, Cavite City; and
- SEC Order of Revocation dated August 26, 2002.

On December 12, 2016, the Corporation responded to the PSE that discussions are ongoing on the first three (3) items above with the appropriate parties. Should the ongoing discussions on the abovementioned items be not fruitful, the Corporation will invite an investor to join them in developing the Sta. Rosa property. Management believes that the development of the land will increase its value and bring the Corporation’s equity from negative to positive.

In September 2017, the BOD and stockholders of the Corporation approved a business plan, which consists of the following phases:

- Financial restructuring subject to Philippine SEC approval;
- Development of the Sta. Rosa property; and
- A new business activity of recycling Polyethylene Terephthalate (PET) to be registered with the Philippine Economic Zone Authority

On February 18, 2018, the Commission en Banc has resolved to lift the Order of Revocation. The lifting of the Order of Revocation directed the Corporation to amend its Registration Statement to reflect any prior changes prior to restatement of its registration statement and permit to sell securities.

At the special meeting of the BOD and in the Annual Stockholders’ meeting of Filsyn Corporation both held on September 20, 2018 at least majority of the directors and stockholders of the Corporation decided the following:

1. Approved the Amended Registration Statement and designated the officers authorized to sign the Amended Registration Statement, namely: Mr. Jaime M. Sto. Domingo, President, Mr. David Wang, Executive Vice President & Chief Finance Officer, Mr. Emmanuel C. Paras, Corporate Secretary and Mr. Apolinario L. Posio, Senior Vice President – Accounting and Auditor and Compliance Officer;
2. Authorized the filing of the Amended Registration Statement of the Company with the SEC
3. Approved the Amendment of Seventh Article of the AOI of the Company to reflect the following:
 - i. Reduction of par value from PhP5.00 per share to PhP2.50 per share;
 - ii. Creation of Preferred Shares with the following features:
 - Pre-Emptive Right – Right to subscribe to the same proportion of shares in case of issuance of new shares;
 - Preference in Distribution of Dividends – Right to receive fixed dividends (5% of total debt converted, namely PhP1,318,316,337.00), cumulative dividends and right to receive profit-participating stocks
 - Veto Right - Right to veto the development of Sta. Rosa Property such that the development project of said land must be approved by Preferred shareholders;
 - Exercise of Voting Right - The Preferred Shareholders shall not have a right to vote, except on matters specified in Section 6 of the Corporation Code of the Philippines and those relative to the development of the Sta. Rosa Property; and
 - Convertible to Common Shares - Right to convert preferred shares to common Class B shares using 16.78:1 conversion ratio; and
 - iii. Reclassification of 33,426,498 Common (Class B) to Preferred shares
4. Approved the Conversion of Debt to Additional Paid-In Capital which will be reserved for the Conversion of Preferred shares to Common shares;
5. Authorized the filing of the Amended Articles of Incorporation of the Company and other documentary requirements with the SEC; and
6. Approved the incorporation of a wholly-owned subsidiary of the Company for its PET Recycling plant Project in a Philippine Economic Zone Authority ("PEZA") location.

On July 23, 2019, the Corporation filed its application for amendment of AOI with the SEC. On September 25, 2019, The SEC provided their initial comments on the application for amendment of AOI.

On November 11, 2021, the BOD approved the further amendments in the Seventh Article of the AOI which revoked and superseded September 21, 2018 resolutions approving the amendments to the Seventh Article of the AOI. The BOD approved the following:

1. Decrease in Authorized Capital Stock and Reclassification or Conversion of 33,426,498 Class B Shares into 33,426,498 Preferred Shares

This includes the following approvals of the BOD:

- a. Reduction in the par value of all common shares from P5.00 per share to P0.50 per share,
- b. Decrease in the authorized capital stock from P1,200,000,000 to P120,000,000, and
- c. Classification of capital contributed in excess of the reduced par value as additional paid in capital
- d. Reclassification of the 33,426,498 Class B common shares held by Malaysia Garment Manufacturers (Pte) Ltd. (Malaysia Garments), a company incorporated in Singapore and a related party, into 33,426,498 Preferred Shares with the following features:
 - i. Preemptive Right – The Preferred Shareholders shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios
 - ii. Dividends – The Preferred Shareholders shall bear preferential dividends at the rate of 5% per annum of total debt converted in the amount of P1,389,961,828.
 - iii. Exercise of Voting Right – The Preferred Shareholders shall not have a right to vote, except on matters specified in Section 6 of the Revised Corporation Code of the Philippines and those relative to the development of the Sta. Rosa Property; and
 - iv. Convertibility – The Preferred Shareholders shall, at their option, have the right to convert their preferred shares to common shares using 16.78:1 conversion ratio at P0.50 per share.

2. Increase in Capital Stock

The BOD approved the increase of the Corporation's authorized capital stock from P120,000,000 to P647,306,477 which consists of:

- a. 440,229,812 Class "A" common shares with par value of P0.50 per share, or an aggregate par value of P220,114,906;
- b. 293,486,507 Class "B" common shares with a par value of P0.50 per share, or an aggregate par value of P146,743,253.50; and
- c. 33,426,498 Preferred Shares, with a par value of P8.39 per share (increased from P0.50), or an aggregate par value of P280,448,318, with Malaysian Garments subscribing to the increase in the par value of the 33,426,498 Preferred Shares amounting to P263,735,069 by way of converting debt owed to it by the Corporation as of December 31, 2020 amounting to P1,389,961,828 to equity, with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital

The BOD also approved the subscription by Malaysia Garments Manufacturer Pte. Ltd. (“Malaysian Garments”) to the increase in the par value of the 33,426,498 Preferred Shares, and the conversion of debt owed to it by the Corporation as of December 31, 2020 amounting to P1,389,961,828 to equity as payment for the aforesaid 33,426,498 Preferred Shares with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital.

3. Use of Additional Paid in Capital to Wipe Out Deficit

The BOD approved the use of the Additional Paid-In Capital resulting from: (a) the existing Additional Paid in Capital; (b) the decrease of capital through the reduction of par value; and (c) the conversion of the existing liability to Malaysian Garments to wipe out all the accumulated deficit of the Company.

On November 11, 2021, management filed the final restructuring project to SEC. Prior to submission of the project, management has already agreed the conversion of debt with its creditors and legal counsel. Management is securing all the necessary documents such as Deed of assignment to creditor and Director’s certificate to support the final restructuring by SEC.

On May 30, 2022, a deed of assignment on the loan was entered between Malaysia Garment and the Corporation in which the former unconditionally and irrevocably assigns, cedes, transfers and conveys unto Corporation all of its title, right and interests to receive the payment for the debt as payment for the subscription price, thereby converting the debt into equity.

In addition, the related parties, Malaysia Garments and Trans-Pacific Oriental Holding Company, Inc. (Trans-Pacific), have undertaken to support the Corporation financially by not demanding payment of loans due to the former. Accordingly, the financial statements have been prepared on a going concern basis.

On March 29, 2023, management completed all the aforementioned documents required by the SEC.

On April 4, 2023, the Corporation was notified by the SEC that it is ready to issue its assessment on the planned restructuring project upon issuance of the SEC-Markets and Securities Regulation Department (MSRD) clearance. Thereafter, a Payment Request Form will then be issued to the Company, which will signify acceptance of the SEC on the application to proceed with filing.

On June 26, 2023, the SEC approved simultaneously the Corporation’s amendments to the Articles of Incorporation, decrease/increase in authorized capital stock and equity restructuring. With the SEC approval, the Parent Company can now focus on the operations and expansion of its subsidiary, FYN Green PET Corporation (FYGP), and the development of its thirty (30)-hectare property located in Sta. Rosa City, Laguna.

On June 19, 2024, the Corporation received an Order from the SEC lifting the Order of Revocation of the Effectivity of the Corporation’s Registration of Securities and Permit to Sell Securities to the Public issued by the SEC on August 26, 2002.

Notice of Involuntary Delisting

On February 3, 2023, the Corporation received a Notice of Involuntary Delisting from the Philippine Stock Exchange (PSE).

On April 3, 2023, representatives of the Corporation participated in a hearing conducted by the Exchange relating to the involuntary delisting proceedings involving the Corporation. The Corporation then requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

The grounds for the initiation of involuntary delisting proceedings involving Corporation are due to the (a) revocation of its registration of securities and permit to sell securities; and (b) negative stockholders' equity.

In the said hearing, the Corporation raised the following arguments:

- a. There was no obstinate refusal on the part of the Corporation to comply with the directives of the Exchange and the Securities and Exchange Commission ("SEC").
- b. The Company, in utmost good faith, exerted serious efforts to comply with the SEC directives. All the corporate actions of Company on the matter were timely and promptly disclosed to the Exchange.
- c. The SEC-Markets and Securities Regulation Department ("MSRD") will only act on the Corporation's amended registration statement after the approval of the Corporation's financial restructuring plan being reviewed by the SEC-Financial Analysis and Audit Division ("FAAD").
- d. The Corporation will file its amended registration statement after it secures the SEC's approval of its financial restructuring plan. Thereafter, the Corporation will request SEC-MSRD to issue the corresponding Order Lifting the Order of Revocation dated August 26, 2002 against the Corporation.
- e. The conversion of the Corporation's obligation to one of the Corporation's major creditors, Malaysia Garment Manufacturers Pte. Ltd, amounting to One Billion Three Hundred Eighty-Nine Million Nine Hundred Sixty-One Thousand Eight Hundred Twenty-Eight Pesos (P1,389,961,828.00) into equity has effectively wiped-out the deficit amounting to Six Hundred Eighty-Nine Million Thirty-One Thousand One Hundred Forty-Six Pesos (P89,031,146.00). The debt-to-equity conversion is part of the financial restructuring plan being carried out by the Corporation. The deficit would have been wiped-out had the SEC-FAAD approved the Corporation's financial restructuring plan.
- f. The involuntary delisting will be prejudicial to the Corporation's stockholders who have been expecting that the trading suspension will be lifted soon and the financial restructuring plan approved in light of the actions being actively undertaken by the Corporation.
- g. In 2019, parallel to its efforts to solve its capital deficiency, the Corporation incorporated FYN Green PET Corporation ("FYGP"), a 100% wholly owned subsidiary, to provide cash flow and steady stream of revenues. FYGP will commence its commercial operations in May 2023.

The Corporation therefore requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

On May 2, 2023, the Corporation received the PSE's *Letter-Decision* dated April 28, 2023 granting the Corporation's request to:

- (1) Suspend the involuntary delisting proceedings against the Corporation; and
- (2) Allow the Corporation until December 29, 2023 to complete the requirements of the SEC to amend its registration statement and its application for its financial restructuring plan, thereby obtaining (a) an effective registration of securities and permit to sell securities with the SEC and (b) attaining a positive stockholders' equity.

The Corporation requested for an extension from the PSE for its December 29, 2023 deadline to complete the SEC requirements relating to the Corporation's application for the approval of its Amended Registration Statement.

The PSE, in its Letter dated January 31, 2024, granted the Corporation's request for a six (6)-month non-extendible extension or until June 26, 2024 to complete the requirements of the SEC and obtain an effective registration of securities and permit to sell securities with the SEC; and (ii) to maintain the suspension of the involuntary delisting proceedings against the Corporation until the issuance of SEC's decision on the Corporation's application for the approval of its Amended Registration Statement or until June 26, 2024 whichever is earlier.

The Corporation received a Notice from PSE dated December 4, 2024, announcing the lifting of the trading suspension effective December 6, 2024. Considering that the trading of the Corporation's shares was suspended since September 25, 2002, the static threshold for the Corporation was lifted upon the resumption of the trading of the Corporation's shares.

(b) Business of Issuer

Filsyn's operations evolved from purely polyester manufacturing into being involved in various activities that include trading of polyester products.

Products

The Company under normal operations sells the following products:

Product Type	End Use
Polyester Draw Textured Yarn (DTY)	Knitting
Air-Mingled Yarn (AMY)	Weaving Knitting
Staple Fiber (SF)	Cotton/Rayon Blending
Pre-Oriented Yarn (POY)	Texturizing

Polyester Fiber and yarn are sold to domestic end-users as well as to the export market. PET Bottles and Pre-form are sold in the domestic market.

Filsyn's raw material inputs are mainly imported.

On 4 December 1996, the Corporation was forced to cease its manufacturing operations in view of a crippling labor strike. Even after the settlement of the strike in September 1997, production has not resumed.

At present, the Corporation's sources of funds still consist mainly of rental income.

Item 2. Properties

Filsyn manufacturing plant then is located on a 30-hectare in site in Sta. Rosa City, Laguna. The nearby areas are being developed into prime industrial estates. Foremost among them is the Ayala-Mitsubishi project, the Laguna Techno-park.

Among the companies that has located their operations in the area are Coca-Cola Far East, Toyota, Mitsushita, Fujitsu, and United Laboratories. Residential subdivisions are also being developed in the area such as Ayala's Sta. Rosa and SanJose Villages, Sta. Rosa Estate and Laguna Bel-Air.

The Corporation also owns a 16.3-hectare land in Gen. Mariano Alvarez(GMA), Carmona, Cavite. The area is likewise part of the proposed Cavite-Laguna-Batangas-Rizal-Quezon (CALABARZON) area, which will be developed for industrial and industrial support user. Residential subdivisions as well as golf courses such as Southwoods is adjacent to the property.

Another subsidiary, Island King Aquaventures Corporations owns a 150-hectare real estate property in Pontevedra, Capiz.

Item 3. Legal Proceedings

The Corporation has a pending Petition for Review relating to the claims of the Bureau of Internal Revenue for deficiency taxes which was filed by the Corporation with the Court of Tax Appeals on March 7, 2025. The Third Division of the Court of Tax Appeals (CTA) set the Pre-Trial of the Corporation's CTA Case No. 11789 on 14 May 2026, at 9:00 a.m. Considering that the BIR did not accept the offer of compromise, the Corporation will proceed to litigate the matter on its merits.

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

There following matters were submitted during the year to the security holders for a vote:

- a. Consideration and approval of the Minutes of the Annual Stockholders' Meeting held on 19 September 2024;
- b. Consideration of the Management Report for the year ended 2024;
- c. Consideration and approval of the Annual Report/Audited Financial Statements for the year ended December 31, 2024;
- d. Ratification and Confirmation of Corporate Acts, Resolutions and Proceedings of the Board of Directors and of Management from 19 September 2024 to 18 September 2025;
- e. Election of Directors for 2025 – 2026;
- f. Appointment of External Auditor for the year 2025 – 2026; and
- g. Ratification of approval of retention of Ms. Consolacion Sanchez as an independent director;

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matter

- (a) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters.

(1) Market Information

FILSYN is registered with the Philippine Stock Exchange (PSE).

Common shares outstanding which is listed with the PSE as of December 31, 2025 is 172,819,683.

(2) Holders

The Corporation's total number of shareholders as of December 31, 2025 is 516.

The top 20 common (A and B) and preferred shareholders and their number of shares held are as follows:

TOP 20 SHAREHOLDERS

Class A Common Shares

As of December 31, 2025

STOCKHOLDER'S NAME	Outstanding and Issued Shares (Fully Paid)	Percentage To Total
Trans-Pacific Oriental Holding Co., Inc.	63,578,181	36.79
Development Bank of the Philippines	10,256,409	5.94
PCD Nominee Corporations (Filipino)	9,100,829	5.27
National Development Company	6,814,453	3.94
Equitable Banking Corporation	6,564,103	3.80
Security Bank & Trust Company	4,648,924	2.70
Lepanto Consolidated Mining Co., Inc.	4,081,651	2.36
PLLim Investments, Inc.	2,894,000	1.68
Pan Malayan Mgt. & Investments Corp.	2,393,658	1.39
Phil. Carpet Manufacturing Corp.	2,063,581	1.19
Abundance Providers & Entrepreneurs Corp.	1,600,807	0.93
Equitable Development Corporation	772,305	0.45
Equitable Leasing Corporation	772,305	0.45
Laguna Estates Development Corp.	626,190	0.36
Rexlon Industrial Corporation	589,492	0.34
C.J. Yulo & Sons, Inc.	574,950	0.33
Capital Garment Corp.	484,398	0.28
La Tondena Incorporation	477,058	0.28
Lepanto Investments & Dev. Corp.	463,382	0.27

Palanca Investment & Trading Group Inc.	429,360	0.25
TOTAL	119,186,036	
Total Issued & Outstanding Common A Shares:	123,747,707	

Class B Common Shares**As of December 31, 2025**

STOCKHOLDER'S NAME	Outstanding and Issued Shares (Fully Paid)	Percentage To Total
Far Eastern Investment Holding Limited	45,065,670	26.08
Toyo Menka Kaisha Ltd	1,844,568	1.07
Tomen Corporation	1,161,737	0.67
Hsu Shu Tong (Douglas Hsu)	450,000	0.26
Shih Jar Yi (Johnny Shih)	200,000	0.12
Lih The Chang	50,000	0.029
Chen Yu Cheng	50,000	0.029
Ting Chan Chen	50,000	0.029
Yu Hsien Tseng	50,000	0.029
Amy Huang	49,999	0.029
Cheng Lung Hu	49,999	0.029
Alan Tsai	49,998	0.029
David Wang	1	0.00
Donald K. Kwok	1	0.00
Consolacion Sanchez	1	0.00
Bing Chiou Chang	1	0.00
Total	49,071,976	
 Total Issued & Outstanding Common B Shares:	 49,071,976	

Preferred Shares
As of December 31, 2025

STOCKHOLDER'S NAME	Outstanding and Issued Shares (Fully Paid)	Percentage To Total
Malaysia Garment Manufacturers (Pte) Ltd.*	33,426,498	100
TOTAL	33,426,498	
Total Issued & Outstanding Preferred Shares:	33,426,498	

**Based on the approval of the SEC on 26 June 2023*

(3) Dividends

There was no dividend declaration during the last three (3) years.

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

This is contained in the attached Management Report.

Item 7. Financial Statements

The financial statements and schedules required are filed as part of this Form 17-A (Refer to the accompanying Index to Financial Statement and Supplementary Schedule).

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

There are no changes in and disagreements with accountant on accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

<u>NAME</u>	<u>POSITION</u>	<u>NATIONALITY</u>
FLORENTINO HERRERA III	Director	Filipino
DAVID WANG	Director	Chinese
SAMUEL V. TORRES	Independent Director	Filipino
EVELYN LIM-FORBES	Director	Filipino
MARIALEN C. CORPUZ	Director	Filipino
EDMUNDO ONG	Independent Director	Filipino
BING CHANG	Director	Chinese
ALAN TSAI	Director	Chinese
AMY HUANG	Director	Chinese
MA. BELINA B. MARIANO	Director	Filipino
CONSOLACION A. SANCHEZ	Independent Director	Filipino

CORPORATE OFFICERS

<u>NAME</u>	<u>POSITION</u>
FLORENTINO M. HERRERA III	Chairman and President
APOLINARIO L. POSIO	Executive Vice President / Chief Financial Officer
MARINELA C. SANTOS	Treasurer
MARY ROGELYN T. CABRERA	Corporate Secretary
MA. BELINA B. MARIANO	Asst. Corporate Secretary
LE IRIS T. LUCIDO	Compliance Officer (interim)

Atty. Florentino M. Herrera III is the Chairman and President of Filsyn Corporation. He is the founding partner of Herrera Teehankee & Cabrera Law Offices (established in 1986). He was formerly a Partner of one of the largest law offices in the Philippines. He has been engaged in the general practice of law for the past forty-nine (49) years specializing in corporate law practice as counsel for various companies. Among others, he is the Chairman of FYN Green PET Corporation and Chairman/President of Arpeggio International Resources Corporation. Atty. Herrera holds a Bachelor of Arts in Political Science degree and a Bachelor of Laws degree (Cum Laude, Salutatorian) both from the University of the Philippines.

Ms. Consolacion A. Sanchez is a Certified Public Accountant by profession. She graduated from the University of the East in November 1969 with the degree of Bachelor of Science in Business Administration Major in Accounting. She is at present a Director of Far Eastern International Garments, Inc. and Cemtex Apparel, Inc.

Ms. Marialen C. Corpuz is the current President and a Director of FYN Green PET Corporation and a former Vice President for Finance of Filsyn Corporation (1992 – 1997). She graduated from the University of the Philippines with the degree of Bachelor of Science in Business Administration, Major in Financial Management. She received her Master's Degree in Business Administration from the University of the Philippines in 1979.

Mr. Chien-Cheng Wang aka David Wang is the Chief Financial Officer of Far Eastern New Century Corporation. Mr. Wang received a Master's Degree in Business Administration from Mississippi State University. He is a director of Filsyn Corporation, Trans Pacific Oriental Holding Company, Inc. and FYN Green PET Corporation.

Atty. Samuel V. Torres is presently an Independent Director of Filsyn Corporation. He is presently the General Counsel of Pan Malayan Management & Investment Corporation of the Yuchengco Group of Companies. He also serves as the Corporate Secretary of various companies, i.e., House of Investments, Inc., iPeople, iNC., PetroEnergy Resources Corporation, Seafront Resources Corporation, Malayan Insurance Company, Inc., RCBC Bankard Services Corporation, RCBC Capital Corporation, RCBC Forex Brokers Corporation, RCBC Securities, Inc., Sun Life Grepa Financial, Inc. A. T. Yuchengco, Inc., A Y Foundation, Inc., Luisita Industrial Park Corp., Enrique T. Yuchengco, Inc. Investment Managers, Inc., Grepaland, Inc., Grepa Realty Holdings Corporation, GPL Cebu Tower Office Condominium Corp., Hexagon Integrated Financial & Insurance Agency, Inc., Hexagon Lounge, Inc., RCBC Land, Inc., RCBC Realty Corp., Malayan High School of Science, Inc., Malayan Education System, Inc., Malayan Colleges Mindanao (A Mapua School), Inc. (Operating as Mapua Malayan Colleges Mindanao), Malayan Colleges Foundation, Inc., Malayan Information Technology Center, Inc., Malayan Colleges Laguna, Inc A Mapua School operating under the name of Mapua Malayan Colleges Laguna (Formerly: Malayan Colleges Laguna, Inc., A Mapua School), Linc Institute, Inc., University of Nueva Caceres, Inc., National Teachers College, GPL Holdings, Inc., HI Cars, Inc., Hi-Eisai Pharmaceutical, Inc., La Funeraria Paz Sucat, Inc., Landev Corp., Pan Malayan Express, Inc., Pan Malayan Realty Corp., Philippine Advertising Agency, Inc., First Nationwide Assurance Corp., Malayan Insurance Co., Inc., MICO Equities, Inc., RCBC Trust Corporation, Tarlac Terra Ventures, Inc., and ATYC, Inc. He graduated from the University of the Philippines School of Economics with a degree in Bachelor of Science in Business Economics and took up Bachelor of Laws in the Ateneo de Manila University School of Law.

Mrs. Evelyn Lim-Forbes is currently the Executive Vice President & General Manager of Capital Storage Facilities Corporation; Vice-President of PLLIM Investments, Inc. and Director of Lipave Management Corporation. She attended - Asian Institute of Management (1974-1976); Georgetown University (1972-1974); New York University (Summer 1970); Bennet College Millbrook, New York (1968-1970); Assumption Convent, SLV (1956-1968).

Atty. Ma. Belina B. Mariano is presently a Director and the Assistant Corporate Secretary of Filsyn Corporation. She is also the Chairperson/President of Trans-Pacific Oriental Holding Company, Inc. since September 2017. She is a graduate of the Ateneo Law School and holds a Bachelor of Science degree Major in Mathematics and Physics from De La Salle University.

Mr. Min-Hsiung Tsai aka Alan Tsai is the Chief Administrative Officer of Far Eastern New Century Corporation. He is also a Director of Trans-Pacific Oriental Holding Company, Inc. Mr. Tsai received a Master's Degree in Operation Management and Laws Program for Executives from National Cheng Chi University in Taiwan.

Ms. Pei Tien Huang aka Amy Huang is presently a Senior In-House Counsel of Far Eastern Group's Legal Department. Ms. Huang received her double degree in Law and Business from Queensland University of Technology and was admitted as a member of Queensland Law Society in 2000. Before joining Far Eastern Group, Ms. Huang worked as a practicing lawyer in Australia.

Mr. Bing-Chiou Chang aka Bing Chang is the Executive Director of Intelligent Transformation, Far Eastern New Century Corporation. Mr. Chang received a Master's Degree in Industry Engineering from Yuan Ze University in Taiwan.

Mr. Edmundo A. Ong is presently an Independent Director of Filsyn Corporation. He is presently a Taiwan Desk Manager of Deloitte Taiwan and former of KPMG Taiwan. He was previously a Sales Manager at MJW Enterprise Co. Ltd., a Senior Manager at Gregorio Trading, a Country Global Account Manager at DHL Express (Taiwan) Corporation, and a Regional Business Development Manager at DHL International (HK) Ltd.. He graduated from De La Salle University with a degree in Bachelor of Science in Commerce, Major in Management of Financial Institutions.

Mr. Apolinario L. Posio is the Executive Vice President and Chief Finance Officer of Filsyn Corporation. He was formerly the Vice President-Finance & Accounting & Compliance Officer of Filsyn Corporation. He is also a Director/Treasurer of FYN Green PET Corporation, Chairman/President of Island King Aquaventures Corporation, Vice-Chairman/Director of Total Dev Multi-Purpose Cooperative, and Treasurer of Arpeggio International Resources Corporation. He is a Certified Public Accountant by profession. He graduated from the University of Santo Tomas with a degree of Bachelor of Science in Commerce Major in Accounting.

Atty. Mary Rogelyn T. Cabrera is the Corporate Secretary of Filsyn Corporation. Atty. Cabrera is a Senior Partner of Herrera Teehankee & Cabrera Law Offices. She has been engaged in the general practice of law for the past thirty-three (33) years, specializing in corporate law practice as counsel for various companies. Among others, she is the Corporate Secretary of Lufthansa Technik Philippines, Inc. and the Assistant Corporate Secretary of MacroAsia Corporation. She obtained her Bachelor of Arts degree in Political Science from the Ateneo de Manila University in 1988. She obtained her Juris Doctor degree from the Ateneo de Manila University School of Law in 1992. She was admitted to the Philippine Bar in 1993.

Ms. Marinela C. Santos is currently the Treasurer and the Head of Administration and Human Resource Department of Filsyn Corporation. She graduated from the College of the Holy Spirit in April 1972 with the degree of Bachelor of Science in Commerce, Major in Accounting.

Atty. Le Iris T. Lucido is currently the interim Compliance Officer of Filsyn Corporation. Atty. Lucido is a Senior Associate of Herrera Teehankee & Cabrera Law Offices. She graduated from the Ateneo de Manila University School of Law in 2024, from the Ateneo de Manila University with a degree of Master of Arts in Economics – Specialization in Money and Banking in 2010, and from the University of the Philippines – Los Baños in 2006 with a degree in Bachelor of Science in Economics – Major in Development Economics (*cum laude*).

There are no family relationships among the directors and executive officers of the Corporation.

The business experiences stated therein for each of the directors and officers were for the last five (5) years or so.

There is no director or officer who is connected with any government agencies or its instrumentalities.

Item 10. Executive Compensation

(1) Executives

Gross compensation to Executives is as follows:

(In Million Pesos)

2022	0.9
2023	0.9
2024	1.2
2025	4.6

- (2) Director's per diem is Php 24,000.00 per director for every annual stockholders' meeting and Php5,000.00 for every regular/special Board meeting. Directors' bonus may be declared during years when the Corporation reflects an income.

As of 31 December 2025, there were no bonuses and any other compensation received by the Directors and Executive Officers other than their regular compensation.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Ownership as of December 31, 2025

Title of Class	Name and Address of Record/Beneficial Owner and Relationship with Issuer	Citizenship/ Place of Incorporation	Number of Shares Held	Percent of Class
Common	Trans-Pacific Oriental Holding Company, Inc. Unit 8, 5B Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City	Filipino	63,578,181	36.79%
Common	Far Eastern Investment Holding, Limited Claredon House 2. Church Street, Hamilton, HM11, Bermuda	Others	45,065,670	26.08%

The Corporation has no parent company which holds at least 51% of the total outstanding capital.

Trans-Pacific Oriental Holding Company, Inc. and Far Eastern Investment Holding, Limited are the record and beneficial owners of their respective shares of stock.

The persons who have the right to vote are Atty. Ma. Belina B. Mariano for Trans-Pacific Oriental Holding Company, Inc. and Mr. David Wang for Far Eastern Investment Holding Limited.

2. Security Ownership of Directors and Management as of December 31, 2025

Title of Class	Name of Beneficial Owner	Number of Shares	Position	Citizenship	Percent of Class
Common	Florentino M. Herrera III	1,000	Director/ Chairman & President	Filipino	0.00%
Common	Amy Huang	49,999	Director	Chinese	0.03%
Common	Marialen C. Corpuz	636	Director	Filipino	0.00%
Common	Alan Tsai	49,998	Director	Chinese	0.03%
Common	Evelyn Lim Forbes	113,233	Director	Filipino	0.07%
Common	Ma. Belina B. Mariano	1	Director & Assistant Corporate Secretary	Filipino	0.00%
Common	David Wang	1	Director	Chinese	0.00%
Common	Bing-Chiou Chang	1	Director	Chinese	0.00%
Common	Consolacion A. Sanchez	1	Independent Director	Filipino	0.00%
Common	Samuel V. Torres	1	Independent Director	Filipino	0.00%
Common	Edmundo Ong	1	Independent Director	Filipino	0.00%
Common	Apolinario L. Posio	0	Executive Vice President- Chief Financial Officer	Filipino	0.00%
Common	Mary Rogelyn T. Cabrera	1	Corporate Secretary	Filipino	0.00%
Common	Marinela C. Santos	0	Treasurer	Filipino	0.00%
Common	Le Iris T. Lucido	0	Interim Compliance Officer	Filipino	0.00%

The directors and executive officers as a group hold 0.13% of the total outstanding capital.

Item 12. Certain Relationships and Related Transactions

The Corporation retains the law firms of Quisumbing Torres and Herrera Teehankee & Cabrera Law Offices and pays them legal fees which the Corporation believes to be reasonable for the services rendered.

The Corporation has existing loans with its major stockholders which are being utilized for working capital requirements.

PART IV - EXHIBITS AND SCHEDULES

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

(a) Exhibits - See accompanying Index to Exhibits

The following exhibit is filed as a separate section of this report:

- Subsidiaries of the registrant
- The other exhibits, as indicated in the Index to Exhibits are either not Applicable to the Corporation or require no answer.

(b) Reports on SEC Form 17-C

Reports on Form 17-C (Current Report) have been filed in 2025.

MANAGEMENT DISCUSSION & ANALYSIS OF OPERATION

Filsyn Corporation continued to generate income mainly from warehouse rentals which was sufficient to cover all expenses, hence, there was no need for any outside financing to sustain its operations.

Despite incurring a net loss in 2024, the Corporation maintained its operational continuity and remained resilient in the face of prior year challenges. This stability in core revenue streams enabled the Corporation to recover in 2025, ultimately achieving a turnaround in performance. Consequently, the Corporation successfully rebounded and recorded a net income of PhP 54.6 million for the year ended 2025, reflecting improved operational efficiency and sustained demand for its leasing activities.

There can be no comparable discussions to assess material changes during the last three (3) years because of the non-commercial operations of the Corporation.

There were no events during the last three (3) years that will trigger direct or contingent financial obligation that was material to the Corporation. There were for the last three (3) years no material, off-balance sheet, transactions, arrangements, obligations (including contingent obligations) nor any other relationships with unconsolidated entities or other persons. There were no material commitments for capital expenditures.

The Corporation can satisfy its cash requirement for the next twelve (12) months.

The Corporation will not raise additional funds in the next twelve (12) months.

The Corporation has no product research and developments for the term of the plan.

The Corporation will not purchase any plant or equipment within the next twelve (12) months.

The Corporation does not expect any significant changes in the number of employees.

There are no seasonal aspects that have material effect to the financial statements.

The main concern of the Corporation up to now is how to settle the debt issue.

On December 10, 2009, the BOD of the Corporation approved to offer the property in Sta. Rosa, Laguna as dacion in payment of the entire obligation to Chinatrust, and in case of the latter's acceptance, to offer to manage the property in trust, in consideration of management fees and trustee fees, until such time as may be agreed by the parties.

On November 2, 2010, Chinatrust accepted the proposal of the Corporation to fully settle its outstanding loan obligation amounting to PhP1.2 billion through the Sta. Rosa property as dacion in payment. Chinatrust agreed that the Corporation shall not be liable for any deficiency between the amount of the outstanding loan obligation and the value of the Sta. Rosa property.

. The “Dacion En Pago” did not materialize and the ownership of the loan was transferred to Chuan Yuan Limited, a company incorporated in Taiwan. Chuang Yuan Limited became the creditor of the first and second MTI. Chuang Yuan Limited later sold the loan to Malaysia Garment Manufacturers (Pte) Ltd. (Malaysia Garments), a company incorporated in Singapore, a related party.

On October 24, 2016, the PSE has issued a letter to the Corporation on the subject: *Negative Stockholders’ Equity and SEC Order of Revocation* requesting for update on the following items:

- Settlement of outstanding loan obligations amounting to P1.2 billion through the Sta. Rosa property as dacion;
- Discussions/negotiations with real estate companies for potential joint venture arrangement over the property to develop the 30 hectares (ha.) property located at Sta. Rosa, Laguna;
- Discussions/negotiations regarding the sale of the property located in Gen, Malvar Alvarez, Cavite City; and
- SEC Order of Revocation dated August 26, 2002.

On December 12, 2016 the Corporation responded to the PSE that discussions are ongoing on the first three (3) items above with the appropriate parties. Should the ongoing discussions on the abovementioned items be not fruitful, the Group will invite an investor to join them in developing the Sta. Rosa Property. Management believes that the development of the land will increase its value and bring the Group’s equity from negative to positive.

At the special meeting of the board of directors and in the annual stockholders’ meeting of the Corporation both held on September 21, 2017, at least a majority of the directors and stockholders of the Corporation approved a Business Plan to address the corporation’s extisting capital deficiency. The Business Plan consists of three (3) phases including:

1. Financial restructuring subject to SEC approval;
2. Development of a property located at Sta. Rosa, Laguna; and
3. A new business activity for recycled Polyethylene Terephthalate (PET) to beregistered with the Philippine Economic Zone Authority (PEZA)

In 2002, the SEC has issued Order of Revocation of the Corporation’s Registration of Securities and Permit to Sell Securities to the public. On February 2005, the SEC acknowledged the Company’s full payment of the penalties for the reportorial violations.

On February 18, 2018, the Commission en Banc has resolved to lift the Order of Revocation. The lifting of the Order of Revocation directed the Corporation to amend its Registration Statement to reflect any prior changes prior to restatement of its registration statement and permit to sell securities.

At the special meeting of the Board of Directors and in the Annual Stockholders’ meeting of the Corporation both held on September 20, 2018 at least majority of the directors and stockholders of the Corporation decided the following:

1. Approved the Amended Registration Statement and designated the officers authorized to sign the Amended Registration Statement, namely: Mr. Jaime M. Sto. Domingo, President, Mr. David Wang, Executive Vice President & Chief Finance Officer, Mr. Emmanuel C.

Paras, Corporate Secretary and Mr. Apolinario L. Posio, Senior Vice-President-Accounting and Auditor and Compliance Officer;

2. Authorized the filing of the Amended Registration Statement of the Corporation with the Securities and Exchange Commission (“SEC”)
3. Approved the Amendment of Seventh Article of the Articles of Incorporation of the Company to reflect the following;
 - i. Reduction of par value from PhP5.00 per share to PhP2.5 per share;
 - ii. Creation of Preferred Shares with the following features:
 - Pre-Emptive Right – Right to subscribe to the same proportion of shares in case of issuance of new shares;
 - Preference in Distribution of Dividends – Right to receive fixed dividends (5% of total debt converted, namely P1,318,316,337.00), cumulative dividends and right to receive profit-participating stocks;
 - Veto Right – Right to veto the development of Sta. Rosa Property such that the development project of said land must be approved by Preferred shareholders;
 - Exercise of Voting Right – The Preferred Shareholders shall not have a right to vote, except on matters specified in Section 6 of the Corporate Code of the Philippines and those relative to the development of the Sta. Rosa Property; and
 - Convertible to Common Shares – Right to convert preferred shares to common Class B shares using 16.78:1 conversion ratio; and
 - iii. Reclassification of 33,426,498 Common (Class B) to Preferred shares
4. Approved the Conversion of Debt to Additional Paid-In Capital which will be reserved for the Conversion of Preferred shares to Common shares;
5. Authorized the filing of the Amended Articles of Incorporation of the Company and other documentary requirements with the SEC; and
6. Approved the incorporation of a wholly-owned subsidiary of the Company for its PET Recycling plant project in a Philippine Economic Zone Authority (“PEZA”) location.

The Corporation received from SEC, Certificate of Incorporation of FYN Green PET Corporation, a wholly-owned subsidiary dated 6 June 2019. This is for the Company’s PET Recycling Plant Project.

In preparation for FYGP’s registration with the PEZA, on 21 February 2020, a Memorandum of Understanding and a Contract to Sell between J.Y.. and Sons Realty Co., Inc. and FYGP were executed regarding sale of a parcel of land with building and improvements, located at First Cavite Industrial Estate (FCIE), Dasmariñas City, Cavite. Which is a PEZA registered location. Finally, on 25 November 2020, the sale was finalized and the property was physically turned over on 1 February 2021.

Furthermore, at the Board Meeting of PEZA, held on 21 May 2020, the Board approved the application for registration of FYGP as an Export Ecozone Enterprise.

On November 11, 2021, management filed the final restructuring project to SEC. Prior to submission of the project, management has already agreed the conversion of debt with its creditors and legal counsel. Management is securing all the necessary documents such as Deed of assignment to creditor and Director's certificate to support the final restructuring by SEC.

On 30 May 2022, a deed of assignment on the loan was entered between Malaysia Garment and the Corporation in which the former unconditionally and irrevocably assigns, cedes, transfers and conveys unto the Company all of its title, right and interests to receive the payment for the debt as payment for the subscription price, thereby converting the debt into equity.

In addition, the related parties, Malaysia Garments and Trans-Pacific Oriental Holding Company, Inc. (Trans-Pacific), have undertaken to support the Company financially by not demanding payment of loans due to the former.

On 29 March 2023, management completed all the aforementioned documents required by the SEC.

On 4 April 2023, the Corporation was notified by the SEC that it is ready to issue its assessment on the planned restructuring project upon issuance of the SEC-Markets and Securities Regulation Department (MSRD) clearance. Thereafter, a Payment Request Form will then be issued to the Corporation, which will signify acceptance of the SEC on the application to proceed with filing.

On 26 June 2023, the SEC approved simultaneously the Corporation's amendments to the Articles of Incorporation, decrease/ increase in authorized capital stock and equity restructuring. With the SEC approval, the Corporation can now focus on the operations and expansion of its subsidiary, FYN Green PET Corporation (FYGP), and the development of its 30 - hectare property located in Sta. Rosa City, Laguna.

On June 19, 2024, the Corporation received an Order from the SEC lifting the Order of Revocation of the Effectivity of the Corporation's Registration of Securities and Permit to Sell Securities to the Public issued by the SEC on August 26, 2002 ("Order of Revocation").

Notice of Involuntary Delisting

On February 3, 2023, the Corporation received a Notice of Involuntary Delisting from the Philippine Stock Exchange (PSE).

On April 3, 2023, representatives of the Corporation participated in a hearing conducted by the Exchange relating to the involuntary delisting proceedings involving the Corporation. The Corporation then requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

The grounds for the initiation of involuntary delisting proceedings involving Corporation are due to the (a) revocation of its registration of securities and permit to sell securities; and (b) negative stockholders' equity.

In the said hearing, the Corporation raised the following arguments:

- a. There was no obstinate refusal on the part of the Corporation to comply with the directives of the Exchange and the Securities and Exchange Commission ("SEC").

- b. The Corporation, in utmost good faith, exerted serious efforts to comply with the SEC directives. All the corporate actions of Corporation on the matter were timely and promptly disclosed to the Exchange.
- c. The SEC-Markets and Securities Regulation Department (“MSRD”) will only act on the Corporation’s amended registration statement after the approval of the Corporation’s financial restructuring plan being reviewed by the SEC- Financial Analysis and Audit Division (“FAAD”).
- d. The Corporation will file its amended registration statement after it secures the SEC’s approval of its financial restructuring plan. Thereafter, the Corporation will request SEC-MSRD to issue the corresponding Order Lifting the Order of Revocation dated August 26, 2002 against the Corporation.
- e. The conversion of the Corporation’s obligation to one of the Corporation’s major creditors, Malaysia Garment Manufacturers Pte. Ltd, amounting to One Billion Three Hundred Eighty-Nine Million Nine Hundred Sixty-One Thousand Eight Hundred Twenty-Eight Pesos (P1,389,961,828.00) into equity has effectively wiped-out the deficit amounting to Six Hundred Eighty-Nine Million Thirty-One Thousand One Hundred Forty-Six Pesos (P89,031,146.00). The debt-to-equity conversion is part of the financial restructuring plan being carried out by the Corporation. The deficit would have been wiped-out had the SEC-FAAD approved the Corporation’s financial restructuring plan.
- f. The involuntary delisting will be prejudicial to the Corporation’s stockholders who have been expecting that the trading suspension will be lifted soon and the financial restructuring plan approved in light of the actions being actively undertaken by the Corporation.
- g. In 2019, parallel to its efforts to solve its capital deficiency, the Corporation incorporated FYN Green PET Corporation (“FYGP”), a 100% wholly owned subsidiary, to provide cash flow and steady stream of revenues. FYGP will commence its commercial operations in May 2023.

The Corporation therefore requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

On May 2, 2023, the Corporation received the PSE’s *Letter-Decision* dated April 28, 2023 granting the Corporation’s request to:

- (3) Suspend the involuntary delisting proceedings against the Corporation; and
- (4) Allow the Corporation until December 29, 2023 to complete the requirements of the SEC to amend its registration statement and its application for its financial restructuring plan, thereby obtaining (a) an effective registration of securities and permit to sell securities with the SEC and (b) attaining a positive stockholders’ equity.

The Corporation requested for an extension from the PSE for its December 29, 2023 deadline to complete the SEC requirements relating to the Corporation’s application for the approval of its Amended Registration Statement.

The PSE, in its Letter dated January 31, 2024, granted the Corporation’s request for a six (6)-month non-extendible extension or until June 26, 2024 to complete the requirements of the SEC and obtain an effective registration of securities and permit to sell securities with the SEC; and (ii) to maintain the suspension of the involuntary delisting proceedings against the Corporation until the issuance of SEC’s decision on the Corporation’s application for the approval of its Amended Registration Statement or until June 26, 2024 whichever is earlier.

The Corporation received a Notice from PSE dated December 4, 2024, announcing the lift of the trading suspension effective December 6, 2024. Considering that the trading of the Corporation's shares was suspended since September 25, 2002, the static threshold for the Corporation was lifted upon the resumption of the trading of the Corporation's shares.

Final Assessment Notice from Bureau of Internal Revenue ("BIR")

On September 26, 2024, Management of the Corporation notified its Board of Directors that it had received from the BIR a Final Assessment Notice / Formal Letter of Demand (FAN/FLD) dated September 17, 2024 for calendar year 2022 on September 22, 2024. The FAN/FLD reflected a total assessment amount of Php289 million.

On February 6, 2025, the Corporation received the Final Decision on Disputed Assessment (FDDA) dated February 5, 2026. The BIR assessed deficiency taxes, interests, surcharges, and penalties (Tax Deficiencies) against the Corporation in the total amount of Php289 million, broken down as follows:

1. Final Withholding Tax (FWT) – Php183.9 million
2. Final Withholding Value Added Tax (FWVAT) – Php88.7million
3. Documentary Stamp Tax (DST) –Php16.3 million
4. Compromise Penalties – Php0.1 million

As background, to wipe out the Corporation's deficit, the Corporation restructured its capital accounts and converted its liabilities into equity (Equity Restructuring). Particularly, the Corporation increased its authorized capital stock from Php120.0 million to Php647.3 million. Pursuant to the increase in the Corporation's authorized capital stock, Malaysia Garment Manufacturers (Pte) Ltd (MG) subscribed to 33,426,498 preferred shares of stock in exchange for the conversion of the Corporation's outstanding loan (principal and interest) amounting to Php1,419.3 million (Subject Loan) to equity as payment for the subscription, with the excess recorded as Additional Paid in Capital (APIC) to wipe out the Corporation's accumulated deficit (Debt-to-Equity Conversion).

The BIR alleges that the Deed of Assignment for the Debt-to-Equity Conversion resulted in a constructive receipt of income on the part of MG, which should be subject to final withholding tax.

The Corporation's legal counsel, filed the Corporation's Protest with Request for Reconsideration and/or Reinvestigation with the BIR Revenue Region 8A on October 28, 2024 (Protest).

In its Protest, the Corporation argues that the assignment of the Subject Loan in exchange for shares is part of the Debt to Equity Conversion - a capital transaction outside the ordinary course of business that does not result in taxable income, VAT, or DST for the Corporation or MG.

On the same date that legal counsel filed the Corporation's Protest, the Corporation's tax advisor also submitted a letter to the BIR to signify its alignment and conformity to the factual and legal arguments of the Protest filed by the Corporation through its legal counsel.

The Protest also included the Corporation's request for reinvestigation and to submit additional documents in support of the reinvestigation of the findings of the BIR.

On November 11, 2024, the Corporation received the BIR's letter granting the Corporation's request for reinvestigation. The reinvestigation will require the BIR to reassess its

initial findings on the Corporation's Tax Deficiencies and re-examine the strong legal position of the Corporation's legal counsel and tax advisor on the matter. The Corporation has 60 days from the date of filing of its Protest, or until December 27, 2024, within which to submit additional documents in support of the reinvestigation.

On December 27, 2024, the Corporation submitted all its relevant supporting documents in support of its Protest.

Under the Court of Tax Appeals ("CTA") Rules, Section 228 of the Tax Code, relevant BIR issuances, prevailing jurisprudence, a petitioner may appeal the denial of its protest to the CTA within thirty (30) days from the receipt of the said denial, or in the Corporation's case until March 8, 2025.

On March 7, 2025, the Corporation filed its Petition for Review with the CTA.

On June 5, 2025, the Commissioner of Internal Revenue ("CIR") filed his answer to the Petition docketed as CTA Case No. 11789 with the CTA Second Division. The case was then referred to mediation on June 17, 2025 but the parties did not reach a settlement.

The Pre-Trial was initially set by CTA Second Division on October 16, 2025 but was reset to February 12, 2026.

On January 23, 2026, the Pre-Trial on CTA Second Division was cancelled and transferred to the CTA Third Division.

In a Resolution dated February 19, 2026, the CTA Third Division set the Pre-Trial for this case on May 14, 2026.

The Corporation is of the position that the Equity Restructuring and Deed of Assignment are separate events, and both are not subject to income tax, VAT, and DST.

The Corporation, through its legal counsel, is taking the appropriate legal steps to assail the assessment on the grounds of lack of factual and legal basis.

A. FINANCIAL DATA

	<u>Dec. 2025</u>	<u>Dec. 2024</u>
	(In Million Pesos)	
• <u>Balance Sheet</u>		
Total Assets	P 2,057.8	1,974.7
Total Liabilities	1,095.9	1,106.0
Retained Earnings (Deficit)	68.3	(21.9)
<u>P & L</u>		
Revenues	905.4	689.1
Less:		
Cost and Operating Expense.	790.5	583.5
Other Income and Expenses	7.8	55.7
Provision for Income Tax	16.0	2.0
Net Income	<u>91.1</u>	<u>47.9</u>

B. FINANCIAL ANALYSIS

- Assets - The increase in assets as of the end of December 31, 2025 compared to year 2024 represents increase in cash and receivables due to increase in sales and rental income.
- Liabilities - The net decrease is mainly due to the reclassification of the Deposit from Future Subscription from Liabilities to Equity.
- Cash Flow - The sources of funds consist of warehouse rental lease income of the parent company and its subsidiary in Roxas, Capiz and revenue from sales of the subsidiary in Dasmariñas, Cavite. These were utilized to finance the regular operating and administrative expenses of the Group.

The financial statements have been prepared in conformity with generally accepted accounting principles. Management maintains system of accounting and reporting which provides for the necessary internal controls. There were no significant deficiencies and weaknesses on internal control and fraud committed by employees. There were no changes in estimates without proper disclosure which have the impact of improving results of operations and non-application or misapplication of accounting principles and standards, misstatements and omissions. There were no advances from Directors, officers, employees and principal stockholders and related parties of the company or its related parties for the year ended December 31, 2025.

Independent external auditor, Sycip, Gorres, Velayo & Co. was appointed by the Stockholders.

<signature follows>

SIGNATURES

Pursuant to the requirement of Section 17 of the SRC Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati City on APR 15 2026 day of 2026.


APOLINARIO L. POSIO

Executive Vice President / Chief Financial Officer

MAKATI CITY

SUBSCRIBED AND SWORN to before me this APR 15 2026 affiant exhibiting to me his Government Issued ID, as follows:

<u>Name</u>	<u>Passport ID #</u>	<u>Date Issued</u>	<u>Expiry Date</u>
Apolinario L. Posio	P3043199C	Jan. 25, 2023	Jan. 24, 2033

Doc. No. 290;
Page No. 59;
Book No. X;
Series of 2026.


ATTY. GERVAZIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2026
IBP No. 655155 Lifetime Member
MCLE Compliance No. VIII-0040999
Appointment No. M-007(2025-2026)
PTR No. 10765528 Jan. 3, 2026
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg
Brgy. Pio Del Pilar, Makati City

FILSYN CORPORATION MANAGEMENT REPORT FOR THE YEAR 2025

Filsyn Corporation (the “Corporation”) continues to derive its income mainly from leasing warehouses and commercial spaces. The Corporation is fortunate to continue to derive from its operation, sufficient income to cover all of the Corporation’s operating and miscellaneous expenses.

The Sta. Rosa property, which is the biggest asset of the Corporation, has a fair market value (FMV) of Php11,800.00 per square meter, as determined by an independent appraiser for the year ended December 31, 2025. Compared to last year’s FMV of Php11,500.00 per square meter, there was a slight increase of Php300.00 per square meter. The property has now a FMV of about Php3,540.21 million, more or less.

The General Mariano Alvarez (“GMA”) property’s FMV likewise increased to Php4,500.00 per square meter for the year ended December 31, 2025 from Php4,200.00 per square meter last year as determined by the same independent appraiser for the year ended December 31, 2024. The total FMV of the property is now about Php732.22 million, more or less.

Based on the Corporation’s Audited Consolidated Financial Statements for the year ended December 31, 2025, Total Assets amounted to Php2,057.83 million while Total Liabilities amounted to Php1,095.94 million. Total Equity increased from Php868.65 million for the year ended December 31, 2024 to Php961.89 million for the year ended December

Despite incurring a net loss in 2024, the Corporation maintained its operational continuity and remained resilient in the face of prior year challenges. This stability in core revenue streams enabled the Corporation to recover in 2025, ultimately achieving a turnaround in performance. Consequently, the Corporation successfully rebounded and recorded a net income of PhP54.6 million for the year ended 2025, reflecting improved operational efficiency and sustained demand for its leasing activities.

On June 19, 2024, the Securities and Exchange Commission (“SEC”) lifted the Order of Revocation of the Effectivity of the Corporation’s Registration of Securities and Permit to Sell Securities to the Public issued by the SEC on August 26, 2002.

The Corporation received The Philippine Stock Exchange, Inc.’s (“PSE”) Notice dated December 4, 2024, regarding the lifting of the trading suspension effective December 6, 2024 at 9:00 a.m., following the SEC’s Order lifting the Suspension Order, the Corporation’s submission of its Comprehensive Corporate Disclosure and its compliance with the requirements under the PSE’s rules.

The Corporation will focus on the (i) real estate development of its Sta. Rosa property located in Sta. Rosa City, Laguna and its GMA property located in Cavite; and (ii) operations and expansion of its subsidiary, FYN Green PET Corporation (“FYGP”). FYGP is engaged in the business of recycling of waste Polyethylene Terephthalate (PET) bottles into resin to be used as feedstock for manufacture of filament and food grade chip. FYGP, registered with Philippine Economic Zone Authority as an Export Ecozone Enterprises, commenced its commercial operations in May 2023.

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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A	R	I	E	S																									

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

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e	,		1	4	6		V	a	l	e	r	o		S	t	.	,		S	a	l	c	e	d	o		V	i	l
l	a	g	e	,		M	a	k	a	t	i		C	i	t	y													

Form Type

1	7	-	A
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Department requiring the report

C	R	M	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Group's Email Address

info@filsyncorp.com

Group's Telephone Number

N/A

Mobile Number

09673155296

No. of Stockholders

515

Annual Meeting (Month / Day)

September 15

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Mr. Apolinario L. Posio

Email Address

info@filsyncorp.com

Telephone Number/s

N/A

Mobile Number

09673155296

CONTACT PERSON'S ADDRESS

Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

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

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



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Filsyn Corporation
Unit 8, 5B The Pearlbank Centre
146 Valero St., Salcedo Village, Makati City

Opinion

We have audited the consolidated financial statements of Filsyn Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and 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 consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of 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.

Fair Value of Investment Properties

The Group is primarily focused on leasing its investment properties. Investment properties of the Group consist of land in Laguna and Cavite which are being leased to third parties. The Group accounts for its investment properties using the cost model and discloses the fair value as required under PAS 40, *Investment Property*. As at December 31, 2025, the carrying value and fair value of the investment properties amounted to ₱918.2 million and ₱4,344.24 million, respectively. Management determines the fair value of the investment properties based on the valuations carried out by an external appraiser using Market Data Approach.

We identified the disclosure on the fair value of the Group's investment properties as a key audit matter because it is a significant disclosure given that the determination of the fair value of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraiser whose calculations also depend on certain assumptions, such as sales and listings of comparable properties and adjustments to sales price, which are influenced by the prevailing market rates, comparable market transactions and are subject to higher level of estimation uncertainty due to the current economic conditions.

The Group's disclosures on these matters are included in Notes 3, 11 and 26 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We assessed the methodology adopted by referencing common valuation models and inspected the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

Assessment of Provision for Tax Assessments

The Parent Company has been assessed by the Bureau of Internal Revenue (BIR) tax deficiencies amounting to ₱289.1 million from the executed equity restructuring by the Parent Company last 2023. Management strongly believes that the transaction, being a capital transaction outside the ordinary course of business does not result in taxable income, value-added and documentary stamp taxes. This matter is significant to our audit because the determination of whether any provision should be recognized and the estimation of the potential liability resulting from this tax assessment requires significant judgment by management. The inherent uncertainty over the outcome of this tax assessment is brought about by the differences in the interpretation and implementation of the relevant laws and tax rulings.

The Group's disclosures on these matters are included in Notes 1 and 3 to the consolidated financial statements.



Audit Response

We discussed with management the status and merits of the case and obtained the opinion of the Group's external legal counsel. We evaluated the tax position of the Group by considering the relevant tax laws, rulings and jurisprudence. We involved our internal specialist in the evaluation of management's assessments on whether any provision for tax contingencies should be recognized, and the estimation of such amount.

We assessed whether provisions are needed to be recorded in compliance with PAS 37, *Provision, Contingent Liabilities and Contingent Assets*.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Sheet), 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 (Definitive Information Statement), 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 do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

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

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

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 a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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



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 on regulation precludes public disclosure about the matters 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 Marco Rene A. Barredo.

SYCIP GORRES VELAYO & CO.



Marco Rene A. Barredo

Partner

CPA Certificate No. 116783

Tax Identification No. 214-999-478

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116783-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765015, January 2, 2026, Makati City

April 13, 2026



FILSYN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱105,574,743	₱42,362,801
Trade receivables (Note 5)	22,344,383	56,938,386
Inventories (Note 6)	80,959,441	50,753,243
Prepayments and other current assets - net (Note 7)	9,933,413	13,934,133
Current financial asset (Note 4)	40,000,000	20,000,000
Total Current Assets	258,811,980	183,988,563
Noncurrent Assets		
Investment properties (Note 11)	918,167,147	918,167,147
Property and equipment - net (Note 10)	847,088,732	822,789,322
Retirement plan assets - net (Note 21)	25,254,030	24,180,246
Investments in associates (Note 8)	1	1
Other noncurrent assets (Note 9)	8,510,410	25,615,229
Total Noncurrent Assets	1,799,020,320	1,790,751,945
TOTAL ASSETS	₱2,057,832,300	₱1,974,740,508
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 12)	₱169,090,350	₱124,123,326
Current portion of long-term debt (Note 13)	69,449,019	68,241,551
Loans payable to a stockholder (Notes 13 and 20)	176,370,000	173,535,000
Dividends payable (Note 14)	156,087	156,087
Income tax payable	58,346	162,170
Total Current Liabilities	415,123,802	366,218,134
Noncurrent Liabilities		
Noncurrent portion of long-term debt (Note 13)	561,773,087	621,098,045
Deferred tax liabilities (Note 19)	119,043,517	118,775,070
Total Noncurrent Liabilities	680,816,604	739,873,115
Total Liabilities	1,095,940,406	1,106,091,249
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	366,858,160	366,858,160
Additional paid-in capital (Notes 13 and 14)	335,372,611	335,372,611
Equity reserve (Note 14)	219,498,778	—
Remeasurement loss on retirement plan assets - net (Note 21)	(4,873,459)	(4,732,146)
Cumulative translation adjustments (Note 14)	(12,842,139)	(51,303,544)
Retained earnings (Deficit)	68,254,971	(21,881,162)
	972,268,922	624,313,919
Deposit for future stock subscription (Note 14)	—	260,302,500
Non-controlling Interests (Note 22)	(10,377,028)	(15,967,160)
Total Equity	961,891,894	868,649,259
TOTAL LIABILITIES AND EQUITY	₱2,057,832,300	₱1,974,740,508

See accompanying Notes to Consolidated Financial Statements.



FILSYN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUES			
Sales	₱825,562,112	₱634,175,616	₱574,067,827
Rental (Note 11)	79,845,510	54,907,810	49,199,912
	905,407,622	689,083,426	623,267,739
COSTS AND OPERATING EXPENSES			
Cost of sales (Note 17)	(730,015,993)	(513,781,025)	(474,037,600)
Operating expenses (Note 17)	(60,515,570)	(69,721,345)	(62,855,467)
	(790,531,563)	(583,502,370)	(536,893,067)
OPERATING INCOME	114,876,059	105,581,056	86,374,672
OTHER INCOME (EXPENSES) - net			
Interest expense and bank charges (Notes 13 and 18)	(37,867,959)	(54,272,033)	(47,570,468)
Interest income (Note 4)	5,924,036	3,660,549	1,225,226
Others - net (Note 18)	24,190,025	(5,078,009)	2,249,003
	(7,753,898)	(55,689,493)	(44,096,239)
INCOME BEFORE INCOME TAX	107,122,161	49,891,563	42,278,433
PROVISION FOR INCOME TAX (Note 19)	(16,003,334)	(2,018,039)	(1,222,379)
NET INCOME	91,118,827	47,873,524	41,056,054
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Movements in cumulative translation adjustment (Note 14)	38,461,405	(4,034,546)	89,069
Remeasurement gain (loss) on retirement plan assets (Note 21)	(188,418)	1,756,867	(6,016,011)
Income tax effect	47,105	(439,216)	1,504,003
	(141,313)	1,317,651	(4,512,008)
Other comprehensive loss, net of tax	38,320,092	(2,716,895)	(4,422,939)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱129,438,919	₱45,156,629	₱36,633,115
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	₱91,029,917	₱47,738,035	₱41,019,754
Non-controlling interests (Note 22)	88,910	135,489	36,300
	₱91,118,827	₱47,873,524	₱41,056,054
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	₱129,350,009	₱45,021,140	₱36,596,815
Non-controlling interests (Note 22)	88,910	135,489	36,300
	₱129,438,919	₱45,156,629	₱36,633,115
INCOME (LOSS) PER SHARE (Note 15)			
Basic net income (loss) attributable to equity holders of the Parent Company	(₱0.0765)	(₱0.1259)	₱0.0363
Diluted net income attributable to equity holders of the Parent Company	₱0.1241	₱0.0651	₱0.0559

See accompanying Notes to Consolidated Financial Statements.



FILSYN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 and 2023

	Equity attributable to equity holders of the parent							Deposit for	Non-controlling	Total
	Capital Stock (Note 14)	Additional Paid-in Capital (APIC)	Equity Reserve (Note 14)	Remeasurement Gain (Loss) on Retirement Plan Assets (Note 21)	Cumulative Translation Adjustment (Note 14)	Deficit (Note 14)	Total	Future Stock Subscription (Note 14)	Interest (Note 22)	Equity
Balances at January 1, 2023	₱1,031,230,905	₱143,589,745	₱—	(₱1,537,789)	(₱47,358,067)	(₱1,973,190,658)	(₱847,265,864)	₱—	(₱16,138,949)	(₱863,404,813)
Net income	—	—	—	—	—	41,019,754	41,019,754	—	36,300	41,056,054
Cumulative translation adjustment	—	—	—	—	89,069	—	89,069	—	—	89,069
Remeasurement loss on retirement plan assets, net of tax (Note 21)	—	—	—	(4,512,008)	—	—	(4,512,008)	—	—	(4,512,008)
Total comprehensive income (loss)	—	—	—	(4,512,008)	89,069	41,019,754	36,596,815	—	36,300	36,633,115
Equity Restructuring (Note 14)										
Reduction in par value of common stock	(928,107,815)	928,107,815	—	—	—	—	—	—	—	—
Debt-to-equity conversion	263,735,070	1,126,226,758	—	—	—	—	1,389,961,828	—	—	1,389,961,828
Application of APIC to deficit	—	(1,862,551,707)	—	—	—	1,862,551,707	—	—	—	—
Net effect of Equity Restructuring	(664,372,745)	191,782,866	—	—	—	1,862,551,707	1,389,961,828	—	—	1,389,961,828
Balances as at December 31, 2023	₱366,858,160	₱335,372,611	₱—	(₱6,049,797)	(₱47,268,998)	(₱69,619,197)	₱579,292,779	₱—	(₱16,102,649)	₱563,190,130
Reclassification of deposit for future stock subscription to to equity (Note 14)	—	—	—	—	—	—	—	260,302,500	—	260,302,500
Net income	—	—	—	—	—	47,738,035	47,738,035	—	135,489	47,873,524
Cumulative translation adjustment	—	—	—	—	(4,034,546)	—	(4,034,546)	—	—	(4,034,546)
Remeasurement gain on retirement plan assets, net of tax (Note 21)	—	—	—	1,317,651	—	—	1,317,651	—	—	1,317,651
Total comprehensive income (loss)	—	—	—	1,317,651	(4,034,546)	47,738,035	45,021,140	—	135,489	45,156,629
Balance as at December 31, 2024	₱366,858,160	₱335,372,611	₱—	(₱4,732,146)	(₱51,303,544)	(₱21,881,162)	₱624,313,919	₱260,302,500	(₱15,967,160)	₱868,649,259
Net income	—	—	—	—	—	91,029,917	91,029,917	—	88,910	91,118,827
Cumulative translation adjustment	—	—	—	—	38,461,405	—	38,461,405	—	—	38,461,405
Remeasurement loss on retirement plan assets, net of tax (Note 21)	—	—	—	(141,313)	—	—	(141,313)	—	—	(141,313)
Total comprehensive income (loss)	—	—	—	(141,313)	38,461,405	91,029,917	129,350,009	—	88,910	129,438,919
Effect of change in ownership interest over a subsidiary	—	—	219,498,778	—	—	(893,784)	218,604,993	(260,302,500)	5,501,222	(36,196,284)
Balances at December 31, 2025	₱366,858,160	₱335,372,611	₱219,498,778	(₱4,873,459)	(₱12,842,139)	₱68,254,971	₱972,268,922	₱—	(₱10,377,028)	₱961,891,894

See accompanying Notes to Consolidated Financial Statements.



FILSYN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱107,122,162	₱49,891,563	₱42,278,433
Adjustments for:			
Interest expense (Note 18)	37,770,291	51,353,331	43,002,531
Depreciation expense (Note 10)	39,806,337	40,836,245	31,789,963
Unrealized foreign exchange (gains) losses - net	2,375,415	7,425,000	(1,155,000)
Interest income (Notes 4 and 18)	(5,924,037)	(3,660,549)	(1,225,226)
Retirement income (Note 21)	(1,262,202)	(1,070,494)	(851,093)
Changes in working capital:			
Decrease (increase) in:			
Trade receivables	34,594,003	(31,313,625)	(19,867,165)
Inventories	(30,206,198)	(8,256,994)	66,932,628
Prepayments and other current assets	4,000,720	(1,184,751)	5,657,030
Increase (decrease) in accounts and other payables	47,001,099	13,073,643	(185,471,722)
Net cash generated from (used in) operations	235,277,590	117,093,369	(18,909,621)
Interest received	5,924,036	2,820,737	746,804
Income taxes paid	(15,791,607)	(1,633,100)	(2,295,265)
Net cash flows from (used in) operating activities	225,410,019	118,281,006	(20,458,082)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in property, plant and equipment (Note 10)	(51,707,311)	(2,732,309)	(33,792,043)
Increase in current financial asset (Note 4)	(20,000,000)	–	(2,069,617)
Increase (decrease) in other noncurrent assets	17,104,819	(18,784,499)	(13,002,679)
Net cash flows used in investing activities	(54,602,492)	(21,516,808)	(48,864,339)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans payable (Note 13)	(69,008,993)	(730,755,165)	–
Proceeds from loans payable (Note 13)	–	694,140,000	60,907,000
Interest paid	(38,152,393)	(55,050,658)	(37,673,632)
Payment of stock issuance cost (Note 14)	(893,784)	–	–
Decrease in due to a related party	–	(1,000,000)	(5,000,000)
Net cash flows from (used in) financing activities	(108,055,170)	(92,665,823)	18,233,368
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	62,752,357	4,098,375	(51,089,053)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	459,585	–	2,251
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	42,362,801	38,264,426	89,351,228
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱105,574,743	₱42,362,801	₱38,264,426

See accompanying Notes to Consolidated Financial Statements.



FILSYN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Status of Operations

Corporate Information

Filsyn Corporation (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 22, 1968 and is domiciled in the Republic of the Philippines.

Following the Parent Company's amendments to its Articles of Incorporation, as approved in a special board meeting on February 24, 2026, its primary purpose now is to deal and engage in land or real estate business in all its branches and ramifications, to own, hold, develop, manage, administer, sell, assign, convey, exchange, encumber, purchase, acquire, for consideration or by donation, lease, rent, or otherwise deal in and dispose of, for itself or for others, for investments, profit and advantage, real properties, including but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of property and real estate, improved or unimproved, together with their appurtenances, with or to such persons and entities and under such terms and conditions as may be permitted by law; to acquire, purchase, hold, manage, develop, improve, lease, subdivide, exchange, and sell subdivision lots, with or without buildings or improvements, for such consideration and in such manner or form as the Parent Company may determine, or as the law permits; and to erect, construct, alter, manage, operate, lease, develop, in whole or in part, buildings and tenements of the Parent Company or of other persons; and to exercise or undertake such powers and purposes as may be required and necessarily implied from the purposes herein mentioned. Provided, that the Parent Company shall not solicit, accept or take investments/placements from the public nor shall it issue investment contracts. It has also the purpose to purchase, lease, or otherwise, lands and interest in lands and buildings; to own, hold, improve, develop, and manage any real estate so acquired and to erect or cause to be erected buildings or other structures with their appurtenances on any lands owned, held or occupied by the Parent Company; to rebuild, enlarge, alter or improve any buildings or other structures now or hereafter erected on any lands so owned, held or occupied; to mortgage, sell, lease or otherwise dispose of any lands or interest in lands and in buildings, or in any stores, shops, suites, rooms or any part of any buildings or other structures, at any time owned or held by the Parent Company.

The registered office address of the Parent Company is Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

The following are the subsidiaries of the Parent Company which were all incorporated in the Philippines:

Subsidiaries	Nature of Business	Percentage of Ownership
FYN Green PET Corporation (FYGP)	Manufacturing	98%
Island King Aquaventures Corporation (IKAC)	Leasing	77%
SRTC Development Corporation (SRTC)	Under liquidation	57%

FYGP was organized under Philippine Laws and was registered with the SEC on June 6, 2019. FYGP is primarily involved in recycling of waste Polyethylene Terephthalate (PET) bottles into resin to be used as feedstock for manufacture of Filament and Food Grade Chip. The registered office address of the Company is First Cavite Industrial Estate, Lot 2, Block 1, Phase 3, Langkaan II Dasmarias City, Cavite. FYGP started commercial operations on May 5, 2023.



IKAC was registered with the Philippine SEC on September 15, 1986 primarily to engage in the business of aquaculture and related activities. IKAC ceased its normal operations as a producer of prawns and bangus and started renting out its investment property in 2012. The registered office address of the Company is Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

SRTC was registered with the Philippine SEC on April 30, 1992 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease and hold for investment or otherwise, real estate of all kinds, and to improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances. The registered office address of the Company is Unit 8, 5B Floor, Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City. SRCT has never started commercial operations. On September 25, 2014, the stockholders approved the amendment of SRTC's AOI to shorten its life until December 31, 2014. Final liquidation will take place after approval of SRTC's liquidation application with the Philippine SEC. As at April 13, 2026, SRTC is in the process of accomplishing requirements needed for the cancellation of its registration with Bureau of Internal Revenue and Philippine SEC.

The Parent Company and subsidiaries are collectively referred to as "the Group".

Status of Operations

In 2002, the SEC issued Order of Revocation of the Parent Company's Registration of Securities and Permit to Sell Securities to the public.

Following the cessation of its operation in 2005, the operations of the Company is now primarily focused on leasing of its investment properties.

The Group's current liabilities exceeded its current assets by ₱156.3 million and ₱182.2 million as of December 31, 2025 and 2024, respectively.

On April 13, 2026, the Parent Company received a letter from its shareholder, Trans-Pacific Oriental Holding Company, Inc. (TPO), confirming that they do not expect collection of loans payable amounting to ₱176.4 million at least during the next 12 months from December 31, 2025. The shareholder remains fully committed to support the Group's operation. Additionally, FYGP has an existing credit line amounting to US\$3.0 million (₱173.5 million) to finance its working capital requirement. The credit line is valid until June 30, 2025 and was subsequently renewed, extending its validity until June 30, 2026.

Equity Restructuring

On October 24, 2016, the PSE issued a letter to the Company on the subject: *Negative Stockholders' Equity and SEC Order of Revocation* requesting for update on the following items:

- Settlement of outstanding loan obligations amounting to ₱1.2 billion through the Sta. Rosa property as dacion;
- Discussions/negotiations with real estate companies for potential joint venture arrangement over the property to develop the 30 hectares (ha.) property located at Sta. Rosa, Laguna;
- Discussions/negotiations regarding the sale of the property located in Gen. Malvar Alvarez, Cavite City; and
- SEC Order of Revocation dated August 26, 2002

On December 12, 2016, the Parent Company responded to the PSE that discussions are ongoing on the first three items above with the appropriate parties. Management believes that the development of



the land in Sta. Rosa Laguna will increase its value and bring the Parent Company's equity from negative to positive.

In September 2017, the Board of Directors (BOD) and stockholders of the Parent Company approved a business plan, which consists of the following phases:

- Financial restructuring subject to Philippine SEC approval;
- Development of the Sta. Rosa property; and
- A new business activity of recycling Polyethylene Terephthalate (PET) to be registered with the Philippine Economic Zone Authority

In relation to the financial restructuring, in September 2018, the BOD approved the following:

A. Amendment of the Seventh Article of the Parent Company's AOI to reflect the following:

1. Reduction of par value from ₱5.00 per share to ₱2.50 per share
2. Creation of Preferred Shares
3. Reclassification of 33,426,498 Common Shares (Class B) to Preferred Shares

B. Conversion of debt to equity

On February 18, 2018, the Commission en Banc resolved to lift the Order of Revocation. The lifting of the Order of the Revocation directed the Parent Company to amend its Registration Statement to reflect any prior changes prior to restatement of its registration statement and permit to sell securities.

On September 20, 2018, the BOD formally authorized the filing of the Amended Registration Statement with the SEC which was filed on October 30, 2018.

On July 23, 2019, the Parent Company filed its application for amendment of AOI with the SEC. On September 25, 2019, The SEC provided their initial comments on the application for amendment of AOI.

On November 11, 2021, the BOD approved the further amendments in the Seventh Article of the AOI which revoked and superseded September 21, 2018 resolutions approving the amendments to the Seventh Article of the AOI. The BOD approved the following:

1. Decrease in Authorized Capital Stock and Reclassification or Conversion of 33,426,498 Class B Shares into 33,426,498 Preferred Shares

This include the following approvals of the BOD:

- a. Reduction in the par value of all common shares from ₱5.00 per share to ₱0.50 per share,
- b. Decrease in the authorized capital stock from ₱1,200,000,000 to ₱120,000,000, and
- c. Classification of capital contributed in excess of the reduced par value as additional paid in capital
- d. Reclassification of the 33,426,498 Class B common shares held by Malaysia Garment Manufacturers (Pte) Ltd. (MG), a company incorporated in Singapore and a related party, into 33,426,498 Preferred Shares with the following features:
 - i. Preemptive Right - The Preferred Shareholders shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios
 - ii. Dividends - The Preferred Shareholders shall bear preferential dividends at the rate of 5% per annum of total debt converted in the amount of ₱1,389,961,828.



- iii. Exercise of Voting Right - The Preferred Shareholders shall not have a right to vote, except on matters specified in Section 6 of the Revised Corporation Code of the Philippines and those relative to the development of the Sta. Rosa Property; and
- iv. Convertibility - The Preferred Shareholders shall, at their option, have the right to convert their preferred shares to common shares using 16.78:1 conversion ratio at ₱0.50 per share.

2. Increase in Capital Stock

The BOD approved the increase of the Parent Company's authorized capital stock from ₱120,000,000 to ₱647,306,477 which consists of:

- a. 440,229,812 Class "A" common shares with par value of ₱0.50 per share, or an aggregate par value of ₱220,114,906;
- b. 293,486,507 Class "B" common shares with a par value of ₱0.50 per share, or an aggregate par value of ₱146,743,253.50; and
- c. 33,426,498 Preferred Shares, with a par value of ₱8.39 per share (increased from ₱0.50), or an aggregate par value of ₱280,448,318, with MG subscribing to the increase in the par value of the 33,426,498 Preferred Shares amounting to ₱263,735,069 by way of converting debt owed to it by the Corporation as of December 31, 2020 amounting to ₱1,389,961,828 to equity, with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital

The BOD also approved the subscription by MG to the increase in the par value of the 33,426,498 Preferred Shares, and the conversion of debt owed to it by the Parent Company as of December 31, 2020 amounting to ₱1,389,961,828 to equity as payment for the aforesaid 33,426,498 Preferred Shares with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital.

3. Use of Additional Paid in Capital to Wipe Out Deficit

The BOD approved the use of the Additional Paid In Capital resulting from: (a) the existing Additional Paid in Capital; (b) the decrease of capital through the reduction of par value; and (c) the conversion of the existing liability to MG to wipe out all the accumulated deficit of the Parent Company.

On November 11, 2021, management filed the final restructuring project to SEC. Prior to submission of the project, management has already agreed to the conversion of debt with its creditors and legal counsel.

On May 30, 2022, a Deed of Assignment on the loan was entered between MG and the Parent Company in which the former unconditionally and irrevocably assigns, cedes, transfers and conveys unto the Parent Company all of its title, right and interests to receive the payment for the debt as payment for the subscription price, thereby converting the debt into equity.

In addition, the related parties, MG and TPO, have undertaken to support the Parent Company financially by not demanding payment of loans due to the former. Accordingly, the financial statements have been prepared on a going concern basis.

On March 29, 2023, management completed all the aforementioned documents required by the SEC.



On April 4, 2023, the Parent Company was notified by the SEC that it is ready to issue its assessment on the planned restructuring project upon issuance of the SEC-Markets and Securities Regulation Department (MSRD) clearance. Thereafter, a Payment Request Form was issued to the Parent Company, which signified the acceptance of the SEC on the application to proceed with filing.

On June 26, 2023, the SEC approved simultaneously the Parent Company's amendments to the Articles of Incorporation, decrease/ increase in authorized capital stock and equity restructuring (see Note 14). With the SEC approval, the Parent Company can now focus on the operations and expansion of its subsidiary, FYGP, and the development of its 30 - hectare property located in Sta. Rosa City, Laguna.

On June 19, 2024, the Parent Company received an Order from the SEC lifting the Order of Revocation of the Effectivity of the Parent Company's Registration of Securities and Permit to Sell Securities to the Public issued by the SEC on August 26, 2002.

Notice of Involuntary Delisting

On February 3, 2023, the Parent Company received a Notice of Involuntary Delisting from the PSE.

On April 3, 2023, representatives of the Parent Company participated in a hearing conducted by the Exchange relating to the involuntary delisting proceedings involving the Parent Company. The Parent Company then requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

The grounds for the initiation of involuntary delisting proceedings involving Parent Company are due to the (a) revocation of its registration of securities and permit to sell securities; and (b) negative stockholders' equity.

In the said hearing, the Parent Company raised the following arguments:

- a. There was no obstinate refusal on the part of the Parent Company to comply with the directives of the Exchange and the Securities and Exchange Commission (SEC).
- b. The Parent Company, in utmost good faith, exerted serious efforts to comply with the SEC directives. All the corporate actions of Parent Company on the matter were timely and promptly disclosed to the Exchange.
- c. The SEC-Markets and Securities Regulation Department (MSRD) will only act on the Parent Company's amended registration statement after the approval of the Parent Company's financial restructuring plan being reviewed by the SEC- Financial Analysis and Audit Division (FAAD).
- d. The Parent Company will file its amended registration statement after it secures the SEC's approval of its financial restructuring plan. Thereafter, the Parent Company will request SEC-MSRD to issue the corresponding Order Lifting the Order of Revocation dated August 26, 2002 against the Parent Company.
- e. The conversion of the Parent Company's obligation to one of the Corporation's major creditors, Malaysia Garment Manufacturers Pte. Ltd, amounting to ₱1,390.0 million into equity has effectively wiped-out the deficit amounting to ₱689.0 million. The debt-to-equity conversion is part of the financial restructuring plan being carried out by the Parent Company. The deficit would have been wiped-out had the SEC-FAAD approved the Parent Company's financial restructuring plan.



- f. The involuntary delisting will be prejudicial to the Parent Company's stockholders who have been expecting that the trading suspension will be lifted soon and the financial restructuring plan approved in light of the actions being actively undertaken by the Parent Company.
- g. In 2019, parallel to its efforts to solve its capital deficiency, the Parent Company incorporated FYGP, a 100% wholly owned subsidiary, to provide cash flow and steady stream of revenues. FYGP will commence its commercial operations in May 2023.

The Parent Company therefore requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until June 26, 2024.

The PSE, in its Letter dated 31 January 2024, granted the Parent Company's request for a six (6)-month non-extendible extension or until 26 June 2024 to complete the requirements of the SEC and obtain an effective registration of securities and permit to sell securities with the SEC; and (ii) to maintain the suspension of the involuntary delisting proceedings against the Parent Company until the issuance of SEC's decision on the Parent Company's application for the approval of its Amended Registration Statement or until 26 June 2024 whichever is earlier.

The Parent Company received a Notice from PSE dated December 4, 2024, announcing the lifting of the trading suspension effective December 6, 2024. Considering that the trading of the Parent Company's shares was suspended since September 25, 2002, the static threshold for the Parent Company will be lifted upon the resumption of the Parent Company's shares.

Final Assessment Notice from Bureau of Internal Revenue (BIR)

On September 26, 2024, Management of the Parent Company notified its BOD that it had received from the BIR a Final Assessment Notice / Formal Letter of Demand (FAN/FLD) dated September 17, 2024 for calendar year 2022 on September 22, 2024. The FAN/FLD reflected a total assessment amount of ₱289.1 million.

On February 6, 2025, the Parent Company received the Final Decision on Disputed Assessment (FDDA) dated February 5, 2025. The BIR assessed deficiency taxes, interests, surcharges, and penalties (Tax Deficiencies) against the Parent Company in the total amount of ₱289.1 million, broken down as follows:

1. Final Withholding Tax (FWT) - ₱183.9 million
2. Final Withholding Value Added Tax (FWVAT) - ₱88.7 million
3. Documentary Stamp Tax (DST) - ₱16.3 million
4. Compromise Penalties - ₱0.1 million

As background, to wipe out the Parent Company's deficit, the Parent Company restructured its capital accounts and converted its liabilities into equity (Equity Restructuring). Particularly, the Corporation increased its authorized capital stock from ₱120.0 million to ₱647.3 million. Pursuant to the increase in the Parent Company's authorized capital stock, Malaysia Garment Manufacturers (Pte) Ltd (MG) subscribed to 33,426,498 preferred shares of stock in exchange for the conversion of the Corporation's outstanding loan (principal and interest) amounting to ₱1,419.3 million (Subject Loan) to equity as payment for the subscription, with the excess recorded as Additional Paid in Capital (APIC) to wipe out the Parent Company's accumulated deficit (Debt-to-Equity Conversion).



The BIR alleges that the Deed of Assignment for the Debt-to-Equity Conversion resulted in a constructive receipt of income on the part of MG, which should be subject to final withholding tax.

The Parent Company's legal counsel, filed the Parent Company's Protest with Request for Reconsideration and/or Reinvestigation with the BIR Revenue Region 8A on October 28, 2024 (Protest).

In its Protest, the Parent Company argues that the assignment of the Subject Loan in exchange for shares is part of the Debt to Equity Conversion - a capital transaction outside the ordinary course of business that does not result in taxable income, VAT, or DST for the Parent Company or MG.

On the same date that legal counsel filed the Parent Company's Protest, the Parent Company's tax advisor also submitted a letter to the BIR to signify its alignment and conformity to the factual and legal arguments of the Protest filed by the Parent Company through its legal counsel.

The Protest also included the Parent Company's request for reinvestigation and to submit additional documents in support of the reinvestigation of the findings of the BIR.

On November 11, 2024, the Parent Company received the BIR's letter granting the Parent Company's request for reinvestigation. The reinvestigation will require the BIR to reassess its initial findings on the Parent Company's Tax Deficiencies and re-examine the strong legal position of the Parent Company's legal counsel and tax advisor on the matter. The Parent Company has 60 days from the date of filing of its Protest, or until December 27, 2024, within which to submit additional documents in support of the reinvestigation.

On December 27, 2024, the Parent Company submitted all its relevant supporting documents in support of its Protest.

On February 6, 2025, the Parent Company received the Final Decision on Disputed Assessments (FDDA) from the BIR denying the Parent Company's Protest.

Under the Court of Tax Appeals (CTA) Rules, Section 228 of the Tax Code, relevant BIR issuances, prevailing jurisprudence, a petitioner may appeal the denial of its protest to the CTA within thirty (30) days from the receipt of the said denial, or in the Parent Company's case until March 8, 2025.

On March 7, 2025, the Parent Company filed its Petition for Review with the CTA.

On June 5, 2025, the Commissioner of Internal Revenue (CIR) filed his answer to the Petition docketed as CTA Case No. 11789 with the CTA Second Division. The case was then referred to mediation on June 17, 2025 but the parties did not reach a settlement.

The Pre-Trial was initially set by CTA Second Division on October 16, 2025 but has been reset to February 12, 2026.

On January 23, 2026, the Pre-Trial on CTA Second Division was cancelled and transferred to the CTA Third Division.

In a Resolution dated February 19, 2026, the CTA Third Division set the Pre-Trial for this case on May 14, 2026.

The Parent Company is of the position that the Equity Restructuring and Deed of Assignment are separate events, and both are not subject to income tax, VAT, and DST.



The Parent Company, through its legal counsel, is taking the appropriate legal steps to assail the assessment on the grounds of lack of factual and legal basis.

Amendments to Articles of Incorporation

In a Special Board Meeting, the BOD approved the following amendments to the AOI:

1. Change in primary purpose
2. Reduction in the number of directors
3. Declassification of common shares

The amendment of the primary purpose stems from the strategic shift from polyester manufacturing to real estate related activities. The reduction in the number of directors will enhance board efficiency and ensure swift and cohesive decision-making. The declassification of Common “A” and Common “B” shares is to promote market efficiency, transparency, and equitable shareholder treatment within publicly listed companies as mandated by the relevant issuances of the SEC and the PSE.

Authorization for Issuance of the Consolidated Financial Statements

The financial statements of the Group as at and for the years ended December 31, 2025 and 2024 were authorized for issuance by the Group’s BOD on April 13, 2026.

2. Basis of Preparation and Consolidation and Summary of Material Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The consolidated financial statements have been prepared on a historical cost basis and are presented in Philippine peso, the Group’s functional and presentation currency. All values are rounded to the nearest peso except when otherwise indicated.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of Amendments to PAS 21, Lack of exchangeability, which became effective on January 1, 2025. 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 adoption of the amendments did not have an impact on the financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards and Interpretations Issued but not yet Effective

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

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*

Based on the Group’s initial assessment, the impact is expected to be limited to presentation and disclosure changes, including the reclassification of income and expenses into operating, investing, and financing categories and the reclassification of dividends received from joint ventures and associates to cash flows from investing activities. PFRS 18 does not affect recognition and measurement.

PFRS 18 will apply retrospectively. The Group will be conducting an impact assessment of PFRS 18 and is set to apply any changes to the accounting system to be able to comply with PFRS 18 once the standard takes effect.

- 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*

The Group applied the materiality guidance in its 2025 accounting policy disclosures.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31 of each year. Control is achieved when the Group 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. Specifically, the Group controls an investee if and only if the Group has all of the following:

- Power over the investee (i.e., existing rights that give the ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee



- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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 trade 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 fair value through profit or loss, transaction costs. Trade 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 as determined under PFRS 15, *Revenue from Contracts with Customers*.

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 amortized 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, trade receivables, refundable deposits under 'Prepayments and other current assets', advances to subsidiaries and long term time deposits under 'Current financial assets' which are classified as financial assets at amortized cost.

Subsequent Measurement

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Impairment

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 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 trade receivables and refundable deposits, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash, 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. The Group recognizes an allowance based on 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

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 considering 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.



b. Financial Liabilities

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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities are in the nature of payables which are classified as financial liabilities at amortized cost (loans and borrowings).

Subsequent Measurement

After initial recognition, payables are subsequently measured at amortized cost using 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 finance costs in the statement of comprehensive income.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). NRV for finished goods are the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. NRV for raw materials, spare parts and other inventories is the current replacement cost of the assets.

Costs incurred in bringing each product to its intended location and condition are accounted for as follows:

- Finished goods: Cost is determined using the moving average method. Cost includes direct materials, direct labor and proportion of manufacturing overhead costs based on normal operating capacity.
- Raw materials, spare parts and other inventories: Purchase cost is determined using the moving average method.

Investment in Associates

The Group's investment in associate is accounted for using the equity method.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of associate is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate.



Investment Properties

Investment properties consist of land which are measured at deemed cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated impairment in value.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

The Group's investment property consists of land held to earn rentals and for capital appreciation.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value.

The initial cost of an item of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to expense 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 land and building beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Construction in progress is stated at cost, net of accumulated impairment losses, if any. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and are available for use.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Building	20
Machinery and plant equipment (long life)	15
Furniture and fixtures	7
Office equipment	5
Transportation equipment	5
Machinery and plant equipment (short life)	3 - 5

Depreciation begins when the item of property, plant and equipment becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with *PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.



The assets' estimated residual values, if any, estimated useful lives and depreciation and amortization methods are reviewed periodically at each end of the reporting period to ensure that these are consistent with the expected pattern of economic benefits from the items of property, plant and equipment. A change in the useful lives or expected pattern of consumption of the future economic benefits embodied in property, plant and equipment is accounted for as a change in accounting estimates and thus, shall be recognized prospectively in accordance with PAS 8, *Accounting Policies, Changes in Estimates and Errors*.

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

When assets are retired or otherwise disposed of, their cost, accumulated depreciation and amortization and any allowance for impairment loss are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

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

Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is indication that a non-financial asset or cash-generating unit (CGU) may be impaired. If any indication exists, the Group makes an estimate of their recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use, and is determined for an individual item, unless such item does not generate cash inflows that are largely independent of those from other assets or group of assets or CGUs. When the carrying amount exceeds its recoverable amount, such item is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows to be generated by such items are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU. Impairment losses of continuing operations are recognized in the parent company statement of income in the expense categories consistent with the function of the impaired asset.

An assessment is made at least on each reporting date as to whether there is indication that previously recognized impairment losses may no longer exist or may have decreased. If any indication exists, the recoverable amount is estimated and a previously recognized impairment loss is reversed only if there has been a change in the estimate in the assets or CGU's recoverable amount since the last impairment loss was recognized. If so, the carrying amount of the item is increased to its new recoverable amount which cannot exceed the impairment loss recognized in prior years. Such reversal is recognized in the parent company statement of income unless the asset or CGU is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining estimated useful life.

Deposit for Future Stock Subscriptions

An entity shall classify a contract to deliver its own equity instruments under equity as a separate account (e.g., Deposit for Stock Subscription) from "Outstanding Capital Stock" if and only if, all of the following requirements are present as of the end of the reporting period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;



- There is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been presented for filing or has been filed with the Commission

Capital Stock

The Group has issued common issued common and preferred shares that are classified as equity. Common shares are classified as equity and are measured at par value for all shares issued and outstanding. Preferred shares are classified as equity if it is non-redeemable, or redeemable only at the Parent Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity. Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statement of income as accrued.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to "Additional paid-in capital".

Equity Reserve

Equity reserve represents the difference between the Parent Company's share in the fair value of the consideration received from other stockholders and the corresponding adjustment to non-controlling interest arising from the deemed disposal of a portion of the Parent Company's ownership interest. This is derecognized when the subsidiaries are deconsolidated, which is the date on which control ceases.

An increase or decrease in the Parent Company's ownership interest that does not result in a loss of control of a subsidiary is accounted for as an equity transaction, i.e., a transaction with owners in their capacity as owners. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary in this account.

Deficit

Deficit represent the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policies and other capital adjustments.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group has concluded that it is the principal in all of its revenue arrangements. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually deferred terms of payment and excluding taxes or duty.

Sale of Goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. 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 and consideration payable to the customer. The normal credit term is 30 days upon delivery. There is no further disaggregation on the Group's revenue from sale of goods



Rental Income

Revenue from rental of leased property is recognized in the Group's consolidated statement of comprehensive income on a straight-line basis over the term of the lease agreement as the Group substantially retains all the risks and benefits of the ownership of the asset.

Interest Income

Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable. Revenue is recognized as the interest accrues taking into account the effective yield of the asset.

Other Income

Other income arising from Common Area Maintenance (CAM) are presented net of cost as 'other income' as it is not the main source of the Parent Company's revenue and is not material to the financial statements.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the reporting date in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized in the consolidated statement of comprehensive income in the period these are incurred.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in consolidated statement of comprehensive income.

Deferred Tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the 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 the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



Retirement Plan Assets

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 date reduced by the fair value of plan assets (if any), 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. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- 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. 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 amount of service costs and net interest on the net defined benefit liability or asset is recognized as 'Interest expense' or 'Interest income' in the parent company 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.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The Group has a defined benefit retirement plan which requires contributions to be made to trustee-administered funds. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. All actuarial gains and losses are recognized in the OCI under remeasurement loss on retirement plan assets.

Foreign currencies

The Group's consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional and presentation currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and Balances. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing on the period of the transaction. Monetary assets and liabilities denominated in foreign currency are re-translated at the functional currency spot rate of exchange prevailing at the financial reporting date.



All differences are recognized in the consolidated statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Group Companies. The Philippine peso is the currency of the primary economic environment in which the parent Company and all other subsidiaries operate, except for FYGP.

The financial statements of the consolidated subsidiary with functional currency other than the Philippine peso are translated to Philippine peso as follows:

- Assets and liabilities using the closing rate of exchange prevailing at the financial reporting date;
- Components of equity using historical exchange rates; and
- Income and expenses using the weighted average exchange rate for the year.

The exchange differences arising on the translation are recognized as other comprehensive income (loss) under “Cumulative translation adjustments” account. Upon disposal of any of these subsidiaries and associates, the deferred cumulative amount recognized in “Cumulative translation adjustments” relating to that particular subsidiary or associate will be recognized in the consolidated statement of income.

Operating Segment Information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group’s operating business are organized and managed separately according to the nature of the product sold, with each segment representing a strategic business unit that offers a different product. The major operating segments of the Group are as follows:

- Leasing - following the cessation of its operation, the Parent Company and IKAC is now primarily focused on leasing of the investment properties
- Manufacturing - FYGP is primarily involved in the production of high-quality filament grade recycled PET chips (rPET) and the importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merchandise directly used in its registered operations

Basic/Diluted Loss Per Share

Earnings (loss) per share is computed by dividing the net income (loss) for the year, attributable to the equity holders of the Parent Company, by the weighted average number of common shares issued and outstanding during the year. The weighted average number of common shares issued and outstanding during the period and for all years presented are adjusted for events, other than the conversion of potential common shares, that have changed the number of common shares outstanding, without a corresponding change in resources.

Diluted earnings (loss) per share is calculated by dividing the profit (loss) attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.



Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the End of the Reporting Period

Post year-end events that provide additional information about the Company's position at financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Summary of Material Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards require the management to make judgments, estimates and assumptions that affect amounts reported of assets, liabilities and disclosures of contingent assets and liabilities at the date of financial information and the reported amounts of income and expenses during the year. The judgments, estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as of the date of the Group's financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as these become reasonably determinable.

Judgments, estimates and assumptions 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.

Estimates and Assumptions

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

Fair value of Investment Properties

The Group is required to disclose for each class of investment properties the fair value of that class of assets in a way that permits it to be compared with the corresponding carrying amount in the consolidated statements of financial position, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., interest rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these investment properties would affect the disclosures made by management.

The fair values of the Group's investment properties are set out in Note 26.

Provisions and Contingencies

The Group is currently involved in a tax assessment. The determination of whether any provision should be recognized and the estimation of the potential liability resulting from this assessment require significant judgment and estimate by management. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and implementation of laws and regulations. The Group currently does not believe these tax assessments and claims could materially reduce its profitability. It is possible, however, that future financial performance could be materially affected by the changes in judgment and estimate relating to this tax assessment.



Information about the Group's tax assessment is in Note 1.

Assessment of Realizability of Deferred Tax Assets

The Group reviews the carrying amounts of deferred taxes at each end of the reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies.

Information on the Group's deferred assets is in Note 19.

4. Financial Assets

Cash and Cash Equivalents

	2025	2024
Cash on hand	₱120,582	₱120,582
Cash in banks	71,171,390	33,771,185
Short-term investments	34,282,771	8,471,034
	₱105,574,743	₱42,362,801

Cash in banks earns interest at current bank deposit rates. Short-term investments are made for varying periods up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Interest income earned from cash in banks and short-term investments amounted to ₱5.9 million, ₱3.6 million and ₱0.7 million in 2025, 2024 and 2023, respectively.

Current financial assets

The Parent Company has time deposits amounting to ₱40.0 million and ₱20.0 million as at December 31, 2025 and December 31, 2024, respectively. Interest income from the time deposits amounted to ₱1.0 million, ₱0.8 million and ₱0.5 million in 2025, 2024 and 2023, respectively.

5. Trade and Other Receivables

	2025	2024
Rent receivable	₱4,222,446	₱2,593,896
Trade receivable:		
Third party	1,422,758	—
Related-party (Note 20)	—	53,023,735
Non-trade receivables	17,833,885	2,174,633
Accrued interest receivables	1,299,179	1,320,755
	₱24,778,268	₱59,113,019
Less allowance for impairment losses (Note 17)	2,433,885	2,174,633
	₱22,344,383	₱56,938,386

Rent receivables are rentals in arrears that are collected within the next 12 months.



Non-trade receivables include amounts agreed extra-judicially as compensation arising from a dispute with a lessee amounting to ₱15.4 million. The amounts are covered by a settlement plan and is expected to be collected in the next 12 months.

Accrued interest receivables pertains to the interest earned on the deposit with CTBC Bank (Philippines) Corporation (see Note 4).

The Group has provided impairment loss on its non-trade receivables amounting to ₱0.3 million in 2025.

Movements in allowance for impairment losses on its non-trade receivables are as follows:

	2025	2024
Beginning balances	₱2,174,633	₱–
Provision for impairment loss (Note 17)	259,252	2,174,633
	₱2,433,885	₱2,174,633

6. Inventories - at cost

	2025	2024
Raw materials	₱59,399,251	₱22,662,562
Finished goods	4,751,608	17,548,810
Spare parts and other inventories	16,808,582	10,541,871
	₱80,959,441	₱50,753,243

Inventories, which are carried at cost, consist of raw materials and other inventories. Total cost of inventories charged to cost of sales amounted to ₱606.3 million and ₱412.7 million in 2025 and 2024, respectively (see Note 17).

7. Prepayments and Other Current Assets

	2025	2024
Prepaid expense	₱4,029,181	₱7,256,362
Input VAT	3,027,915	3,774,617
Prepaid rent	1,931,008	1,910,128
Advances to officers and employees	855,516	853,996
Refundable deposits	303,316	298,096
Others	185,773	182,224
	10,332,709	14,275,423
Less allowance for impairment losses	399,296	341,290
	₱9,933,413	₱13,934,133

Prepaid expense mainly refers to prepayments made for its utilities and insurances.

Input VAT pertains to the VAT on domestic purchases of the Group.

Advances to officers and employees pertain to noninterest-bearing cash advances which are subject to liquidation.



Refundable deposits pertain to miscellaneous deposits related to rent such as office and parking spaces.

Others refers to advance payments made by the Group in its suppliers of inventories to be used in production.

Movements in allowance for impairment losses on prepayments and other current assets are as follows:

	2025	2024
Beginning balances	₱341,290	₱284,684
Provision for impairment loss (Note 17)	58,006	56,606
	₱399,296	₱341,290

8. Investments in Associates

	2025	2024
Filsyn International Corporation	₱2,067,500	₱2,067,500
Lefilton Trading	200,000	200,000
Lakeview Industrial Corporation	1	1
	2,267,501	2,267,501
Less: Allowance for impairment losses	2,267,500	2,267,500
	₱1	₱1

Investments in associates are investees that are dormant and non-operating. As at December 31, 2025 and 2024, the Group's investments in associates have been impaired.

9. Other Noncurrent Assets

	2025	2024
Creditable withholding taxes (CWTs)	₱50,835,477	₱61,464,943
Advances to contractors (Note 10)	8,510,410	22,504,146
	₱59,345,887	₱83,969,089
Less allowance for impairment losses on CWTs	50,835,477	58,353,860
	₱8,510,410	₱25,615,229

CWT pertains to unapplied certificates which can be used to pay for future income tax payments.

Movements in allowance for impairment losses on CWTs are as follows:

	2025	2024
Beginning balances	₱58,353,860	₱58,353,860
Reversal of allowance for impairment loss (Note 17)	(7,518,383)	—
	₱50,835,477	₱58,353,860

Reversal pertains to previously impaired CWTs that were subsequently utilized to settle the Parent Company's tax liability during the year.



10. Property and equipment - net

2025								
	Land	Building	Machinery and Plant Equipment	Furniture and Fixtures	Office Equipment	Transportation Equipment	Construction In-progress	Total
Cost:								
Balances at beginning of year	₱235,603,550	₱262,359,398	₱305,166,621	₱5,487,601	₱1,567,796	₱2,492,962	₱4,170,512	₱816,848,440
Additions	—	—	4,607,878	—	—	—	47,099,433	51,707,311
Transfer	—	—	—	—	—	—	—	—
Balance at end of the year	235,603,550	262,359,398	309,774,499	5,487,601	1,567,796	2,492,962	51,269,945	868,555,751
Accumulated depreciation:								
Balances at beginning of year	—	(56,705,398)	(39,510,655)	(1,356,385)	(827,042)	(2,168,742)	—	(100,568,222)
Depreciation (Note 17)	—	(15,678,887)	(22,959,313)	(612,019)	(218,057)	(338,061)	—	(39,806,337)
Balance at end of the year	—	(72,384,285)	(62,469,968)	(1,968,404)	(1,045,099)	(2,506,803)	—	(140,374,559)
Cumulative translation adjustments	50,656,239	52,905,018	15,494,140	(207,426)	45,728	13,841	—	118,907,540
Net Book Values	₱286,259,789	₱242,880,131	₱262,798,671	₱3,311,771	₱568,425	₱—	₱51,269,945	₱847,088,732

2024								
	Land	Building	Machinery and Plant Equipment	Furniture and Fixtures	Office Equipment	Transportation Equipment	Construction In-progress	Total
Cost:								
Balances at beginning of year	₱235,603,550	₱262,359,398	₱305,166,621	₱5,487,601	₱1,567,796	₱2,492,962	₱1,438,203	₱814,116,131
Additions	—	—	—	—	—	—	2,732,309	2,732,309
Balance at end of the year	235,603,550	262,359,398	305,166,621	5,487,601	1,567,796	2,492,962	4,170,512	816,848,440
Accumulated depreciation:								
Balances at beginning of year	—	(41,088,770)	(15,630,056)	(746,761)	(609,839)	(1,656,551)	—	(59,731,977)
Depreciation (Note 17)	—	(15,616,628)	(23,880,599)	(609,624)	(217,203)	(512,191)	—	(40,836,245)
Balance at end of the year	—	(56,705,398)	(39,510,655)	(1,356,385)	(827,042)	(2,168,742)	—	(100,568,222)
Cumulative translation adjustments	46,054,853	49,092,940	11,478,683	312,967	37,870	15,816	(484,025)	106,509,104
Net Book Values	₱281,658,403	₱254,746,940	₱277,134,649	₱4,444,183	₱778,624	₱340,036	₱3,686,487	₱822,789,322

Construction in-progress refers to machinery and plant equipment that are not yet installed and available for intended use. There are no significant additional costs expected to be incurred in relation to these machinery and plant equipment. It is expected that this will be completed by first quarter of 2026.

Advances to contractors pertaining to advance payments made to machinery and plant equipment suppliers during the year amounted to ₱8.5 million and ₱22.5 million in 2025 and 2024, respectively (see Note 9).

Land amounting to ₱286.3 million as at December 31, 2025 is pledged as collateral on a loan agreement with Chinatrust Banking Corporation (CTBC) Bank (Philippines) Corp. (see Note 13).

11. Investment Properties

	2025	2024
Parent Company	₱898,657,147	₱898,657,147
IKAC	19,510,000	19,510,000
	₱918,167,147	₱918,167,147



Parent Company

Investment properties of the Parent Company consist of land in Laguna and Cavite which are being leased to third parties, as follows:

- a. Parcel of land located in Sta. Rosa, Laguna with a total land area of 300,018 square meters (sqm). This investment property is mortgaged in connection with the MTI discussed in Note 11.
- b. Parcel of land located in Gen. Mariano Alvarez, Cavite with a total land area of 162,716 sqm.

Based on the latest valuation report from Asian Appraisal, the fair value of parcels of lands as at December 15, 2025 are as follows:

Location	Cost	Fair Value	Observable Input	Total Land Area	Estimated Fair Value per sqm
Laguna	₱750,045,000	₱3,540,212,000	Price per sqm	300,018 sqm	₱11,800
Cavite	148,612,147	732,222,000	Price per sqm	162,716 sqm	4,500
	₱898,657,147	₱4,272,434,000			

The investment properties are categorized under the Level 2 of the fair value hierarchy and the valuation method used was Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. This approach requires establishing a 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.

The Parent Company has assessed that the highest and best use for its land in Sta. Rosa, Laguna is for light industrial development since it would be too large for a commercial development and a residential subdivision development will not yield a maximum return. The Parent Company has assessed that the highest and best use of the idle investment property in Gen. Mariano Alvarez, Cavite is to develop the land into a self-contained residential subdivision project offering mainly in combination of vacant residential house and lots and house and lot package complemented with some commercial and institutional usage. For strategic purposes, the property is currently not being used in this manner.

IKAC

The investment property consists of three sites, referred as Sites I, II and III, all located in Barangays Cabugao and Gabuc, Pontevedra, Capiz, with a total land area of 137.87 hectares (ha.). The land is being leased out to various lessees to earn rentals.

Based on the latest valuation report from Asian Appraisal as of December 15, 2025, the details of the fair value of investment properties as at are as follows:

Location	Deemed Cost	Fair Value
Fishponds in Site 1, 2 and 3 (107.6131 ha. with a fair value of ₱520,000 per hectare)	₱17,392,000	₱58,111,000
Coconut land in Site 1 (22.26 ha. with a fair value of ₱420,000 per hectare)	1,558,000	10,017,000
Mangrove in Site 1 (8 ha. with a fair value of ₱420,000 per hectare)	560,000	3,600,000
	₱19,510,000	₱71,728,000



The valuation method used was Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. This approach requires establishing a comparable property by reducing reasonable comparative sales and listings to a common denominator and 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. Key inputs and assumptions used in adjusting the differences of the subject properties and those actual sales and listings regarded as comparable include location, size, utility and potential use of the property.

The fair value hierarchy of investment property is classified under Level 2.

The Group has assessed that the highest and best use for its land in Pontevedra, Capiz is for mixed use of agro-industrial and agricultural purposes such as but not limited to a combination of prawn farm, cultivation of coconut and other fruit bearing trees (for non-submerged areas) and mangroves (for submerged areas), which is the existing land use of the property.

Rental income and direct operating expenses pertaining to the lease properties are as follows:

	2025	2024	2023
Rental income	₱79,845,510	₱54,907,810	₱49,199,912
Real property taxes	₱4,931,171	₱4,931,376	₱4,931,376
Repairs and maintenance	3,559,713	3,089,717	214,083
Direct operating expenses	₱8,490,884	₱8,021,093	₱5,145,459

12. Accounts and Other Payables

	2025	2024
Accounts payable	₱53,889,951	₱55,650,213
Advances from customer (Note 20)	47,044,757	—
Accrued interest:		
Related-party (Note 20)	26,563,972	27,563,972
Third party (Note 13)	2,265,242	2,790,823
Refundable customers' deposits	15,835,942	11,503,054
Nontrade payables	12,225,655	12,225,655
Accrued expenses	4,712,340	5,048,502
Government payables	4,045,361	2,688,080
Others	2,507,130	6,653,027
	₱169,090,350	₱124,123,326

Accounts payable represent obligations of the Group which are generally non-interest bearing and are settled on 30 to 90 days' terms.

Advances from customer pertains to advance payment from FE New Century Industry (Singapore) Pte. Ltd. (FNIS) for the monthly commitment with FYGP to deliver R-Chips. The subsequent offset of accounts receivable against the advances from customer is performed every 10th of the following month.



Accrued interest pertains to interest payable of the Parent Company from its outstanding loans to MG and TPO and are payable on demand (see Note 17). Accrued interest on these loans amounted to ₱26.6 million and ₱27.6 million as at December 31, 2025 and 2024, respectively.

Refundable customers' deposits pertain to rental deposits from the lessees to the Group which will be refunded upon expiration of the lease term.

Nontrade payables are noninterest bearing payable to various sources and are normally settled on 30 days' term.

Accrued expenses pertain to liabilities incurred but billings are not yet received. These are the accruals, made for consultancy fees, legal fees and audit fees normally settled within 12 months from the end of the financial reporting period.

Government payables include obligations to the government for income tax due and other taxes.

Others pertains to accruals made for expenses incurred but billings are not yet received. These are normally settled within 12 months from the end of the financial reporting period.

There are no accounts and other payables eliminated during consolidation.

13. Long-term Debt and Loans Payable

Long-term debt

FYGP has loan payables with Chinatrust Banking Corporation (CTBC) Bank as follows:

	2025	2024
Balance at year-end	₱634,932,000	₱694,140,000
Unamortized debt issue costs	(3,709,894)	(4,800,404)
Amortized costs	631,222,106	689,339,596
Less current portion	69,449,019	68,241,551
Noncurrent portion	₱561,773,087	₱621,098,045

In 2024, FYGP entered into a credit agreement with CTBC Bank (Philippines) Corp. to provide credit line amounting to US\$3.0 million (₱173.5 million) to finance its working capital requirement. The credit line is valid until June 30, 2025 and was subsequently renewed, extending its validity until June 30, 2026.

On October 22, 2024, the same bank granted FYGP, loan amounting to US\$12.0 million (₱694.1 million) payable within five (5) years with interest rate subject to repricing every month based on the prevailing lending rate as determined by the bank. The interest rates for the loan payable range from 5.25% to 5.87% in 2025. The loan will mature on November 6, 2029. The proceeds from the loan were exclusively used by FYGP for the repayment of the loan with CTBC Bank Taiwan.

The loan facility and long-term debt are secured by properties located at Dasmariñas City owned by FYGP and Las Piñas City owned by Arpeggio International Resources Corporation, a related party under common control.

Covenants

As at December 31, 2025 and 2024, FYGP is in compliance with all the loan covenants required for its long-term debt.



Interest expense incurred on the loans amounted to ₱37.8 million, ₱51.4 million, and ₱43.0 million in 2025, 2024, and 2023 respectively. Bank service charges incurred amounted to ₱0.1 million, ₱2.9 million, and ₱4.6 million in 2025, 2024, and 2023, respectively (see Note 18). Accrued interest payable related to loans amounted to 2.3 million and 2.8 million as at December 31, 2025 and December 31, 2024, respectively.

Loans payable to a stockholder

Loan payable to a stockholder amounted to ₱176.4 million and ₱173.5 million as at December 31, 2025 and December 31, 2024, respectively (see Note 20).

14. Capital Stock

Shown below is the Parent Company's capital stock as at December 31, 2025 and 2024:

	No. of shares	Amount
Common stock		
Class A:		
Par value	₱0.50	
Authorized shares	440,229,812	
Issued shares	123,747,707	₱61,873,964
Class B:		
Par value	₱0.50	
Authorized shares	293,486,507	
Issued shares	49,071,976	24,535,878
		₱86,409,842
Preferred stock		
Par value	₱8.39	
Preferred shares	33,426,498	
Issued shares	33,426,498	₱280,448,318
		₱366,858,160

All shares of common stock have the same rights and privileges, except that Class A common stock can be issued only to Filipino citizens or entities. The total number of issued Class B shares should not exceed 2/3 of the total number of issued Class A shares. All shares of preferred stock shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios and bears preferential dividends of 5% per annum of the total debt converted, payable annually in cash, cumulative and convertible to common stocks. Preferred shareholders are also entitled to participate and share in the retained earnings after payment of preferential dividends.

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
July 22, 1968	100,000,000	94,964,130	₱7.80
September 22, 1989	100,000,000	94,964,130	5.00
July 18, 1991	160,000,000	154,964,130	5.00
1991 - 2002	240,000,000	206,246,181	5.00



Equity Restructuring

As mentioned in Note 1, on June 26, 2023, the SEC approved simultaneously the Parent Company's amendment in its Articles of Incorporation, increase/decrease in authorized capital stock and equity restructuring. The approval then resulted to the following:

- Decrease in authorized capital stock of the Parent Company, with par value of the common shares being reduced from ₱5.00 to ₱0.50, with a portion of the Class B common shares reclassified to preferred shares, resulting to 144,000,000 Class A common shares, 62,573,502 Class B common shares and 32,426,498 preferred shares with par value of ₱0.50. The excess amounting to ₱928,107,814 as a result of the reduction in the par value were carried over as APIC.
- Increase in authorized capital stock making the Parent Company's authorized shares to 440,229,812 Class A common share, 293,486,507 Class B common shares with par values of ₱0.50 and 33,426,498 preferred shares with par value from ₱0.50 to ₱8.39. The increase in par value of the preferred shares were paid by the conversion to equity of debt owed to MG amounting to ₱1,389,961,828. The excess from the debt-to-equity conversion amounting to ₱1,126,226,759 was then carried over as APIC.
- Parent Company's recorded deficit as of December 31, 2021 amounting to ₱1,862,551,707 was eliminated against the APIC from the reduction in par values and debt-to-equity conversion. The net movement in the APIC after application amounted to ₱191,782,866

On October 18, 2024, the Parent Company's amended General Information Sheet was approved by the SEC, reflecting the changes in the authorized capital stock and the equity restructuring as approved by the SEC on June 26, 2023.

Cumulative Translation Adjustment

In the consolidated financial statements, the assets and liabilities of FYGP are translated using the prevailing closing rate at report date, while components of equity and profit or loss are translated using historical exchange rates and weighted average exchange rates, respectively, for the year.

CTA amounted to ₱12.8 million and ₱51.3 million as at December 31, 2025 and 2024, respectively.

Dividends Payable

In 2011, the SRTC's trustee returned an amount of ₱0.16 million which pertains to unclaimed dividends declared in 2002. These will be paid upon approval of SRTC's dissolution.

Deposit for future stock subscription

In March 2022, FYGP received deposit for future stock subscription amounting to US\$4.5 million (₱250.9 million), from FNIS, a subsidiary of Far Eastern Investment Holding Ltd., which owns the Parent Company by 22%. FNIS will also be the sole customer for the materials to be produced by FYGP. FYGP shall be applying for an increase in authorized capital stock, which shall result to a 2.2% ownership of FNIS over FYGP, with the remaining 97.8% to be owned by the Parent Company.

In 2023, subject to the approval of the SEC, FYGP applied for the amendment of its Articles of Incorporation ("AOI") to increase its authorized capital stock from ₱100,000,000 divided into 1,000,000 common shares with a par value of ₱100 per share to ₱325,000,000 divided into (i) 1,000,000 common shares with a par value of ₱100 per share or an aggregate par value of ₱100,000,000 and (ii) 22,500 preferred shares, with a par value of ₱10,000 per share, or an aggregate par value of ₱225,000,000. In 2024, FYGP has submitted all the required documents to the SEC.



On December 20, 2024, FYGP received from the SEC the payment assessment form for its application for amendment of AOI which was paid the Company on January 23, 2025. Upon filing with the SEC in 2024, FYGP reclassified the Deposit for future stock subscription from liability to equity in accordance with SEC FRB No. 6-2012, *Deposits for Future Subscriptions*.

On December 10, 2025, FYGP received approval from the SEC for its increase in authorized capital stock, resulting in the recognition of the preferred shares subscribed by FNIS. Stock issuance cost incurred, including documentary stamp tax, in relation to the issuance of preferred shares amounted to ₱0.9 million.

Equity Reserve

As a result of the issuance of the preferred shares of FYGP, the Parent Company's ownership interest in FYGP decreased from 100.0% to 97.8%, while FNIS acquired a 2.2% non-controlling interest.

The resulting equity reserve represents the difference between the Parent Company's share in the fair value of the consideration received from FNIS and the corresponding adjustment to non-controlling interest arising from the deemed disposal of a portion of the Parent Company's ownership interest.

The amount recognized as equity reserve, cumulative translation adjustment and the related non-controlling interest as a result of the transaction amounted to ₱219.5 million, ₱35.3 million and ₱5.5 million, respectively, as at December 31, 2025.

15. Income (Loss) per share

	2025	2024	2023
Net income	₱91,029,917	₱47,738,035	₱41,019,754
Preference dividends	104,247,137	69,498,091	34,749,046
Profit (loss) attributable to the ordinary equity holders of the Parent Company for basic EPS	(₱13,217,219)	(₱21,760,056)	₱6,270,708
	2025	2024	2023
Weighted average number of common shares issued and outstanding during the year	172,819,683	172,819,683	172,819,683
Effect of dilution from convertible preference share	560,896,636	560,896,636	560,896,636
Weighted average number of common shares issued and outstanding during the year	733,716,319	733,716,319	733,716,319
	2025	2024	2023
Basic / Diluted EPS (LPS)	₱0.0765	(₱0.1259)	₱0.0363

The preference shareholders have a right to participate in the retained earnings after payment of preferential dividends of 5% per annum of the total debt converted to equity. These shares are also convertible to common shares using a 16.78:1 conversion ratio at ₱0.50 per share.

The diluted EPS did not consider the effect of convertible preference shares outstanding since these were anti-dilutive.



16. Lease Agreements

Group as Lessor

The Group has existing short-term lease agreements with various third parties (lessees) covering the Group's investment property located in Sta. Rosa, Laguna and Pontevedra, Capiz. The term of the lease are generally renewable every six months to one year or at the option of both parties under the terms and stipulations mutually agreed upon, unless sooner terminated due to breach of agreement.

Rental income earned from the lease agreements of the investment property amounted to ₱79.8 million, ₱54.9 million and ₱49.2 million in 2025, 2024 and 2023, respectively (see Note 11). Total outstanding trade receivable from these agreements amounted to ₱19.6 million and ₱2.6 million as at December 31, 2025 and 2024, respectively (see Note 5).

Group as Lessee

The Group entered into a lease contract wherein the Group leased the lessor's commercial space located at The Pearlbank Centre, Salcedo Village, Makati City for a period of five years commencing on January 1, 2015 to December 31, 2019 with no rent escalation for the first three years, 5% escalation on the 4th year, and another 5% escalation on the 5th year. In previous years, the contract was renewed for a period of one year with no rent escalation. In December 2025, the contract was renewed for another year with no rent escalation.

Total rental expense amounted to ₱1.2 million, ₱1.2 million and ₱2.3 million in 2025, 2024 and 2023, respectively (see Note 17). Prepaid rent amounted to ₱1.9 million as at December 31, 2025 and 2024 (see Note 7).

17. Cost and Operating Expenses

Cost of Goods Sold

	2025	2024	2023
Direct materials (Note 6)	₱606,343,405	₱412,685,298	₱385,068,695
Direct labor	14,489,099	5,028,676	10,683,819
Manufacturing overhead:			
Utilities	42,049,766	30,499,106	31,477,486
Depreciation (Note 10)	39,403,387	40,434,894	30,050,398
Repairs and maintenance	6,312,946	9,826,269	7,056,211
Insurance	2,845,475	3,221,623	2,434,854
Others	5,774,713	15,877,477	21,087,691
Total manufacturing cost	717,218,791	517,573,343	487,859,154
Movements in finished goods	12,797,202	(3,792,318)	(13,821,554)
	₱730,015,993	₱513,781,025	₱474,037,600



Operating Expenses

	2025	2024	2023
Professional fees	₱21,664,943	₱25,350,276	₱25,342,860
Marketing and selling expense	17,092,974	10,680,204	10,601,812
Salaries and wages	8,721,895	6,650,129	5,140,307
Gain on reversal of allowance for impairment loss (Note 9)	(7,518,383)	—	—
Taxes and licenses	6,272,132	8,036,656	9,405,255
Security services	4,957,673	5,370,813	4,747,631
Repairs and maintenance	3,559,712	3,264,733	549,418
Employee benefits	2,261,753	1,918,491	1,739,565
Utilities	1,797,050	1,092,725	782,705
Retirement income (Note 21)	(1,262,202)	(1,070,494)	(851,093)
Rental (Note 16)	1,150,429	1,187,298	2,259,950
Depreciation expense (Note 10)	402,950	401,351	312,477
Transportation and travel	354,906	788,684	659,100
Subscriptions, dues and donations	349,808	485,799	624,062
Provision for expected credit loss (Note 5)	259,252	2,174,633	—
Office supplies	121,255	160,669	303,752
Insurance expense	38,193	417,555	206,416
Provision for impairment losses on prepayments and other current assets (Note 7)	58,006	56,606	34,198
Others	233,224	2,755,217	997,052
	₱60,515,570	₱69,721,345	₱62,855,467

Other cost and operating expenses comprise of miscellaneous expenses, association fees and other minimal expenses.

Personnel Costs

	2025	2024	2023
Salaries and wages	₱8,721,895	₱6,650,129	₱5,140,307
Employee benefits	2,261,753	1,918,491	1,739,565
Retirement income (Note 21)	(1,262,202)	(1,070,494)	(851,093)
	₱9,721,446	₱7,498,126	₱6,028,779

18. Other Income (Expenses) - net

Interest Expense and Bank Charges

Interest expense and bank charges is comprised of the following:

	2025	2024	2023
Interest expense (Note 13)	(₱37,770,291)	(₱51,353,331)	(₱43,002,522)
Bank charges (Note 13)	(97,668)	(2,918,702)	(4,567,946)
	(₱37,867,959)	(₱54,272,033)	(₱47,570,468)



Interest Income

Interest income is comprised of interest earned from cash in banks, short-term investments and long-term time deposit amounted to ₱5.9 million, ₱3.6 million and ₱1.2 million in 2025, 2024 and 2023, respectively (see Note 4).

Other Income (Expense) - net

Other income (expense) is comprised of the following:

	2025	2024	2023
Foreign exchange gains (losses) - net	(₱2,829,954)	(₱7,952,287)	₱1,851,040
Common area maintenance	3,853,626	2,539,681	378,124
Other income	23,166,353	334,597	19,839
	₱24,190,025	(₱5,078,009)	₱2,249,003

Foreign exchange gain (loss) arise primarily from loans to a related party amounting to USD3.0 million (₱176.4 million) and USD3.0 million (₱173.5 million) as at December 31, 2025 and 2024, respectively.

Common area maintenance pertains to revenues collected from tenants alongside rent for the upkeep of shared areas. The amounts above are presented net of cost.

Other income includes amounts agreed extra-judicially as compensation arising from a dispute with a lessee.

19. Income Taxes and PEZA Registration

Current Income tax

The provision for current income tax represents regular corporate income tax in 2025 and 2024.

The reconciliation of income tax computed at the statutory income tax rate to provision for current income tax as shown in the Parent Company statements of comprehensive income follows:

	2025	2024	2023
Tax at statutory income tax rates at 20%-25% in 2025 and 2024, and 25% in 2023	₱17,702,342	(₱143,525)	₱10,762,501
Add (deduct) tax effects of:			
Movement in unrecognized deferred tax assets	(1,094,432)	2,411,228	(244,995)
Nondeductible expenses	16,700	293,600	87,583
Interest income subjected to final tax	(621,276)	(275,640)	(143,907)
Movement in deferred tax liability	—	(267,624)	—
Tax under income tax holiday	—	—	(9,245,643)
Others	—	—	6,840
	₱16,003,334	₱2,018,039	₱1,222,379



Deferred Income Tax

The Group has temporary differences, unused NOLCO and excess MCIT over RCIT for which no deferred tax assets were recognized since management believes that it is not probable that sufficient future taxable profit will be available against which the benefits of the deferred tax assets can be utilized.

The components of the Group's unrecognized temporary differences are as follows:

	2025	2024
Unrealized foreign exchange losses	₱115,296,858	₱97,611,858
Accrued interest (Note 12)	26,563,972	27,563,972
Allowance for impairment losses on:		
Provision for doubtful accounts receivable (Note 5)	2,433,885	2,174,633
Prepayments and other current assets (Note 7)	79,859	68,258
Other noncurrent assets (Note 9)	50,835,477	58,353,860
Total	₱195,210,051	₱185,772,581

The Group has deferred tax liabilities pertaining to the following:

	2025	2024
Investment properties	₱112,730,009	₱112,730,009
Retirement plan assets	6,313,508	6,045,061
	₱119,043,517	₱118,775,070

PEZA Registration

FYGP is a PEZA registered Economic Zone Facility Enterprise and is entitled to the following:

- Corporate ITH for four (4) years for original project effective on the committed date of start of commercial operations, or the actual date of start of commercial operations, whichever is earlier; ITH entitlement for the original project can also be extended for another three (3) years provided that specific criteria are met for each additional year and prior PEZA approval is obtained; duly approved and registered "Expansion" and "New" projects are entitled to a three-year, and four-year ITH, respectively.
- Tax and duty free importation of merchandise which includes raw materials, capital equipment, machineries and spare parts;
- Exemption from wharfage dues and export tax, impost and fees;
- Value-added tax (VAT) zero rating of local purchases subject to compliance with the Bureau of Internal Revenue (BIR) and PEZA requirements; and
- Exemption from payment of any and all local government imposts, fees, licenses or taxes except real estate tax; however, machineries installed and operated in the ecozone for manufacturing, processing or for industrial purposes shall not be subjected to payment of real estate taxes for the first three (3) years of operation of such machineries; production equipment not attached to real estate shall be exempted from real property taxes.

After the lapse of ITH, the following incentives shall apply:

- Exemption from national and local taxes; in lieu thereof payment of (5%) final tax on gross taxable income as provided in section 24 of RA 7916 and Rule XX of the Rules and Regulations to implement RA 7916; and



- b. Additional deduction for training expenses (1/2 of value) against the (5%) tax on gross income earned, but not to exceed 3% subject to guidelines to be formulated by PEZA in coordination with the Department of Labor and Employment and the Department of Finance (Section 42 of RA 7916).

On May 5, 2023, FYGP obtained approval on the date of Start of Commercial Operations (SCO) and was granted an ITH entitlement period from March 2023 to February 2027, after which the Company will be subject to 5% gross income tax on its registered activities. Activities outside the PEZA registration is subject to 25% regular corporate income tax or MCIT starting on the fourth year following the year of the commencement of its business operations. The period of reckoning which is the start of its business operations in the year when the corporation was registered with the BIR.

20. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group, close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Transactions with related parties comprise of the following:

	Amount/ Volume	Outstanding balance	Terms	Conditions
Under common control				
FNIS				
Trade receivable (Note 5)				
2025	P-	P-		
2024	P634,175,616	P53,023,735	To be settled in cash, non-interest bearing and collectible on demand	Unsecured, not impaired
Advances to customers (Note 12)				
2025	P1,293,380,000	P47,044,757	Non-interest bearing, payable on demand; to be settled in cash	Unsecured and unguaranteed
2024	P811,302,000	P-		
Deposit for future stock subscription				
2025	P-	P-	Non-interest bearing, payable on demand; to be settled in cash	Unsecured and unguaranteed
2024	P-	P260,302,500		
Stockholder				
TPO				
Loans payable to a stockholder (Note 13)*				
2025	P-	P176,370,000	Non-interest bearing, payable on demand; to be settled in cash	Unsecured and unguaranteed
2024	P-	P173,535,000		
Accrued interest payable (Note 12)				
2025	P-	P1,955,755	Portion was subjected to financial restructuring; payable in cash	Unsecured and unguaranteed
2024	P-	P2,958,562		
Stockholder				
Malaysia Garment Manufacturers (Pte) Ltd. (MG)				
Accrued interest payable (Note 12)				
2025	P-	P24,608,217	Portion was subjected to financial restructuring; payable in cash	Unsecured and unguaranteed
2024	P-	P24,605,410		

*Movement in 2025 and 2024 refers to foreign exchange translation.



The Parent Company availed of working capital US\$-denominated loan in 1993 amounting to \$3.0 million (₱83,097,000) from TPO, a major stockholder, with fixed interest rate. In 2001, the loan payable was modified to cease the accrual of the interest. The loan payable amounting to ₱176.4 million as at December 31, 2025 remains to be outstanding.

Total intercompany advances eliminated upon consolidation amounted to ₱99.0 million and ₱97.3 million as at December 31, 2025 and 2024, respectively.

Compensation of Key Management Personnel of the Group

The Group considered all employees holding managerial positions up to president as key management personnel. Compensation of key management personnel, which consist of short-term and employee benefits, amounted to ₱4.5 million and ₱1.2 million in 2025 and 2024, respectively.

21. Retirement Plan

The Parent Company has a funded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. Benefits are dependent on the years of service and the respective employee's compensation. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. There was no planned termination, curtailment or settlement for the years ended December 31, 2025 and 2024.

Under the existing regulatory framework, RA 7641, otherwise known as the "Retirement Pay Law", requires a provision for retirement pay to qualified private sector employees in the absence of any retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law.

The Parent Company's plan is a noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Committee is responsible for the investment strategy of the plan.



The following table summarizes the details in the Actuarial Valuation Report as at December 31, 2025 and 2024.

2025										
Net Benefit Cost in Profit or Loss					Remeasurements in Other Comprehensive Income					
January 1, 2025	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Return on plan assets	Actuarial Gains on Defined Benefit Obligation	Actuarial Changes Arising from Changes in Experience Adjustments	Subtotal	December 31, 2025	
Present value of defined benefit obligation	(P3,338,499)	(P104,285)	(P86,064)	(P190,349)	P-	P-	(P34,261)	P82,945	P48,684	(P3,480,164)
Fair value of plan asset	27,518,745	-	1,452,551	1,452,551	-	(237,102)	-	(237,102)	28,734,194	
Net plan assets	P24,180,246	(P104,285)	P1,366,487	P1,262,202	P-	(P237,102)	(P34,261)	P82,945	(P188,418)	P25,254,030

2024										
Net Benefit Cost in Profit or Loss					Remeasurements in Other Comprehensive Income					
January 1, 2024	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Return on plan assets	Actuarial Gains on Defined Benefit Obligation	Actuarial Changes Arising from Changes in Experience Adjustments	Subtotal	December 31, 2024	
Present value of defined benefit obligation	(P2,451,028)	(P79,113)	(P60,318)	(P139,431)	P-	P-	P8,873	(P756,913)	(P748,040)	(P3,338,499)
Fair value of plan asset	23,803,913	-	1,209,925	1,209,925	-	2,504,907	-	2,504,907	27,518,745	
Net plan assets	P21,352,885	(P79,113)	P1,149,607	P1,070,494	P-	P2,504,907	P8,873	(P756,913)	P1,756,867	P24,180,246

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Parent Company is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Parent Company's discretion.



The carrying value and fair value of plan assets by each class as at the end of the reporting period are as follow:

	2025	2024
Cash	₱1,807,565	₱475,369
Government securities	26,670,264	26,853,794
Accrued income receivable	300,726	233,207
Trust fee payable	(44,361)	(42,625)
	₱28,734,194	₱27,519,745

The plan assets have diverse investments in equity and debt securities, and do not have any concentration risk.

The costs of defined benefit plan as well as the present value of the defined benefit obligations are actuarially determined using projected unit credit method. The actuarial valuation involves making various assumptions. The principal assumptions used in determining defined benefit obligations for the defined benefit plans are shown below:

	2025	2024
Discount rate	5.04%	6.18%
Salary increase rate	1.00%	1.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase (decrease)	2025	2024
Discount rates	+1%	₱3,450,067	₱3,309,935
	-1%	₱3,510,814	₱3,367,583
Salary increase rate	+1%	₱3,514,621	₱3,371,553
	-1%	₱3,445,707	₱3,305,444

Shown below is the maturity analysis of the undiscounted benefit payments:

	2025	2024
Less than one year	₱3,658,457	₱3,528,848

Retirement fund

The Parent Company entered into a Trust Agreement with BPI Asset Management for the latter to serve as a trustee for the Parent Company's retirement fund. The carrying amount equals the fair value of the retirement fund amounting to ₱28.7 million and ₱27.5 million as at December 31, 2025 and 2024, respectively. There were no any other transactions between the Parent Company and the retirement fund trustee.



22. Non-Controlling Interests

Proportion of equity interest held by NCIs:

		Percentage of Ownership	
	Principal Place of Business	2025	2024
IKAC	Philippines	22.9%	22.9%
SRTC	Philippines	43.0%	43.0%
FYGP	Philippines	2.2%	—

Equity attributable to NCI:

	2025	2024
IKAC	(P16,082,229)	(P16,125,238)
SRTC	158,078	158,078
FYGP	5,501,222	—
Total	(P10,422,929)	(P15,967,160)

Net income attributable to material NCI:

	2025	2024	2023
IKAC	P43,009	P135,489	P36,300
SRTC	—	—	—
FYGP	45,901	—	—
	P88,910	P135,489	P36,300

Summarized statements of financial position, statements of comprehensive income and cash flow information for all the years ended December 31 of IKAC and FYGP, a subsidiary with material NCI, are as follows. This information is based on amounts before inter-Group eliminations.

IKAC	2025	2024
Current assets	P3,279,698	P3,058,225
Noncurrent assets	19,510,000	19,510,000
Current liabilities	(90,867,923)	(90,834,089)
Noncurrent liabilities	(2,085,511)	(2,085,511)
Total capital deficiency	(70,163,736)	(70,351,374)
Attributable to equity holders of parent	(54,081,507)	(54,226,136)
NCI	(P16,082,229)	(P16,125,238)

IKAC	2025	2024	2023
Revenues	P1,104,610	P1,655,814	P1,074,740
Cost of services	(280,673)	(287,576)	(132,000)
Operating expenses	(590,211)	(626,993)	(752,663)
Interest income	12,258	12,037	13,149
Income before income tax	245,984	753,282	203,226
Provision for income tax	(58,346)	(162,170)	(44,855)
Net income	187,638	591,112	158,371
OCI	—	—	—
Total comprehensive income	P187,638	P591,112	P158,371



IKAC	2025	2024	2023
Attributable to NCI	₱43,009	₱135,489	₱36,300
Net increase in cash from operating activities	₱21,976	₱214,551	₱542,551

FYGP	2025	2024
Current assets	₱129,787,331	₱136,805,188
Noncurrent assets	852,798,652	824,547,472
Current liabilities	(3,012,036)	(2,334,653)
Noncurrent liabilities	(9,555,589)	(10,737,281)
Total capital deficiency	4,148,509	3,547,525
Attributable to equity holders of parent	(1,352,713)	1,891,711
NCI	₱5,501,222	₱1,655,814

FYGP	2025	2024	2023
Revenues	₱825,562,112	₱634,175,617	₱574,067,826
Cost of services	(730,015,993)	(513,781,025)	(474,037,600)
Operating expenses	(28,038,156)	(18,572,130)	(18,092,576)
Other income	36,263,599	50,315,005	51,507,456
Income (loss) before income tax	103,771,562	152,137,467	(50,315,005)
Benefit from income tax	—	—	—
Net income (loss)	103,771,562	152,137,467	(50,315,005)
OCI	—	—	—
Total comprehensive income (loss)	₱103,771,562	₱152,137,467	(₱50,315,005)
Attributable to NCI	₱45,901	₱—	₱—
Net increase (decrease) in cash from operating activities	₱179,323,433	₱112,600,614	(₱26,726,767)

23. Operating Segment Information

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses 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.

The Group derives revenue from its leasing and manufacturing activities. The Group operates in one geographical segment which is the Philippines.

The Pant Company's Executive Committee, the chief operating decision maker of the Group, monitors the operating results of its business units.



The following tables present certain information regarding the Group's operating business segments (amounts in thousands):

	2025				
	Leasing	Manufacturing	Total	Eliminations	Consolidated
Revenue	79,845	P825,562	P905,407	P-	P905,407
Cost of goods sold	-	(730,016)	(730,016)	-	(730,016)
Operating expenses	(32,477)	(28,038)	(60,515)	-	(60,515)
Financial charges - net	2,486	(34,431)	(31,945)	-	(31,945)
Other charges - net	21,004	3,186	24,190	-	24,190
Loss before income tax	70,858	36,263	107,121	-	107,121
Provision for income tax	(16,003)	-	(16,003)	-	(16,003)
Net income	54,855	36,263	91,118	-	91,118
Other comprehensive income (loss) - net of tax	(141)	38,461	38,320	-	38,320
Total comprehensive income	P54,714	74,724	129,438	P-	129,438

OTHER INFORMATION

Segment assets	P1,113,197	P982,586	P2,095,783	(P37,951)	P2,057,832
Segment liabilities	443,903	738,851	1,182,754	(86,814)	1,095,940
Capital expenditures	-	51,707	51,707	-	51,707

	2024				
	Leasing	Manufacturing	Total	Eliminations	Consolidated
Revenue	P54,908	P634,175	P689,083	P-	P689,083
Cost of goods sold	-	(513,781)	(513,781)	-	(513,781)
Operating expenses	(51,149)	(18,572)	(69,721)	-	(69,721)
Financial charges - net	703	(51,314)	(50,611)	-	(50,611)
Other charges - net	(4,885)	(193)	(5,078)	-	(5,078)
Income before income tax	(423)	50,315	49,892	-	49,892
Provision for income tax	(2,018)	-	(2,018)	-	(2,018)
Net income	(2,441)	50,315	47,874	-	47,874
Other comprehensive loss - net of tax	1,317	(4,034)	(2,717)	-	(2,717)
Total comprehensive income	(P1,124)	P46,281	P45,157	P-	P45,157

OTHER INFORMATION

Segment assets	P1,049,638	P961,353	P2,010,991	(P36,250)	P1,974,741
Segment liabilities	435,058	756,146	1,191,205	(85,113)	1,106,091
Capital expenditures	-	2,732	2,732	-	2,732

	2023				
	Leasing	Others	Total	Eliminations	Consolidated
Revenue	P49,200	P574,068	P623,268	P-	P623,268
Cost of goods sold	-	(474,038)	(474,038)	-	(474,038)
Operating expenses	(44,938)	(18,093)	(63,031)	(175)	(62,856)
Financial charges - net	313	(46,658)	(46,345)	-	(46,345)
Other charges - net	1,533	716	2,249	-	2,249
Income before income tax	6,108	35,995	42,103	(175)	42,278
Provision for income tax	(1,222)	-	(1,222)	-	(1,222)
Net income	4,886	35,995	40,881	(175)	41,056
Other comprehensive loss - net of tax	(4,512)	(89)	(4,423)	-	(4,423)
Total comprehensive income	P374	P36,084	P36,458	(P175)	P36,633

OTHER INFORMATION

Segment assets	P1,042,343	P901,796	P1,944,139	(P35,049)	P1,909,090
Segment liabilities	426,640	1,003,173	1,429,813	(83,912)	1,345,901
Capital expenditures	-	33,792	33,792	-	33,792

Majority of the revenue of the Group, through the Parent Company and IKAC, are from various tenants renting investment properties covered by lease agreements (see Note 11).



The geographical information of the Group are as follows:

Rental revenue from external customers:

	2025	2024	2023
Sta. Rosa, Laguna	₱78,740,900	₱53,251,996	₱48,125,172
Pontevedra, Capiz	1,104,610	1,655,814	1,074,740
	79,845,510	₱54,907,810	₱49,199,912

The revenue information above is based on the locations of the customers. Revenue from one customer amounted to ₱18.0 million and nil in 2025 and 2024 respectively, arising from the leasing segment.

The Group's sales amounting to ₱825.6 million, ₱634.2 million and ₱574.1 in 2025, 2024 and 2023, respectively, relates to sales to FNIS, a related party, and FENC, which are located in Singapore and Taiwan, respectively.

Non-current operating assets:

	2025	2024
Sta. Rosa, Laguna	₱750,045,000	₱750,045,000
Gen. Mariano Alvarez, Cavite	148,612,147	148,612,147
Pontevedra, Capiz	19,510,000	19,510,000
	₱918,167,147	₱918,167,147

Noncurrent assets for this purpose consist of investment properties.

24. Financial Risk Management Objectives and Policies and Capital Management

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, time deposit and loans payable to a stockholder. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial instruments such as long term time deposits and accounts and other payables, excluding government payables, which arise directly from its operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. The BOD reviews and agrees policies for managing these risks.

Credit Risk

Credit risk arises from the possibility that the Group may incur financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from its cash in banks and cash equivalents and refundable deposits. In addition, the balances of cash in banks and cash equivalents and refundable deposits are monitored on an ongoing basis so that the Group's exposure to impairment losses is not significant. There is no significant concentration of credit risk in the Group.

The Group has four types of financial assets that are subject to the expected credit loss model which is cash and cash equivalents, receivables, amounts owed by related parties and long-term time deposit.



Generally, receivables and amounts by related parties are written off if it can no longer be recovered and are not subject to enforcement activity. As of December 31, 2025 and 2024, the maximum exposure to credit risk is the carrying value of each class of financial assets.

While cash and cash equivalents are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking into account any collateral and other credit enhancements as at December 31, 2025 and 2024.

	2025	2024
Cash and cash equivalents:		
Cash in banks	₱71,171,390	₱33,771,185
Cash equivalents	34,282,771	8,471,034
Trade and other receivables	22,344,383	56,938,386
Refundable deposits (shown as part of Prepayments)	303,316	298,096
Current/Noncurrent financial asset	40,000,000	20,000,000
	₱168,101,860	₱119,478,701

Credit risk under general and simplified approach

Set out below is the credit risk of the financial assets under General approach.

	2025				
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Cash in banks	₱71,171,389	₱-	₱-	₱-	₱71,171,389
Cash equivalents	34,282,771	-	-	-	34,282,771
Trade and other receivables	1,299,179	-	2,433,885	21,045,204	24,778,268
Refundable deposits	303,316	-	-	-	303,316
Current financial asset	40,000,000	-	-	-	40,000,000
	₱147,056,655	₱-	₱2,433,885	₱21,045,205	₱170,535,745

	2024				
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Cash in banks	₱33,771,185	₱-	₱-	₱-	₱33,771,185
Cash equivalents	8,471,034	-	-	-	8,471,034
Trade and other receivables	1,320,755	-	2,174,633	55,617,631	59,113,019
Refundable deposits	298,096	-	-	-	298,096
Long term time deposits	20,000,000	-	-	-	20,000,000
	₱63,861,070	₱-	₱2,174,633	₱55,617,631	₱121,653,334

General approach

Individually impaired financial assets that were specifically determined by the Company under Stage 3 are fully provided with ECL.

Financial assets are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL to be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.



Simplified approach

Set out below is the information about the credit risk exposure on the Group's trade and other receivables using simplified approach (provision matrix) in 2025 and 2024:

2025					
	Current	Days Past Due		ECL	Total
		30-120 days	>120 days		
Expected credit loss rate	0%	0%	0%	0%	
Estimated total gross carrying amount at default	P21,045,204	P-	P-	P-	P21,045,204
Expected credit loss	P-	P-	P-	P-	P-

2024					
	Current	Days Past Due		ECL	Total
		30-120 days	>120 days		
Expected credit loss rate	0%	0%	0%	0%	
Estimated total gross carrying amount at default	P56,938,386	P-	P-	P-	P56,938,386
Expected credit loss	P-	P-	P-	P-	P-

Liquidity Risk

Liquidity risk is the potential of not meeting obligations as they become due because of an inability to liquidate assets or obtain adequate funding.

The Group seeks to manage its liquid funds through cash planning on a monthly basis. The Group uses historical figures and experiences and forecasts from its collection and disbursement.

The amounts disclosed in the table below are the contractual undiscounted cash flows as at December 31, 2025 and 2024 which are all due and demandable:

2025	On Demand	Within one Year	Over one Year	Total
Financial liabilities				
Accounts and other payables*	P165,044,989	P-	P-	P165,044,989
Loans payable to a stockholder	176,370,000	-	-	176,370,000
Long-term debt**	-	72,487,413	576,357,379	648,844,792
	P341,414,989	P72,487,413	P576,357,379	P990,259,781

*Excluding government payables

**Includes future interest to maturity

2024	On Demand	Within one Year	Over one Year	Total
Financial liabilities				
Accounts and other payables*	P121,435,246	P-	P-	P121,435,246
Loans payable to a stockholder	173,535,000	-	-	173,535,000
Long-term debt**	-	103,282,980	789,296,905	892,579,885
	P294,970,246	P103,282,980	P789,296,905	P1,187,550,131

Financial liabilities

*Excluding government payables

**Includes future interest to maturity

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes.



Interest Rate Risk

The Group's exposure to the risk for changes in the market interest rate relates primarily to its interest-bearing loans, which is subject to reprising based on the prevailing market rate plus premium.

The table below summarizes the impact on income before tax or reasonably possible changes in interest rates:

	Change in basis points	Effect on Statement of Comprehensive Income
2025	+25	(P1,552,703)
	-25	P1,552,703
2024	+25	(P1,718,379)
	-25	P1,718,379

Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial and cash flows.

The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Group is engaged.

The Group's foreign currency-denominated financial asset and liability as at December 31, 2025 and 2024 are as follows:

	2025		2024	
	USD	Peso Equivalent	USD	Peso Equivalent
<i>Financial Asset</i>				
Cash in bank	\$324,597	P14,747,563	\$36,745	P2,125,512
<i>Financial Liability</i>				
Loans payable to a stockholder	(3,000,000)	(176,370,000)	(3,000,000)	(173,535,000)
Net financial liability	(\$2,675,403)	(P161,622,437)	(\$2,963,255)	(P171,409,488)

As at December 31, 2025 and 2024, the exchange rates of the Philippine peso to the US\$ are P58.79 and P57.85 to US\$1.00 respectively.



The sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before tax as at December 31, 2025 and 2024 is as follows:

	Change in foreign exchange rate	Effect in loss before income tax
2025	+1.07%	₱2,862,681
	-0.73%	1,953,044
2024	+1.09%	₱3,229,948
	-1.16%	₱3,437,376

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2025 and 2024. The Group has no externally imposed capital requirements.

As at July 1, 2022, the BOD agreed to maintain the Group's operations at status quo, i.e., continue with the asset disposal programs and lease out the Group's warehouse in Sta. Rosa, Laguna and to look for a potential partner for a joint venture agreement.

25. Supplementary Disclosure to Statement of Cash Flows

The following tables summarize the changes in liabilities arising from financing activities for the period ended December 31, 2025 and 2024, respectively:

	2025			
	January 1	Cash flows	Others*	December 31
Long-term debt and loans payable	₱862,874,596	(₱69,008,993)	₱13,726,503	₱807,592,106
Deposit for future stock subscription	260,302,500	–	(260,302,500)	–
Accrued interest payable	30,354,795	–	(1,525,581)	28,829,214
	₱1,153,531,891	(₱69,008,993)	(₱248,101,578)	₱836,421,320

*Others pertain to foreign exchange differences, issuance and interest expense.

	2024			
	January 1	Cash flows	Others*	December 31
Long-term debt and loans payable	₱861,003,500	(₱36,615,165)	₱38,486,261	₱862,874,596
Deposit for future stock subscription	249,165,000	–	11,137,500	260,302,500
Accrued interest payable	34,052,122	(55,050,658)	51,353,331	30,354,795
Due to a related party	1,000,000	(1,000,000)	–	–
	₱1,149,760,397	(₱92,665,823)	₱100,977,092	₱1,158,580,393

*Others pertain to foreign exchange differences and interest expense.



The principal noncash investing and financing activities are as follows:

	2025	2024	2023
Financing Activities:			
Amortization of debt issue costs (Note 13)	₱1,090,510	₱—	₱—
Conversion of DDFS to equity (Note 14)*	—	(249,165,000)	—
Investing Activities:			
Conversion of DDFS to equity (Note 14)*	—	260,302,500	—
	₱1,090,510	₱11,137,500	₱—

*Difference pertains to foreign exchange gain or loss.

26. Fair Value Measurement

Fair Values of Financial Assets and Financial Liabilities

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values as at December 31, 2025 and 2024 are set out below:

Cash and Cash Equivalents, Other Receivables and Accounts and Other Payables

The carrying values of these financial instruments approximate their fair values due to the short-term nature of these accounts.

Refundable Deposits

The carrying values of other noncurrent assets approximate their fair values based on the market value of similar lease agreements.

Loans Payable to Bank

The carrying values of the loans payable to approximate its fair value due to its short-term nature and the interest rate approximates the market rate.

Loan Payable to a Stockholder

The carrying values of the loans payable to a stockholder approximate its fair value as the loan is already due and demandable and the effect of discounting the instrument is not material.

Current/Noncurrent Financial Asset

The carrying amount of this deposit represents its fair value because the interest rate it carries approximates the interest rate for comparable instrument in the market.

Fair Value of Investment Properties

The following table provides the fair value measurement hierarchy of the Group's investment properties as at December 31:

	2025			
	Fair value using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset for which fair value is disclosed:				
Parent Company	₱4,272,434,000	₱—	₱4,272,434,000	₱—
IKAC	₱71,728,000	₱—	₱71,728,000	₱—



		2024		
		Fair value using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset for which fair value is disclosed:				
Parent Company	₱4,133,614,000	₱–	₱4,133,614,000	₱–
IKAC	₱68,668,000	₱–	₱68,668,000	₱–

The fair value, which was determined through the use of market data (sales comparison) approach, is based on the assumption that no prudent purchaser will buy more than what it will cost him to acquire an equally desirable substitute parcel or site. This approach is primarily based on sales and listings, which are adjusted for time of sale, location, and general characteristics of comparable properties in the neighborhood where the subject property is situated.

The description of valuation techniques used and key inputs to the valuation of land are shown below:

Filsyn Corporation

Location	Valuation technique	Significant observable input	Valuation Date	Land Area	Fair Value
Sta. Rosa, Laguna					
Land in Barangays Malitlit, Macabling and Macabling, Santa Rosa City, Province of Laguna	Market data approach	Net price per square meter	2025: December 15, 2025 2024: January 21, 2025	55,894 square meters in aggregate	2025: ₱9,720 to ₱15,390 per square meter 2024: ₱10,421 to ₱13,500 per square meter
Gen. Mariano Alvarez, Cavite					
Land in Barangays Pasong Saging, Pasong Saging and a land along the road Mayor's Drive Barangay Olaes, Province of Cavite	Market data approach	Net price per square meter	2025: December 16, 2025 2024: January 21, 2025	8,086 square meters in aggregate	2025: ₱4,388 to ₱4,860 per square meter 2024: ₱4,095 to ₱4,455 per square meter

IKAC

Location	Valuation technique	Significant observable input	Valuation Date	Land Area	Fair Value
Pontevedra, Capiz					
Land in Barangay Solo, Hipona and Agbanog, within the Municipality of Pontevedra, Province of Capiz	Market data approach	Net price per square meter	2025: December 15, 2025 2024: January 24, 2025	435,000 square meters in aggregate	2025: ₱45 to ₱66 per square meter 2024: ₱45 to ₱66 per square meter



The highest and best use of the properties as at appraisal date is a mix of agro-industrial and agricultural purposes such as but not limited to a combination of prawn farm, cultivation of coconut and other fruit bearing trees and for non-submerged areas and mangroves for submerged areas which is the existing land use of the property.

Management believes that there are no events or changes in circumstances indicating a significant change in the fair value of the investment properties between the appraisal date and reporting date.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Filsyn Corporation
Unit 8, 5B The Pearlbank Centre
146 Valero St., Salcedo Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filsyn Corporation and Subsidiaries (the Group), as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 13, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and 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 information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo

Marco Rene A. Barredo

Partner

CPA Certificate No. 116783

Tax Identification No. 214-999-478

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116783-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

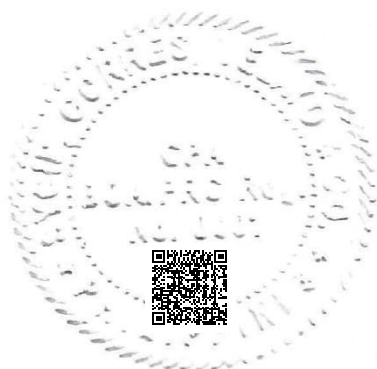
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765015, January 2, 2026, Makati City

April 13, 2026



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Filsyn Corporation
Unit 8, 5B The Pearlbank Centre
146 Valero St., Salcedo Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filsyn Corporation and Subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 13, 2026. Our audits were made for the purpose of forming an opinion on the 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, 2024 and 2023 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Marco Rene A. Barredo

Partner

CPA Certificate No. 116783

Tax Identification No. 214-999-478

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116783-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765015, January 2, 2026, Makati City

April 13, 2026



FILSYN CORPORATION AND SUBSIDIARIES

INDEX TO THE FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2025

**(Amounts in Thousands, Except Number of Shares, Par Value per Share
and Unless Otherwise Specified)**

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

SUPPLEMENTARY SCHEDULES

Report of Independent Auditor's on Supplementary Schedules

- I. Reconciliation of Retained Earnings Available for Dividend Declaration
- II. Map of the relationships of the Companies within the Group
- III. Supplementary Schedules Required by Annex 68-J
 - A. Financial Assets
 - B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
 - C. Amounts Receivable from Related Parties which are eliminated during consolidation
 - D. Long-term Debt
 - E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
 - F. Guaranties of Securities of Other Issuers
 - G. Capital Stock

Reconciliation of Retained Earnings for Dividend Declaration

For the reporting period ended December 31, 2025

Filsyn Corporation

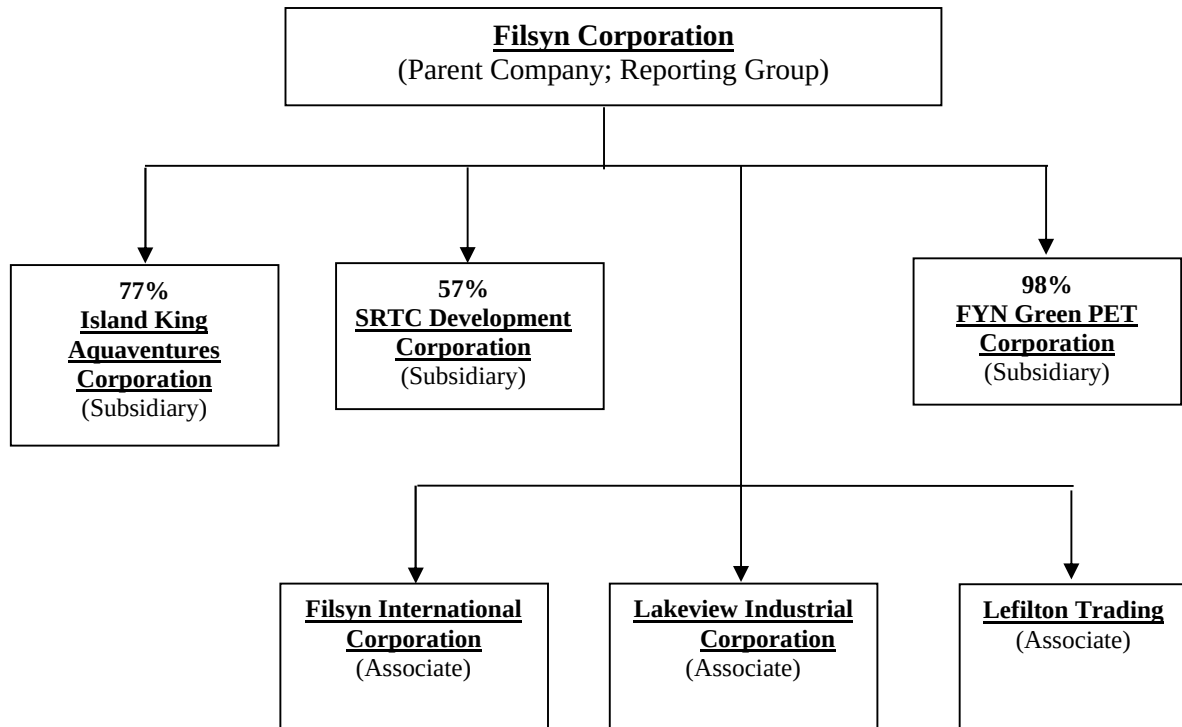
Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

Deficit, beginning of reporting period	(P12,935,199)
Add: <u>Category A</u> : Items that are directly credited to unappropriated retained earnings	—
Less: <u>Category B</u> : Items that are directly debited to unappropriated retained earnings	—
Dividend declaration during the accounting period	—
Deficit, as adjusted	(12,935,199)
Net income for the current year	54,667,591
Less: <u>Category C.1</u> : Unrealized income recognized in the profit or loss during the reporting period (net of tax)	—
Movements in deferred tax assets	—
Add: <u>Category C.2</u> : Unrealized income recognized in the profit or loss in prior reporting periods but realized in current reporting period (net of tax)	—
Add: <u>Category C.3</u> : Unrealized income recognized in the profit or loss in prior reporting periods but reversed in current reporting period (net of tax)	—
Adjusted net income	54,667,591
Add: <u>Category D</u> : Non-actual losses recognized in profit or loss during the reporting period (net of tax)	—
Add/Less: <u>Category E</u> : Adjustments related to relief granted by SEC and BSP	—
Add/Less: <u>Category F</u> : Other items that should be excluded from the determination of the amount of available for dividends distribution	—
Total Retained Earnings, end of reporting period	P41,732,391

FILSYN CORPORATION AND SUBSIDIARIES**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2025, 2024 and 2023**

Financial Ratios	Formula	2025	2024	2023
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.62	0.50	0.12
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Current receivables} + \text{Current financial assets}}{\text{Current liabilities}}$	0.40	0.33	0.61
Solvency ratio	$\frac{\text{Net loss} + \text{Depreciation and Amortization} + \text{Impairment Loss}}{\text{Total Liabilities}}$	0.06	0.08	0.05
Debt-to-equity ratio	$\frac{\text{Total liabilities (current + noncurrent)}}{\text{Total Equity}}$	1.14	1.27	2.39
Asset-to-equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	2.14	2.27	3.39
Interest rate coverage ratio	$\frac{\text{Earnings/ Losses Before Interest and Taxes (EBIT)}}{\text{Finance Costs}}$	3.54	0.99	1.96
Return on equity	$\frac{\text{Net income (Net Loss)}}{\text{Total Equity (average)}}$	9.47%	5.51%	(8.05%)
Return on assets	$\frac{\text{Net Income (Net Loss)}}{\text{Total Assets (average)}}$	4.43%	2.42%	(2.48%)
Net Sales Growth	$\frac{\text{Current Period Net Sales} - \text{Prior Period Net Sales}}{\text{Prior Period Net Sales}}$	31.39%	10.56%	1033.16 %
Gross Margin	$\frac{\text{Gross Profit}}{\text{Net Sales}}$	19.37%	25.44%	23.94%
Net Profit Margin	$\frac{\text{Net Income (Net Loss)}}{\text{Net Sales}}$	10.06%	6.95%	6.59%

FILSYN CORPORATION
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
AS AT DECEMBER 31, 2024



FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
DECEMBER 31, 2025

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the Statement of Financial	Value based on Market Quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	N/A	₱105,574,743	₱105,574,473	₱4,959,674
Trade and other receivables	N/A	22,344,383	22,344,383	–
Refundable deposits	N/A	303,316	303,316	–
Long term time deposits	N/A	40,000,000	40,000,000	964,363
		₱168,222,442	₱168,222,442	₱5,924,037

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL
STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2025

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at end period
		NOT APPLICABLE					

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS
DECEMBER 31, 2025

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at end period
IKAC	₱86,007,818	₱500	₱–	₱–	₱–	₱–	₱86,008,318
FYGP	11,250,192	1,700,000	–	–	-	–	12,950,192
SRTC	81,000	–	–	–	-	–	81,000
	₱97,339,010	₱1,700,500	₱–	₱–	₱–	₱–	₱99,039,510

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG-TERM DEBT
DECEMBER 31, 2025

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-term debt" in related of Financial Position
CTBC Bank (Philippines) Corp.	631,222,106	69,449,019	561,773,087
Total	₱631,222,106	₱69,449,019	₱561,773,087

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2025

Name of Related Party	Balance at beginning of period	Balance at end of period
Trans-Pacific Oriental Holding Group, Inc.*	₱173,535,000	₱176,370,000
Total	₱173,535,000	₱176,370,000

**Movement refers to foreign exchange translation.*

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2025

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
<i>- NONE TO REPORT -</i>				

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2025

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding Shown under related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
COMMON STOCK						
Class A	440,229,812	123,747,707	–	63,578,181	133,879	60,035,647
Class B	293,486,507	49,071,976	–	45,065,670	100,000	3,906,306
PREFERRED STOCK	33,426,498	33,426,498	–	33,426,498	–	–
	767,142,817	206,246,181	–	142,070,349	233,879	63,941,953

FILSYN CORPORATION AND SUBSIDIARIES
Supplementary Schedule of External Auditor Fee-Related Information
As of December 31, 2025

	2025	2024
Total Audit Fees	₱3,500,000	₱2,990,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	500,000
All other services	2,581,605	2,581,605
Total Non-audit Fees	2,581,605	3,081,605
Total Fees	₱6,0081,605	₱6,071,605

For the years ended December 31, 2025 and 2024, the total non-audit fees received by SGV & Co. from FILSYN Corporation represent more than 15% of the total received fees by SGV & Co. The fees under all other services pertain to an engagement that started in 2016. A pre-issuance review, consistent with the objective of an engagement quality review, performed by a professional accountant expressing the auditors' opinion on the financial statements, was performed prior to the issuance of the auditor's opinion.



SUSTAINABILITY REPORT

Following the cessation of its manufacturing operation in 1996, FILSYN CORPORATION (the “Company”) primarily focuses on leasing its real estate properties as disclosed in the financial statements as of December 31, 2025.

The Company was able to improve its financial status through the implementation of financial restructuring. This resulted in the elimination of its long-term obligations and to focus on the development its real estate properties, which are located in Sta. Rosa City, Laguna and General Mariano Alvarez, Cavite. This will boost the capability of the Company in relation to its sustainability efforts that focused on the well-being of its employees and involvement in environmental and social advocacies. This is part of the corporate core values of the Company as it moves forward in achieving its goal.

Company Details	
Name of Organization	<i>FILSYN Corporation (“FYN”)</i>
Location of Headquarters	<i>Unit 8, 5B Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City</i>
Location of Operations	<i>Makati City and Sta. Rosa, Laguna</i>
Report Boundary	<i>FYN only</i>
Business Model, including Primary Activities, Brands, Products, and Services	<i>Leasing of Real Estate Properties</i>
Reporting Period	<i>2025</i>
Highest Ranking Person responsible for this report	<i>Apolinario L. Posio – Executive Vice President-Chief Financial Officer</i>

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	78,740,900	PhP
Direct economic value distributed:		
a. Operating costs	31,606,530	PhP
b. Employee wages and benefits	6,801,218	PhP
c. Payments to suppliers, other operating costs	1,046,260	PhP
d. Dividends given to stockholders and interest payments to loan providers	None	PhP
e. Taxes given to government	5,268,989	PhP
f. Investments to community (e.g., donations, CSR)	None	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Improvements of service to the location</i>	<i>Clients, Community</i>	<i>Management underscores bringing good service to its clients by ensuring that the Company's real estate properties are in good condition.</i>
<i>Increase in payment of local taxes</i>	<i>Government</i>	<i>Management ensures that the Company is complying with its obligation to the local government units.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Risk on the impact of the occurrence of economic downturn that may result from events</i>	<i>Employees, Stockholders, Community, Government</i>	<i>Management ensures that safeguards are in place and adheres to the practices and pronouncement issued by the government.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Increase in demand in the leasing industry</i>	<i>Employees, Community, Stockholders</i>	<i>Management monitors economic conditions, updates and events, which may create opportunities that will benefit not only the Company but also its employees, its stockholders and the community.</i>

Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
<i>Disclose the organization's governance around climate-related risks and opportunities.</i>	<i>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material</i>	<i>Disclose how the organization identifies, assesses, and manages climate-related risks.</i>	<i>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</i>
<i>Management, with the broader guidance from the Board of Directors, is aware of climate-related risks and ensures that it will comply with the necessary actions and identify opportunities to help in addressing the risks. These may include adopting the practices set by the government and other entities that positively contribute to the environment.</i>	<i>Climate-related risks may arise from day-to-day operation of the Company such as consumption of energy and commercial products that may unknowingly be harmful to the environment.</i>	<i>The Company's process for identifying risk includes leveraging on multiple perspectives of the members of the Board of Directors and on news and updates of different government bodies. These will be consolidated to identify risks as well as the proper actions to mitigate those risks.</i>	<i>Ensure risks are addressed with consideration to fully comply with all applicable laws, industry standards and other legal requirements.</i> <i>Metrics: Compliance Rate</i>

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Augmentation of local economy by creating value in the community</i>	<i>Local suppliers Service Providers Community</i>	<i>The Company ultimately prefers to acquire services of local suppliers and service providers.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Other suppliers may not comply with the requirements of the Company</i>	<i>Local suppliers Service Providers</i>	<i>Management ensures that all services acquired by the Company passed at the very least the average standard.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Establishment of good business relationship with local suppliers and services providers.</i>	<i>Local suppliers Service Providers</i>	<i>Management ensures solid communication with local suppliers and service providers.</i>

Anti Corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	None	%
Percentage of employees that have received anti-corruption training	None	%

Incidents of Corruption

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

The Company ensures the communication of code of conduct to the employees.

ENVIRONMENT

Resource Management

Energy Consumption within the Organization

Disclosure	Quantity (Ave./mo.)	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	25,757	kWh

Reduction of Energy Consumption

Disclosure	Quantity (Ave./mo.)	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh

Water Consumption within the Organization

Disclosure	Quantity (monthly)	Units
Water withdrawal	N/A	Cubic meters
Water consumption	N/A	Cubic meters
Water recycled and reused	N/A	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The Company's energy consumption and water consumption have no material impact to the environment. These are consumed responsibly during the day-to-day operations of the Company.</i>	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>No risk was identified as the operation of the Company does not rely on energy and water.</i>	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Materials Used by the Organization

Disclosure	Quantity (monthly)	Units
Materials used by weight or volume		
Renewable	N/A	Kg/liters
Non-renewable	N/A	Kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and service	N/A	Kg/liters

The Company's focus is on leasing its real estate properties, which do not involve the use of either renewable or non-renewable materials.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Ecosystems and Biodiversity

The Company's real estate properties are not located in, or adjacent to protected areas, or areas of high biodiversity value outside of protected areas.

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	has
Habitats protected or restored	None	has.
IUCN17 Red List species and national conservation list species with habitats in areas affected by operations	None	none

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity (Monthly)	Units
Direct (Scope 1) GHG Emissions	<i>None</i>	<i>Tonnes CO₂e</i>
Energy indirect (Scope 2) GHG Emissions	<i>None</i>	<i>Tonnes CO₂e</i>
Emissions of ozone-depleting substances (ODS)	<i>None</i>	<i>Tonnes</i>

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>There is no identified impact on air emissions as the Company is not engaged in heavy industrial activities.</i>	<i>N/A</i>	<i>N/A</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>There is no identified significant risk.</i>	<i>N/A</i>	<i>N/A</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The Company is not engaged in activities that may result in harmful air emissions.</i>	<i>Community</i>	<i>Management will thoroughly review business opportunities that will not have a negative impact on the environment.</i>

Air Pollutants

Disclosure	Quantity (ave./week)	Units
NOx	<i>None</i>	<i>Kg</i>
Sox	<i>None</i>	<i>Kg</i>
Persistent organic pollutants (POPs)	<i>None</i>	<i>Kg</i>
Volatile organic compounds (VOCs)	<i>None</i>	<i>Kg</i>
Hazardous air pollutants (HAPs)	<i>None</i>	<i>Kg</i>
Particular Matter (PM)	<i>None</i>	<i>kg</i>

Solid and Hazardous Wastes

Solid Waste

The Company has yet to accurately measure the quantity of solid waste generated, or determined the breakdown of that sum into reusable, recyclable, composted, incinerated, and landfilled component parts. The Company is not engaged in any activity commonly known to produce high levels of solid waste.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Best practices on the solid waste management may bring improvement not only in the environment but also in the economy.</i>	<i>Community</i>	<i>Management will ensure that good practices are being adopted in relation to the Company's operations and compliance with environmental laws and regulations.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Failure to implement good solid waste management may compromise effort for gaining positive impact in the environment</i>	<i>Community</i>	<i>Same with Above</i>
What are the Opportunity/ies Identified	Which stakeholders are affected?	Management Approach
<i>Contribute to the community in maintaining good environment thru simple and consistent good practices in managing solid wastes</i>	<i>Community</i>	<i>Same with above</i>

Hazardous Waste

The Company has not recorded any material incidence of hazardous waste generation. The Company is not engaged in any activity commonly known to produce material levels of hazardous waste, such as health care, heavy industrial processing, chemical manufacturing.

Disclosure	Quantity (ave. monthly)	Units
Total weight of hazardous waste generated	<i>None</i>	<i>Kg</i>
Total weight of hazardous waste transported	<i>None</i>	<i>Kg</i>

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

Effluents

Disclosure	Quantity (ave. daily)	Units
Total volume of water discharges (AMD from discharges of old mine pits.)	None	Cubic meters
Percent of wastewater recycled	None	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	None	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	PhP
No. of cases resolved through dispute resolution Mechanism	None	PhP

SOCIAL

As of 2025, the Company has (a) eight (8) regular employees; (b) one (1) contractual employee; and (c) two (2) former regular employees who was rehired by the Company to assist in monitoring and maintaining its real estate properties in Sta City. Rosa, Laguna.

Employee Management
Employee Hiring and
Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees		
a. Number of female employees	4	Pax
b. Number of male employees	7	Pax
Attrition rate	0%	%
Ratio of lowest paid employee against minimum Wage	N/A	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	75%	0%
PhilHealth	Y	75%	0%
Pag-ibig	Y	0%	0%
Parental leaves	N	N/A	N/A
Vacation leaves	Y	100%	29%
Sick leaves	Y	100%	29%
Medical benefits (aside from PhilHealth)	Y	50%	14%
Housing assistance (aside from Pag-ibig)	N	N/A	N/A
Retirement fund (aside from SSS)	N	N/A	N/A
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible-working Hours	N	N/A	N/A
(Others)		N/A	N/A

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	36	%
% of male workers in the workforce	64	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

*Vulnerable sector includes, elderly, person with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Motivation, performance and well-being of employees</i>	<i>Management ensures that employees are aware of their benefits and are informed of any updates or changes.</i>
What are the Risk/s Identified?	Management Approach
<i>There was no material risk identified due to small number of employees.</i>	<i>Management will ensure compliance with relevant labor rules, regulations and standards, and conduct dialogue with employees.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Employment for community members</i>	<i>Management will ensure compliance with labor rules, regulations and standards.</i>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	<i>None</i>	<i>hours</i>
b. Male employees	<i>None</i>	<i>hours</i>
Average training hours provided to employees		
a. Female employees	<i>0</i>	<i>hours/employee</i>
b. Male employees	<i>0</i>	<i>hours/employee</i>

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Performance improvement of employees</i>	<i>Management is aware that trainings are necessary for the growth of its employees. It is open in sending employees to trainings.</i>
What are the Risk/s Identified?	Management Approach
<i>Risk that employees who were given training opportunities will leave the Company for better opportunities</i>	<i>Management formed safeguards for the risk by establishing agreement(s) with the employees with regard to retention upon acceptance of training.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Additional skills for employees</i>	<i>Management will continue the training for the development of employees</i>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered by Collective Bargaining Agreements	<i>None</i>	%
Number of consultations conducted with employees concerning employee-related policies	<i>None</i>	#

Workplace Conditions, Labor Standards and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-hours	N/A	
No. of work-related injuries	<i>None</i>	#
No. of work-related fatalities	<i>None</i>	#
No. of work-related ill-health	<i>None</i>	#
No. of safety drills	<i>None</i>	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>This will have impact on the employees' well-being.</i>	<i>Management will ensure the implementation of safety and health policies.</i>
What are the Risk/s Identified?	Management Approach
<i>This may result to accidents if not properly observed.</i>	<i>Management will conduct safety inspection.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Training of employees for preparedness</i>	<i>Strict implementation of safety and health policies</i>

Labor Laws and Human Rights

Disclosure	Quantity	Units
<i>No. of legal actions or employee grievances involving forced or child labor</i>	<i>None</i>	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g.harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	<i>N</i>	<i>The Company is currently updating its policy manual and will ensure the inclusion of violations related to forced and child labor and human rights.</i>
Child labor	<i>N</i>	
Human Rights	<i>N</i>	

Supply Chain Management

Do you have supplier accreditation policy? If yes, please attach the policy or link to the policy: - **None**

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	N/A	N/A
Forced labor		
Child labor		
Human Rights		
Bribery and corruption		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	N/A
What are the Risk/s Identified?	Management Approach
N/A	N/A
What are the Opportunity/ies Identified?	Management Approach
N/A	N/A

Relationship with Community

Significant Impacts on Local Communities

Business Operations with Significant Impact	Location	Vulnerable Groups Impacted	Impact on Indigenous People	Community Rights of Particular Concern	Mitigation (of Negative) and Enhancement (of Positive) Impacts
Land Property	Sta. Rosa City, Laguna	All residents of host community	No material impact due to location	Ecological and environmental concern	Proper Compliance with local government policies and regulations

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third-party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The Company considers customer satisfaction as imperative in its operations and has positive impact in the entire organization. This reflects the overall experience of the customer from the services provided by the Company.</i>	<i>The Company gives customers the best services and treat them equally in accordance with the Company's core values.</i>
What are the Risk/s Identified?	Management Approach
<i>Company dissatisfaction</i>	<i>Same as above</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Build good relationship with customers</i>	<i>Same as above</i>

Health and Hazard

Disclosure	Quantity	Units
No. of substantiated complains on product or service health and safety*	None	#
No. of complains addressed	None	#

*Substantiated complains include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>One of the Company's top priorities is the customers/clients' health and safety.</i>	<i>The Company gives customers the best services and treat them equally in accordance with the Company's core values.</i>
What are the Risk/s Identified?	Management Approach
<i>No material risk identified</i>	<i>Same as above</i>

What are the Opportunity/ies Identified?	Management Approach
<i>The Company will continue the improvement in areas of health and safety of customers.</i>	<i>Management accepts feedback from customers with regard to the services being performed.</i>

Marketing and labelling

The Company has no implemented marketing practices.

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complains addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	N/A
What are the Risk/s Identified?	Management Approach
N/A	N/A
What are the Opportunity/ies Identified?	Management Approach
N/A	N/A

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complains addressed	None	#
No. of customers, users, and account holders whose information is used for secondary purposes	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
<i>No. of data breaches, including leaks, thefts and losses of data</i>	<i>None</i>	<i>#</i>

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The documents from customers are in safe places. These documents can only be accessed by authorized personnel of the Company.</i>	<i>Management conducts orientation of employees with regard to data security for proper implementation</i>
What are the Risk/s Identified?	Management Approach
<i>Exposure of confidential information</i>	<i>Same as above</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Enhancement of data protection measures Instill discipline and responsible use of information among employees</i>	<i>Follow-up and continuous improvement</i>



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Filsyn Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the 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 financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

A handwritten signature in black ink, appearing to read "F. Herrera III", positioned above a horizontal line.

FLORENTINO M. HERRERA III
Chairman and President

A handwritten signature in black ink, appearing to read "A. Posio", positioned above a horizontal line.

APOLINARIO L. POSIO
*Executive Vice President and
Chief Financial Officer*

A handwritten signature in black ink, appearing to read "Marinela C. Santos", positioned above a horizontal line.

MARINELA C. SANTOS
Treasurer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

MAKATI CITY
SUBSCRIBED AND SWORN to before me this **APR 16 2026** day of **2026**, affiants exhibiting to me their competent evidence of identity to be the same persons, as follows:

Name	Passport ID No..
Florentino M. Herrera III	P2337037B
Apolinario L. Posio	P3043199C
Marinela Santos	P9883172B

Doc No. 357;
Page No. 72;
Book No. X;
Series of 2026.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2026
IBP No. 655155 Lifetime Member
MCLE Compliance No. VIII-0040999
Appointment No. M-007(2025-2026)
PTR No. 10765528 Jan. 3, 2026
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

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A	P	F	S
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C	R	M	D
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N	/	A	
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COMPANY INFORMATION

info@filsyncorp.com

	N/A
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09282797576

515

September 19

December 31

CONTACT PERSON INFORMATION	
NAME	
PHONE	
EMAIL	
ADDRESS	
CITY	
STATE	
ZIP	

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

Mr. Apolinario L. Posio

info@filsyncorp.com

N/A

09282797576

CONTACT PERSON'S ADDRESS	
NAME	_____
ADDRESS	_____
CITY	_____
STATE	_____
ZIP	_____
PHONE	_____
FAX	_____
E-MAIL	_____

Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

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

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



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filsyn Corporation
Unit 8, 5B The Pearlbank Centre, 146 Valero St.
Salcedo Village, Makati City

Report on the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Filsyn Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2025 and 2024, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

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

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



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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulation 15-2010 in Note 21 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the parent company financial statements. Such information is the responsibility of the management of Filsyn Corporation. The information has been subjected to the auditing procedures applied in our audit of the parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo

Marco Rene A. Barredo

Partner

CPA Certificate No. 116783

Tax Identification No. 214-999-478

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116783-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765015, January 2, 2026, Makati City

April 13, 2026



FILSYN CORPORATION**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱63,163,687	₱36,023,464
Trade and other receivables (Note 5)	19,770,106	2,962,628
Prepayments and other current assets (Note 6)	3,364,428	5,277,516
Current financial asset (Note 4)	40,000,000	20,000,000
Total Current Assets	126,298,221	64,263,608
Noncurrent Assets		
Investment properties (Note 9)	898,657,147	898,657,147
Investments in and advances to subsidiaries and associates - net (Note 7)	37,950,692	36,250,192
Retirement plan assets - net (Note 17)	25,254,030	24,180,246
Other noncurrent assets (Note 8)	1,639,680	3,111,083
Total Noncurrent Assets	963,501,549	962,198,668
TOTAL ASSETS	₱1,089,799,770	₱1,026,462,276
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	₱57,382,061	₱51,674,292
Loans payable to a stockholder (Note 16)	176,370,000	173,535,000
Total Current Liabilities	233,752,061	225,209,292
Noncurrent Liability		
Deferred tax liabilities (Note 15)	116,958,006	116,689,558
Total Liabilities	350,710,067	341,898,850
Equity		
Capital stock (Note 11)	366,858,160	366,858,160
Additional paid-in capital (Note 11)	335,372,611	335,372,611
Accumulated remeasurement loss on retirement plan assets (Note 17)	(4,873,459)	(4,732,146)
Retained Earnings (Deficit)	41,732,391	(12,935,199)
Total Equity	739,089,703	684,563,426
TOTAL LIABILITIES AND EQUITY	₱1,089,799,770	₱1,026,462,276

See accompanying Notes to Parent Company Financial Statements.



FILSYN CORPORATION**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2025	2024
RENTAL INCOME (Notes 9 and 13)	₱78,740,900	₱53,251,996
COSTS AND EXPENSES (Note 14)	31,606,530	50,234,645
OTHER INCOME (CHARGES)		
Foreign exchange losses - net (Note 16)	(2,835,000)	(7,425,000)
Interest income (Note 4)	2,475,295	1,092,931
Bank charges	(630)	(401,684)
Other income (Note 5)	23,838,543	2,539,680
	23,478,208	(4,194,073)
INCOME (LOSS) BEFORE INCOME TAX	70,612,578	(1,176,722)
PROVISION FOR INCOME TAX (Note 15)		
Current	15,629,437	1,588,244
Deferred	315,551	267,624
	15,944,988	1,855,868
NET INCOME (LOSS)	54,667,590	(3,032,590)
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive gain (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gain (loss) on retirement plan assets (Note 17)	(188,418)	1,756,867
Income tax effect	47,105	(439,216)
	(141,313)	1,317,651
TOTAL COMPREHENSIVE INCOME (LOSS)	₱54,526,277	(₱1,714,939)
BASIC/DILUTED LOSS PER SHARE (Note 12)	(₱0.2869)	(₱0.2186)

See accompanying Notes to Parent Company Financial Statements.



FILSYN CORPORATION**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	Capital Stock (Note 11)	Additional Paid-in Capital (Note 11)	Remeasurement Gain (Loss) on Retirement Plan Assets (Note 17)	Retained Earnings (Deficit) (Note 1)	Total
Balances at December 31, 2023	₱366,858,160	₱335,372,611	(₱6,049,797)	(₱9,902,609)	₱686,278,365
Net loss	—	—	—	(3,032,590)	(3,032,590)
Remeasurement gain on retirement plan assets, net of tax	—	—	1,317,651	—	1,317,651
Total comprehensive income	—	—	1,317,651	(3,032,590)	(1,714,939)
Balances at December 31, 2024	366,858,160	335,372,611	(4,732,146)	(12,935,199)	684,563,426
Net income	—	—	—	54,667,590	54,667,590
Remeasurement loss on retirement plan assets, net of tax	—	—	(141,313)	—	(141,313)
Total comprehensive income	—	—	(141,313)	54,667,590	54,526,277
Balances at December 31, 2025	₱366,858,160	₱335,372,611	(₱4,873,459)	₱41,732,391	₱739,089,703

See accompanying Notes to Parent Company Financial Statements.



FILSYN CORPORATION**PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2025	2024
CASH FLOWS USED IN OPERATING ACTIVITIES		
Income (loss) before income tax	₱70,612,578	(₱1,176,722)
Adjustments for:		
Unrealized foreign exchange losses - net (Note 16)	2,835,000	7,425,000
Interest income (Note 4)	(2,475,295)	(1,092,931)
Retirement income (Notes 16 and 17)	(1,262,202)	(1,070,494)
Provision for expected credit loss (Note 5)	259,252	2,174,633
Working capital changes:		
Decrease (increase) in		
Trade and other receivables	(17,066,730)	2,467,794
Prepayments and other current assets	(18,086,912)	(156,446)
Increase in accounts and other payables	6,707,771	2,147,745
Net cash generated from operations	41,523,462	10,718,579
Interest received	2,475,295	253,121
Income tax paid	(15,629,437)	(1,588,244)
Net cash flows generated from operating activities	28,369,320	9,383,456
CASH FLOWS USED IN INVESTING ACTIVITIES		
Increase in investments in and advances to subsidiaries - net		
(Notes 7 and 16)	(1,700,500)	(1,200,942)
Increase (decrease) in noncurrent assets	1,471,403	(1,041,466)
Net cash flows used in investing activities	(229,097)	(2,242,408)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid (Note 16)	(1,000,000)	(1,100,000)
Movement in due to a related party (Note 16)	–	(1,000,000)
Net cash flows used in financing activities	(1,000,000)	(2,100,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,140,223	5,041,048
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF YEAR	36,023,464	30,982,416
CASH AND CASH EQUIVALENTS		
AT END OF YEAR (Note 4)	₱63,163,687	₱36,023,464

See accompanying Notes to Parent Company Financial Statements.



FILSYN CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information and Status of Operations

Corporate Information

Filsyn Corporation (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 22, 1968 and is domiciled in the Republic of the Philippines.

Following the Parent Company's amendments to its Articles of Incorporation, as approved in a special board meeting on February 24, 2026, its primary purpose now is to deal and engage in land or real estate business in all its branches and ramifications, to own, hold, develop, manage, administer, sell, assign, convey, exchange, encumber, purchase, acquire, for consideration or by donation, lease, rent, or otherwise deal in and dispose of, for itself or for others, for investments, profit and advantage, real properties, including but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of property and real estate, improved or unimproved, together with their appurtenances, with or to such persons and entities and under such terms and conditions as may be permitted by law; to acquire, purchase, hold, manage, develop, improve, lease, subdivide, exchange, and sell subdivision lots, with or without buildings or improvements, for such consideration and in such manner or form as the Parent Company may determine, or as the law permits; and to erect, construct, alter, manage, operate, lease, develop, in whole or in part, buildings and tenements of the Parent Company or of other persons; and to exercise or undertake such powers and purposes as may be required and necessarily implied from the purposes herein mentioned. Provided, that the Parent Company shall not solicit, accept or take investments/placements from the public nor shall it issue investment contracts. It has also the purpose to purchase, lease, or otherwise, lands and interest in lands and buildings; to own, hold, improve, develop, and manage any real estate so acquired and to erect or cause to be erected buildings or other structures with their appurtenances on any lands owned, held or occupied by the Parent Company; to rebuild, enlarge, alter or improve any buildings or other structures now or hereafter erected on any lands so owned, held or occupied; to mortgage, sell, lease or otherwise dispose of any lands or interest in lands and in buildings, or in any stores, shops, suites, rooms or any part of any buildings or other structures, at any time owned or held by the Parent Company.

The registered office address of the Parent Company is Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

Status of Operations

In 2002, the SEC issued Order of Revocation of the Parent Company's Registration of Securities and Permit to Sell Securities to the public.

Following the cessation of its operation in 2005, the operations of the Company is now primarily focused on leasing of its investment properties.

The Parent Company's current liabilities exceeded its current assets by ₱107.5 million and ₱160.9 million as of December 31, 2025 and 2024, respectively.

On April 13, 2026, the Parent Company received a letter from its shareholder, Trans-Pacific Oriental Holding Company, Inc. (TPO), confirming that they do not expect collection of loans payable amounting to ₱176.4 million at least during the next 12 months from December 31, 2025. The shareholder remains fully committed to support the Parent Company's operation.



Equity Restructuring

On October 24, 2016, the PSE issued a letter to the Company on the subject: *Negative Stockholders' Equity and SEC Order of Revocation* requesting for update on the following items:

- Settlement of outstanding loan obligations amounting to ₱1.2 billion through the Sta. Rosa property as dacion;
- Discussions/negotiations with real estate companies for potential joint venture arrangement over the property to develop the 30 hectares (ha.) property located at Sta. Rosa, Laguna;
- Discussions/negotiations regarding the sale of the property located in Gen. Malvar Alvarez, Cavite City; and
- SEC Order of Revocation dated August 26, 2002

On December 12, 2016, the Parent Company responded to the PSE that discussions are ongoing on the first three items above with the appropriate parties. Management believes that the development of the land in Sta. Rosa Laguna will increase its value and bring the Parent Company's equity from negative to positive.

In September 2017, the Board of Directors (BOD) and stockholders of the Parent Company approved a business plan, which consists of the following phases:

- Financial restructuring subject to Philippine SEC approval;
- Development of the Sta. Rosa property; and
- A new business activity of recycling Polyethylene Terephthalate (PET) to be registered with the Philippine Economic Zone Authority

In relation to the financial restructuring, in September 2018, the BOD approved the following:

A. Amendment of the Seventh Article of the Parent Company's AOI to reflect the following:

1. Reduction of par value from ₱5.00 per share to ₱2.50 per share
2. Creation of Preferred Shares
3. Reclassification of 33,426,498 Common Shares (Class B) to Preferred Shares

B. Conversion of debt to equity

On February 18, 2018, the Commission en Banc resolved to lift the Order of Revocation. The lifting of the Order of the Revocation directed the Parent Company to amend its Registration Statement to reflect any prior changes prior to restatement of its registration statement and permit to sell securities.

On September 20, 2018, the BOD formally authorized the filing of the Amended Registration Statement with the SEC which was filed on October 30, 2018.

On July 23, 2019, the Parent Company filed its application for amendment of AOI with the SEC. On September 25, 2019, The SEC provided their initial comments on the application for amendment of AOI.



On November 11, 2021, the BOD approved the further amendments in the Seventh Article of the AOI which revoked and superseded September 21, 2018 resolutions approving the amendments to the Seventh Article of the AOI. The BOD approved the following:

1. Decrease in Authorized Capital Stock and Reclassification or Conversion of 33,426,498 Class B Shares into 33,426,498 Preferred Shares

This include the following approvals of the BOD:

- a. Reduction in the par value of all common shares from ₱5.00 per share to ₱0.50 per share,
- b. Decrease in the authorized capital stock from ₱1,200,000,000 to ₱120,000,000, and
- c. Classification of capital contributed in excess of the reduced par value as additional paid in capital
- d. Reclassification of the 33,426,498 Class B common shares held by Malaysia Garment Manufacturers (Pte) Ltd. (MG), a company incorporated in Singapore and a related party, into 33,426,498 Preferred Shares with the following features:
 - i. Preemptive Right - The Preferred Shareholders shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios
 - ii. Dividends - The Preferred Shareholders shall bear preferential dividends at the rate of 5% per annum of total debt converted in the amount of ₱1,389,961,828.
 - iii. Exercise of Voting Right - The Preferred Shareholders shall not have a right to vote, except on matters specified in Section 6 of the Revised Corporation Code of the Philippines and those relative to the development of the Sta. Rosa Property; and
 - iv. Convertibility - The Preferred Shareholders shall, at their option, have the right to convert their preferred shares to common shares using 16.78:1 conversion ratio at ₱0.50 per share.

2. Increase in Capital Stock

The BOD approved the increase of the Parent Company's authorized capital stock from ₱120,000,000 to ₱647,306,477 which consists of:

- a. 440,229,812 Class "A" common shares with par value of ₱0.50 per share, or an aggregate par value of ₱220,114,906;
- b. 293,486,507 Class "B" common shares with a par value of ₱0.50 per share, or an aggregate par value of ₱146,743,253.50; and
- c. 33,426,498 Preferred Shares, with a par value of ₱8.39 per share (increased from ₱0.50), or an aggregate par value of ₱280,448,318, with MG subscribing to the increase in the par value of the 33,426,498 Preferred Shares amounting to ₱263,735,069 by way of converting debt owed to it by the Corporation as of December 31, 2020 amounting to ₱1,389,961,828 to equity, with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital

The BOD also approved the subscription by MG to the increase in the par value of the 33,426,498 Preferred Shares, and the conversion of debt owed to it by the Parent Company as of December 31, 2020 amounting to ₱1,389,961,828 to equity as payment for the aforesaid 33,426,498 Preferred Shares with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital.



3. Use of Additional Paid in Capital to Wipe Out Deficit

The BOD approved the use of the Additional Paid In Capital resulting from: (a) the existing Additional Paid in Capital; (b) the decrease of capital through the reduction of par value; and (c) the conversion of the existing liability to MG to wipe out all the accumulated deficit of the Parent Company.

On November 11, 2021, management filed the final restructuring project to SEC. Prior to submission of the project, management has already agreed to the conversion of debt with its creditors and legal counsel.

On May 30, 2022, a Deed of Assignment on the loan was entered between MG and the Parent Company in which the former unconditionally and irrevocably assigns, cedes, transfers and conveys unto the Parent Company all of its title, right and interests to receive the payment for the debt as payment for the subscription price, thereby converting the debt into equity.

In addition, the related parties, MG and TPO, have undertaken to support the Parent Company financially by not demanding payment of loans due to the former. Accordingly, the financial statements have been prepared on a going concern basis.

On March 29, 2023, management completed all the aforementioned documents required by the SEC.

On April 4, 2023, the Parent Company was notified by the SEC that it is ready to issue its assessment on the planned restructuring project upon issuance of the SEC-Markets and Securities Regulation Department (MSRD) clearance. Thereafter, a Payment Request Form was issued to the Parent Company, which signified the acceptance of the SEC on the application to proceed with filing.

On June 26, 2023, the SEC approved simultaneously the Parent Company's amendments to the Articles of Incorporation, decrease/ increase in authorized capital stock and equity restructuring (see Note 14). With the SEC approval, the Parent Company can now focus on the operations and expansion of its subsidiary, FYN Green PET Corporation (FYGP), and the development of its 30 - hectare property located in Sta. Rosa City, Laguna.

On June 19, 2024, the Parent Company received an Order from the SEC lifting the Order of Revocation of the Effectivity of the Parent Company's Registration of Securities and Permit to Sell Securities to the Public issued by the SEC on August 26, 2002.

Notice of Involuntary Delisting

On February 3, 2023, the Parent Company received a Notice of Involuntary Delisting from the PSE.

On April 3, 2023, representatives of the Parent Company participated in a hearing conducted by the Exchange relating to the involuntary delisting proceedings involving the Parent Company. The Parent Company then requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.



The grounds for the initiation of involuntary delisting proceedings involving Parent Company are due to the (a) revocation of its registration of securities and permit to sell securities; and (b) negative stockholders' equity.

In the said hearing, the Parent Company raised the following arguments:

- a. There was no obstinate refusal on the part of the Parent Company to comply with the directives of the Exchange and the Securities and Exchange Commission (SEC).
- b. The Parent Company, in utmost good faith, exerted serious efforts to comply with the SEC directives. All the corporate actions of Parent Company on the matter were timely and promptly disclosed to the Exchange.
- c. The SEC-Markets and Securities Regulation Department (MSRD) will only act on the Parent Company's amended registration statement after the approval of the Parent Company's financial restructuring plan being reviewed by the SEC- Financial Analysis and Audit Division (FAAD).
- d. The Parent Company will file its amended registration statement after it secures the SEC's approval of its financial restructuring plan. Thereafter, the Parent Company will request SEC-MSRD to issue the corresponding Order Lifting the Order of Revocation dated August 26, 2002 against the Parent Company.
- e. The conversion of the Parent Company's obligation to one of the Corporation's major creditors, Malaysia Garment Manufacturers Pte. Ltd, amounting to ₱1,390.0 million into equity has effectively wiped-out the deficit amounting to ₱689.0 million. The debt-to-equity conversion is part of the financial restructuring plan being carried out by the Parent Company. The deficit would have been wiped-out had the SEC-FAAD approved the Parent Company's financial restructuring plan.
- f. The involuntary delisting will be prejudicial to the Parent Company's stockholders who have been expecting that the trading suspension will be lifted soon and the financial restructuring plan approved in light of the actions being actively undertaken by the Parent Company.
- g. In 2019, parallel to its efforts to solve its capital deficiency, the Parent Company incorporated FYGP, a 100% wholly owned subsidiary, to provide cash flow and steady stream of revenues. FYGP will commence its commercial operations in May 2023.

The Parent Company therefore requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until June 26, 2024.

The PSE, in its Letter dated January 31, 2024, granted the Parent Company's request for a six (6)-month non-extendible extension or until June 26, 2024 to complete the requirements of the SEC and obtain an effective registration of securities and permit to sell securities with the SEC; and (ii) to maintain the suspension of the involuntary delisting proceedings against the Parent Company until the issuance of SEC's decision on the Parent Company's application for the approval of its Amended Registration Statement or until June 26, 2024 whichever is earlier.

The Parent Company received a Notice from PSE dated December 4, 2024, announcing the lifting of the trading suspension effective December 6, 2024. Considering that the trading of the Parent Company's shares was suspended since September 25, 2002, the static threshold for the Parent Company will be lifted upon the resumption of the Parent Company's shares.



Final Assessment Notice from Bureau of Internal Revenue (BIR)

On September 26, 2024, Management of the Parent Company notified its BOD that it had received from the BIR a Final Assessment Notice / Formal Letter of Demand (FAN/FLD) dated September 17, 2024 for calendar year 2022 on September 22, 2024. The FAN/FLD reflected a total assessment amount of ₱289.1 million.

On February 6, 2025, the Parent Company received the Final Decision on Disputed Assessment (FDDA) dated February 5, 2025. The BIR assessed deficiency taxes, interests, surcharges, and penalties (Tax Deficiencies) against the Parent Company in the total amount of ₱289.1 million, broken down as follows:

1. Final Withholding Tax (FWT) - ₱183.9 million
2. Final Withholding Value Added Tax (FWVAT) - ₱88.7 million
3. Documentary Stamp Tax (DST) - ₱16.4 million
4. Compromise Penalties - ₱0.1 million

As background, to wipe out the Parent Company's deficit, the Parent Company restructured its capital accounts and converted its liabilities into equity (Equity Restructuring). Particularly, the Corporation increased its authorized capital stock from ₱120.0 million to ₱647.3 million. Pursuant to the increase in the Parent Company's authorized capital stock, Malaysia Garment Manufacturers (Pte) Ltd (MG) subscribed to 33,426,498 preferred shares of stock in exchange for the conversion of the Corporation's outstanding loan (principal and interest) amounting to ₱1,419.3 million (Subject Loan) to equity as payment for the subscription, with the excess recorded as Additional Paid in Capital (APIC) to wipe out the Parent Company's accumulated deficit (Debt-to-Equity Conversion).

The BIR alleges that the Deed of Assignment for the Debt-to-Equity Conversion resulted in a constructive receipt of income on the part of MG, which should be subject to final withholding tax.

The Parent Company's legal counsel, filed the Parent Company's Protest with Request for Reconsideration and/or Reinvestigation with the BIR Revenue Region 8A on October 28, 2024 (Protest).

In its Protest, the Parent Company argues that the assignment of the Subject Loan in exchange for shares is part of the Debt to Equity Conversion - a capital transaction outside the ordinary course of business that does not result in taxable income, VAT, or DST for the Parent Company or MG.

On the same date that legal counsel filed the Parent Company's Protest, the Parent Company's tax advisor also submitted a letter to the BIR to signify its alignment and conformity to the factual and legal arguments of the Protest filed by the Parent Company through its legal counsel.

The Protest also included the Parent Company's request for reinvestigation and to submit additional documents in support of the reinvestigation of the findings of the BIR.

On November 11, 2024, the Parent Company received the BIR's letter granting the Parent Company's request for reinvestigation. The reinvestigation will require the BIR to reassess its initial findings on the Parent Company's Tax Deficiencies and re-examine the strong legal position of the Parent Company's legal counsel and tax advisor on the matter. The Parent Company has 60 days from the date of filing of its Protest, or until December 27, 2024, within which to submit additional documents in support of the reinvestigation.



On December 27, 2024, the Parent Company submitted all its relevant supporting documents in support of its Protest.

On February 6, 2025, the Parent Company received the Final Decision on Disputed Assessments (FDDA) from the BIR denying the Parent Company's Protest.

Under the Court of Tax Appeals (CTA) Rules, Section 228 of the Tax Code, relevant BIR issuances, prevailing jurisprudence, a petitioner may appeal the denial of its protest to the CTA within thirty (30) days from the receipt of the said denial, or in the Parent Company's case until March 8, 2025.

On March 7, 2025, the Parent Company filed its Petition for Review with the CTA.

On June 5, 2025, the Commissioner of Internal Revenue (CIR) filed his answer to the Petition docketed as CTA Case No. 11789 with the CTA Second Division. The case was then referred to mediation on June 17, 2025 but the parties did not reach a settlement.

The Pre-Trial was initially set by CTA Second Division on October 16, 2025 but has been reset to February 12, 2026.

On January 23, 2026, the Pre-Trial on CTA Second Division was cancelled and transferred to the CTA Third Division.

In a Resolution dated February 19, 2026, the CTA Third Division set the Pre-Trial for this case on May 14, 2026.

The Parent Company is of the position that the Equity Restructuring and Deed of Assignment are separate events, and both are not subject to income tax, VAT, and DST.

The Parent Company, through its legal counsel, is taking the appropriate legal steps to assail the assessment on the grounds of lack of factual and legal basis.

Amendments to Articles of Incorporation

In a Special Board Meeting, the BOD approved the following amendments to the AOI:

1. Change in primary purpose
2. Reduction in the number of directors
3. Declassification of common shares

The amendment of the primary purpose stems from the strategic shift from polyester manufacturing to real estate related activities. The reduction in the number of directors will enhance board efficiency and ensure swift and cohesive decision-making. The declassification of Common "A" and Common "B" shares is to promote market efficiency, transparency, and equitable shareholder treatment within publicly listed companies as mandated by the relevant issuances of the SEC and the PSE.

Authorization for Issuance of the Parent Company Financial Statements

The financial statements of the Parent Company as at and for the years ended December 31, 2025 and 2024 were authorized for issuance by the Parent Company's BOD on April 13, 2026.



2. Basis of Preparation and Summary of Material Accounting Policies

Basis of Preparation

The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The parent company financial statements have been prepared using the historical cost basis and are presented in Philippine peso which is the Parent Company's functional and presentation currency. All values are rounded to the nearest peso except when otherwise indicated.

The Parent Company prepares and issues consolidated financial statements for the same period as the parent company financial statements and are presented in accordance with PFRS Accounting Standards. The consolidated financial statements of the Parent Company are filed and may be obtained from the SEC.

The Parent Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of Amendments to PAS 21, *Lack of exchangeability*, which became effective on January 1, 2025. 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 adoption of the amendments did not have an impact on the financial statements of the Parent Company.

The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Parent Company intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the parent company financial statements.

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 Statement*



Based on the Parent Company's initial assessment, the impact is expected to be limited to presentation and disclosure changes, including the reclassification of income and expenses into operating, investing, and financing categories and the reclassification of dividends received from joint ventures and associates to cash flows from investing activities. PFRS 18 does not affect recognition and measurement.

PFRS 18 will apply retrospectively. The Parent Company will be conducting an impact assessment of PFRS 18 and is set to apply any changes to the accounting system to be able to comply with PFRS 18 once the standard takes effect.

- 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*

The Parent Company applied materiality guidance in its 2025 accounting policy disclosures.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

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 Parent Company'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 amortized 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 recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

The Parent Company's financial assets include cash and cash equivalents, short-term investments, refundable deposits under 'Prepayments and other current assets', trade and other receivables, advances to subsidiaries and long term time deposits under 'Noncurrent financial assets' which are classified as financial assets at amortized cost.

Subsequent Measurement

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Impairment

The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company 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 (SICR) since initial recognition and that are not credit-impaired upon origination, 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 since initial recognition on an individual or collective basis but are not credit-impaired, 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 trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash, the Parent Company 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. The Parent Company recognizes an allowance based on 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



b. Financial Liabilities

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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities are in the nature of payables which are classified as financial liabilities at amortized cost (loans and borrowings).

Subsequent Measurement

After initial recognition, payables are subsequently measured at amortized cost using 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 finance costs in the statement of comprehensive income.

Investments in Subsidiaries and Associates

Investments in Subsidiaries

A subsidiary is an entity over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Parent Company's investment in subsidiaries is accounted for under the cost method of accounting. Under the cost method, investment is recognized at cost less impairment loss, if any. Income from the investment is recognized only to the extent that the investor receives distributions from accumulated profits of the subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of investment.

The Parent Company provides advances to its subsidiaries for working capital requirements. Such advances recorded in the books of the Parent Company are deemed as part of the investment in subsidiaries.

Investments in Associates

The Parent Company's investment in associate is accounted for using the equity method.

The statement of comprehensive income reflects the Parent Company's share of the results of operations of the associate. Any change in other comprehensive income of associate is presented as part of the Parent Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Parent Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting



from transactions between the Parent Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Parent Company's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate.

Investment Properties

Investment properties consist of land which are measured at deemed cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated impairment in value.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the parent company statement of comprehensive income in the year of retirement or disposal.

The Parent Company's investment property consists of land held to earn rentals and for capital appreciation.

Impairment of Non-financial Assets

The Parent Company assesses at each reporting date whether there is indication that a non-financial asset or cash-generating unit (CGU) may be impaired. If any indication exists, the Parent Company makes an estimate of their recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use, and is determined for an individual item, unless such item does not generate cash inflows that are largely independent of those from other assets or group of assets or CGUs. When the carrying amount exceeds its recoverable amount, such item is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows to be generated by such items are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU. Impairment losses of continuing operations are recognized in the parent company statement of income in the expense categories consistent with the function of the impaired asset.

An assessment is made at least on each reporting date as to whether there is indication that previously recognized impairment losses may no longer exist or may have decreased. If any indication exists, the recoverable amount is estimated and a previously recognized impairment loss is reversed only if there has been a change in the estimate in the assets or CGU's recoverable amount since the last impairment loss was recognized. If so, the carrying amount of the item is increased to its new recoverable amount which cannot exceed the impairment loss recognized in prior years. Such reversal is recognized in the parent company statement of income unless the asset or CGU is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining estimated useful life.

Capital Stock

The Parent Company has issued common and preferred shares that are classified as equity.

The preference shares carry a dividend yield of 5% per annum from the converted debt, payable annually. The dividend rights are cumulative. The preference shares rank ahead of the ordinary shares in the event of a liquidation.



Retained Earnings (Deficit)

Retained Earnings (Deficit) represent the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policies and other capital adjustments.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customers.

Rental Income

Revenue from rental of leased property is recognized in the parent company statement of comprehensive income on a straight-line basis over the term of the lease agreement as the parent company substantially retains all the risks and benefits of the ownership of the asset.

Interest Income

Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable. Revenue is recognized as the interest accrues taking into account the effective yield of the asset.

Other Income

Other income arising from Common Area Maintenance (CAM) are presented net of cost as 'other income' as it is not the main source of the Parent Company's revenue and is not material to the financial statements.

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. Expenses are generally recognized in the statements of comprehensive income when these are incurred.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Parent Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in parent company statement of comprehensive income.

Deferred Tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the 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 the reporting date.

Retirement Plan Assets

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 date reduced by the fair value of plan assets (if any), 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. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- 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. 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 amount of service costs and net interest on the net defined benefit liability or asset is recognized as 'Interest expense' or 'Interest income' in the parent company 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.

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The Parent Company has a defined benefit retirement plan which requires contributions to be made to trustee-administered funds. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. All actuarial gains and losses are recognized in the OCI under remeasurement loss on retirement plan assets.

Basic/ Diluted Loss Per Share

Earnings (loss) per share is computed by dividing the net income (loss) for the year, attributable to the equity holders of the Parent Company, by the weighted average number of common shares issued and outstanding during the year. The weighted average number of common shares issued and outstanding during the period and for all years presented are adjusted for events, other than the conversion of



potential common shares, that have changed the number of common shares outstanding, without a corresponding change in resources.

Diluted earnings (loss) per share is calculated by dividing the profit (loss) attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3. Summary of Material Accounting Judgments, Estimates and Assumptions

The preparation of the Parent Company's financial statements in compliance with PFRS Accounting Standards requires the management to make judgments, estimates and assumptions that affect amounts reported of assets, liabilities and disclosures of contingent assets and liabilities at the date of financial information and the reported amounts of income and expenses during the year. The judgments, estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as these become reasonably determinable.

Judgments, estimates and assumptions 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. However, actual outcome can differ from these estimates.

Estimates and Assumptions

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

Estimation of Allowance for Impairment Losses on Investments in and Advances to Subsidiaries

The Parent Company assesses whether there are any indicators of impairment for investments in and advances to subsidiaries and investments in associates at each end of reporting date. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

Further details on the investments in and advances to subsidiaries is provided in Note 7.

Fair value of Investment Properties

The Parent Company is required to disclose for each class of investment properties the fair value of that class of assets in a way that permits it to be compared with the corresponding carrying amount in the consolidated statements of financial position, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these investment properties would affect the disclosures made by management.

The fair values of the Parent Company's investment properties are set out in Note 9.



Assessment of Realizability of Deferred Tax Assets

The Parent Company reviews the carrying amounts of deferred taxes at each end of the reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies.

Information on the Parent Company's deferred assets is in Note 15.

4. Financial Assets

Cash and Cash Equivalents

	2025	2024
Cash on hand	₱35,000	₱35,000
Cash in banks	28,845,916	27,517,430
Short-term investments	34,282,771	8,471,034
	₱63,163,687	₱36,023,464

Cash in banks earns interest at current bank deposit rates. Short-term investments are made for varying periods up to three months, depending on the immediate cash requirements of the Parent Company, and earn interest at the respective short-term deposit rates.

Interest income earned from cash in banks and short-term investments amounted to ₱1.5 million and ₱0.3 million in 2025 and 2024, respectively.

Current financial assets

The Parent Company has time deposits amounting to ₱40.0 million and ₱20.0 million as at December 31, 2025 and 2024, respectively. Interest income from the time deposits amounted to ₱1.0 million and ₱0.8 million in 2025 and 2024, respectively.

5. Trade and Other Receivables

	2025	2024
Trade receivables	₱3,070,927	₱1,641,875
Non-trade receivables	17,833,885	2,174,633
Accrued interest receivables	1,299,179	1,320,753
	22,203,991	5,137,261
Less allowance for expected credit losses	2,433,885	2,174,633
	₱19,770,106	₱2,962,628

Trade receivables are rentals in arrears that are collected within the next 12 months.

Non-trade receivables include amounts agreed extra-judicially as compensation arising from a dispute with a lessee amounting to ₱15.4 million. The amounts are covered by a settlement plan and is expected to be collected in the next 12 months. This was included under "Other income" in the Parent Company Statements of Comprehensive Income.



Accrued interest receivables pertains to the interest earned on the short-term deposit with CTBC Bank (Philippines) Corporation. (Note 4)

The Parent Company has provided impairment loss on its non-trade receivables amounting to ₱0.3 million and ₱2.2 million in 2025 and 2024, respectively.

Movements in allowance for impairment losses on its non-trade receivables are as follows:

	2025	2024
Beginning balances	₱2,174,633	₱—
Provision for expected credit losses (Note 14)	259,252	2,174,633
	₱2,433,885	₱2,174,633

6. Prepayments and other current assets

	2025	2024
Prepaid rent (Note 13)	₱1,931,008	₱1,910,128
Input VAT	274,588	2,215,296
Advances to officers and employees	855,516	853,996
Refundable deposits	303,316	298,096
	₱3,364,428	₱5,277,516

Input VAT pertains to the VAT on domestic purchases of the Parent Company.

Advances to officers and employees pertain to noninterest-bearing cash advances which are subject to liquidation.

Refundable deposits pertain to miscellaneous deposits related to rent such as office and parking spaces.

7. Investments in and Advances to Subsidiaries and Associates - net

Subsidiaries

	2025	2024
Acquisition costs:		
Island King Aquaventures Corporation (IKAC)	₱48,243,130	₱48,243,130
FYGP	25,000,000	25,000,000
SRTC Development Corporation (SRTC)	19,247,202	19,247,202
	92,490,332	92,490,332
Advances to subsidiaries (Note 16)	99,039,510	97,339,010
	191,529,842	189,829,342
Less: Allowance for impairment losses on:		
Advances to subsidiaries	86,088,819	86,088,819
Investment in subsidiaries	67,490,332	67,490,332
	₱37,950,691	₱36,250,191



As at December 31, 2025 and 2024 the parent company's subsidiaries are as follows:

Subsidiaries	Nature of Business	Percentage of Ownership
FYGP	Manufacturing	98.00% (100% in 2024)
IKAC	Leasing	77.08%
SRTC	Under liquidation	56.98%

FYGP was registered with the Philippine SEC on June 6, 2019 and is primarily engaged in recycling of waste Polyethylene Terephthalate (PET) bottles into resin to be used as feedstock for manufacture of Filament and Food Grade Chip. The registered office address of the Company is First Cavite Industrial Estate, Lot 2, Block 1, Phase 2, Langkaan II Dasmarinas City, Cavite. On June 6, 2019, the SEC issued the certificate of incorporation of the FYGP. On May 5, 2023, FYGP commenced its operations, supplying recycled PET chips to FE New Century Industry (Singapore) (FNIS).

Advances to subsidiaries amounted to ₱13.0 million and ₱11.3 million as at December 31, 2025 and 2024, respectively (see Note 16).

IKAC was registered with the Philippine SEC on September 15, 1986 primarily to engage in the business of aquaculture and undertake any and all related activities necessary, incidental and related thereto. The registered office address of IKAC is Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

SRTC was registered with the Philippine SEC on April 30, 1992 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease and hold for investment or otherwise, real estate of all kinds, and to improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances. The registered office address of SRTC is Unit 8, 5B Floor, Pearl Bank Centre, 146 Valero St., Salcedo Village, Makati City.

On November 22, 2001, the BOD and stockholders of SRTC approved the amendment of SRTC's Articles of Incorporation to shorten its life until December 31, 2001. Subsequently, SRTC declared advance liquidating dividends to its stockholders. Advance liquidating dividends received from SRTC were recognized by the Parent Company as a reduction in its investment in SRTC. On September 25, 2014, the BOD and stockholders of SRTC approved the amendment of the Parent Company's Articles of Incorporation to shorten its life until December 31, 2014. This approval superseded the approval made in 2001. SRTC has yet to complete the requirements for its liquidation.

An allowance for impairment losses on investments in and advances to subsidiaries was provided because these investees, IKAC and SRTC, have negative net worth and have suspended their operations.



Associates

	2025	2024
Investments in Associates:		
Filsyn International Corporation	₱2,067,500	₱2,067,500
Lefilton Trading	200,000	200,000
Lakeview Industrial Corporation	1	1
	2,267,501	2,267,501
Less: Allowance for impairment losses	2,267,500	2,267,500
	₱1	₱1

Investments in associates are investees that are dormant and non-operating. As at December 31, 2025 and 2024, the Parent Company's investments in associates have been impaired.

8. **Other Noncurrent Assets**

	2025	2024
Creditable withholding tax (CWTs)	₱52,475,157	₱61,464,943
Less allowance for impairment losses	50,835,477	58,353,860
	₱1,639,680	₱3,111,083

CWT pertains to unapplied certificates which can be used to pay for future income tax payments. The Parent Company recognized gain from reversal of allowance for impairment losses amounting to ₱7.5 million in 2025 (see Note 14).

9. **Investment Properties**

Investment properties of the Parent Company consist of land in Laguna and Cavite which are being leased to third parties, as follows:

- Parcel of land located in Sta. Rosa, Laguna with a total land area of 300,018 square meters (sqm). This investment property is mortgaged in connection with the MTI discussed in Note 11.
- Parcel of land located in Gen. Mariano Alvarez, Cavite with a total land area of 162,716 sqm.

Based on the latest valuation report from Asian Appraisal, the fair value of parcels of lands as at December 31, 2025, are as follows:

Location	Deemed Cost	Fair Value	Observable Input	Total Land Area	Estimated Fair Value per sqm
Laguna	₱750,045,000	₱3,540,212,000	Price per sqm	300,018 sqm	₱11,800
Cavite	148,612,147	732,222,000	Price per sqm	162,716 sqm	4,500
	₱898,657,147	₱4,272,434,000			

The investment properties are categorized under the Level 2 of the fair value hierarchy and the valuation method used was Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. This approach requires establishing a 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.

The Parent Company has assessed that the highest and best use for its land in Sta. Rosa, Laguna is for light industrial development since it would be too large for a commercial development and a residential subdivision development will not yield a maximum return. The Parent Company has assessed that the highest and best use of the idle investment property in Gen. Mariano Alvarez, Cavite is to develop the land into a self-contained residential subdivision project offering mainly and in combination of vacant residential house and lots and house and lot package complemented with some commercial and institutional usage. For strategic purposes, the property is currently not being used in this manner.

Rental income and direct operating expense pertaining to the lease properties are as follows:

	2025	2024
<i>Sta. Rosa, Laguna</i>		
Rental income	₱78,740,900	₱53,251,996
Real property taxes	₱3,791,018	₱3,791,018
Repairs and maintenance	3,559,712	3,261,732
	2025	2024
<i>Gen. Mariano Alvarez, Cavite</i>		
Real property taxes	₱1,041,382	₱1,041,382

10. Accounts and Other Payables

	2025	2024
Accounts payable	₱10,778,613	₱9,710,079
Accrued interest - related party (Note 16)	26,563,972	27,563,972
Customer's deposits	15,835,942	11,503,054
Nontrade payables	4,076,586	2,443,641
Government payables	32,948	30,719
Others	94,000	422,827
	₱57,382,061	₱51,674,292

Accounts payables represent obligations of the Parent Company which are generally non-interest bearing and are settled on 30 to 90 days' terms.

Accrued interest pertains to interest payable of the Parent Company from its outstanding loans to MG and TPO and are payable on demand (see Note 16).

Refundable customers' deposits pertain to rental deposits from the lessees to the Parent Company which will be refunded upon expiration of the lease term.

Nontrade payables are noninterest bearing payable to various sources and are normally settled on a 30 days' term.

Government payables include obligations to the government for income tax due and other taxes.

Others pertains to accruals made for expenses incurred but billings are not yet received. These are normally settled within 12 months from the end of the financial reporting period.



11. Capital Stock

Shown below is the Parent Company's capital stock before and after equity restructuring:

	No. of shares	Amount
Common stock		
Class A:		
Par value	₱0.50	
Authorized shares	440,229,812	
Issued shares	123,747,707	₱61,873,854
Class B:		
Par value	₱0.50	
Authorized shares	293,486,507	
Issued shares	49,071,976	24,535,988
		₱86,409,842
Preferred stock		
Par value	₱8.39	
Preferred shares	33,426,498	
Issued shares	33,426,498	₱280,448,318
		₱366,858,160

All shares of common stock have the same rights and privileges, except that Class A common stock can be issued only to Filipino citizens or entities. The total number of issued Class B shares should not exceed 2/3 of the total number of issued Class A shares. All shares of preferred stock shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios and bears preferential dividends of 5% per annum of the total debt converted, payable annually in cash, cumulative and convertible to common stocks. Preferred shareholders are also entitled to participate and share in the retained earnings after payment of preferential dividends.

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
July 22, 1968	100,000,000	94,964,130	₱7.80
September 22, 1989	100,000,000	94,964,130	5.00
July 18, 1991	160,000,000	154,964,130	5.00
1991 - 2002	240,000,000	206,246,181	5.00

Equity Restructuring

As mentioned in Note 1, on June 26, 2023, the SEC approved simultaneously the Parent Company's amendment in its Articles of Incorporation, increase/decrease in authorized capital stock and equity restructuring. The approval then resulted to the following:

- Decrease in authorized capital stock of the Parent Company, with par value of the common shares being reduced from ₱5.00 to ₱0.50, with a portion of the Class B common shares reclassified to preferred shares, resulting to 144,000,000 Class A common shares, 62,573,502 Class B common shares and 32,426,498 preferred shares with par value of ₱0.50. The excess amounting to ₱928,107,814 as a result of the reduction in the par value were carried over as APIC.



- Increase in authorized capital stock making the Parent Company's authorized shares to 440,229,812 Class A common share, 293,486,507 Class B common shares with par values of ₱0.50 and 33,426,498 preferred shares with par value from ₱0.50 to ₱8.39. The increase in par value of the preferred shares were paid by the conversion to equity of debt owed to MG amounting to ₱1,389,961,828. The excess from the debt-to-equity conversion amounting to ₱1,126,226,759 was then carried over as APIC.
- Parent Company's recorded deficit as of December 31, 2021 amounting to ₱1,862,551,707 was eliminated against the APIC from the reduction in par values and debt-to-equity conversion. The net movement in the APIC after application amounted to ₱191,782,866.

On October 18, 2024, the Parent Company's amended General Information Sheet was approved by the SEC, reflecting the changes in the authorized capital stock and the equity restructuring as approved by the SEC on June 26, 2023.

12. Loss per Share

Basic and Diluted EPS

	2025	2024
Net income (loss)	₱54,667,590	(₱3,032,590)
Preferred dividends	104,247,137	69,498,091
	(49,579,547)	(72,530,681)
Weighted average number of common shares issued and outstanding during the year	172,819,683	172,819,683
Basic/diluted loss per share	(₱0.2869)	(₱0.2186)

The preferred shareholders have a right to participate in the retained earnings after payment of preferential dividends of 5% per annum of the total debt converted to equity. These shares are also convertible to common shares using a 16.78:1 conversion ratio at ₱0.50 per share.

In 2025 and 2024, the diluted EPS did not consider the effect of convertible shares outstanding since these were anti-dilutive.

13. Lease Agreements

Parent Company as a lessor

The Parent Company has existing short-term lease agreements with various third parties (lessees) covering the Parent Company's investment property located in Sta. Rosa, Laguna. The term of the lease are generally renewable every six months to one year or at the option of both parties under the terms and stipulations mutually agreed upon, unless sooner terminated due to breach of agreement.

Rental income earned amounted to ₱78.7 million and ₱53.3 million in 2025 and 2024, respectively.



Parent Company as a lessee

The Parent Company entered into a lease contract wherein the Parent Company leased the lessor's commercial space located at The Pearlbank Centre, Salcedo Village, Makati City for a period of five (5) years commencing on January 1, 2015 to December 31, 2019. In previous years, the contract was renewed for a period of one (1) year with no rent escalation. In December 2024, the contract was renewed for another year with no rent escalation.

Total rental expense amounted to ₱1.2 million and ₱1.0 million in 2025 and 2024, respectively (see Note 14). Prepaid rent amounted to ₱1.9 million as at December 31, 2025 and 2024 (see Note 6).

14. Costs and Expenses

	2025	2024
Professional fees	₱15,310,972	₱22,004,203
Gain on reversal of allowance for impairment loss (Note 8)	(7,518,383)	—
Salaries and wages	5,324,934	4,026,560
Taxes and licenses	5,268,989	5,312,689
Security services	4,957,673	5,370,813
Repairs and maintenance	3,559,712	3,261,731
Utilities	1,592,802	912,501
Employee benefits	1,566,284	1,736,771
Retirement income (Note 17)	(1,262,202)	(1,070,494)
Rentals	1,150,429	1,049,112
Subscriptions, dues and donations	349,808	1,578,408
Provision for expected credit loss (Note 5)	259,252	2,174,633
Transportation and travel	193,276	241,027
Office supplies	74,822	153,726
Others	778,162	3,482,965
	₱31,606,530	₱50,234,645

Other expenses comprise of miscellaneous expenses, insurance expenses and other minimal expenses.

Personnel Costs

	2025	2024
Salaries and wages	₱5,324,934	₱4,026,560
Employee benefits	1,566,284	1,736,771
Retirement income	(1,262,202)	(1,070,494)
	₱5,629,016	₱4,692,837



15. Income Taxes

Current income tax

The provision for current income tax represents regular corporate income tax in 2025 and 2024.

The reconciliation of income tax computed at the statutory income tax rate to provision for current income tax as shown in the Parent Company statements of comprehensive income follows

	2025	2024
Provision for (benefit from) income tax at statutory income tax rate	₱17,653,145	(₱294,181)
Add (deduct) tax effects of:		
Movement in unrecognized deferred tax assets	(1,106,033)	2,399,906
Interest income already subjected to final tax	(618,824)	(273,233)
Nondeductible penalties	16,700	291,000
Movement in deferred tax liabilities	—	(267,624)
	₱15,944,988	₱1,855,868

Deferred income tax

The Parent Company has temporary differences for which no deferred tax assets were recognized as it is not probable that sufficient future taxable income will be available against which the benefits of the deferred tax assets can be utilized.

	2025	2024
Unrealized foreign exchange losses	₱115,296,858	₱112,461,858
Allowance for impairment losses on advances to subsidiaries (Notes 7 and 16)	86,088,819	86,088,819
Allowance for impairment losses on non-current assets (Note 8)	50,835,477	58,353,860
Accrued interest	26,563,972	27,563,972
Provision for expected credit losses (Note 5)	2,433,885	2,174,633

The components of recognized deferred tax liabilities as at December 31, 2025 and 2024 are as follows:

	2025	2024
Investment properties	₱110,644,498	₱110,644,498
Retirement plan assets	6,313,508	6,045,060
	₱116,958,006	₱116,689,558

16. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Parent Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Parent Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Parent Company, close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.



In the normal course of business, transactions with related parties consist mainly of unsecured non-interest bearing, short-term cash advances for working capital requirements of the Parent Company, which are due upon demand.

Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
Stockholder				
Trans-Pacific Oriental Holding Company, Inc. (TPO)				
Loan payable*				
2025	₱–	₱176,370,000	Non-interest bearing until 2019, payable on demand; to be settled in cash	Unsecured and unguaranteed
2024	₱–	₱173,535,000		
Accrued interest payable (Note 10)				
2025	–	1,955,755	Portion was subjected to financial restructuring; payable in cash	Unsecured and unguaranteed
2024	–	2,958,562		
Malaysia Garment Manufacturers (Pte) Ltd. (MG)				
Accrued interest payable (Note 10)				
2025	–	24,608,217	Portion was subjected to financial restructuring; payable in cash	Unsecured and unguaranteed
2024	–	24,605,410		
Subsidiaries - Advances to subsidiaries (Note 7)				
IKAC				
2025	500	86,008,318	Interest bearing	Unsecured and unguaranteed; Impaired
2024	–	86,007,818		
FYGP				
2025	1,700,000	12,950,192	Non-interest bearing, collectible on demand, to be collected in cash	Unsecured and unguaranteed
2024	1,200,943	11,250,192		
SRTC				
2025	–	81,000	Non-interest bearing, collectible on demand, to be collected in cash	Unsecured and unguaranteed
2024	–	81,000		
2025		₱99,039,510		
2024		₱97,339,010		
Less allowance for impairment losses (Note 7)				
2025		₱86,088,819		
2024		₱86,088,819		
Total				
2025		₱12,950,691		
2024		₱11,250,191		

*Movement in 2025 and 2024 refers to foreign exchange translation.

The Parent Company availed of working capital US\$-denominated loan in 1993 amounting to US\$3 million (₱83,097,000) from TPO, a major stockholder, with fixed interest rate. In 2001, the loan payable was modified to cease the accrual of the interest. The loan payable amounting to ₱173.5 million remains to be outstanding as at December 31, 2024. Interest paid in relation to the loan amounted to ₱1.0 million and ₱1.1 million in 2025 and 2024, respectively. Unrealized foreign exchange gain (loss) was recognized from the loan amounting to ₱2.8 million and ₱7.4 million in 2025 and 2024, respectively.



Compensation of Key Management Personnel

The Parent Company considered all employees holding managerial positions up to president as key management personnel. Compensation of key management personnel, which consist of short-term and employee benefits, amounted to ₱4.6 million in ₱1.2 million and 2025 and 2024, respectively.

17. Retirement Plan

The Parent Company has a funded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. Benefits are dependent on the years of service and the respective employee's compensation. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. There was no planned termination, curtailment or settlement for the years ended December 31, 2025 and 2024.

Under the existing regulatory framework, RA 7641, otherwise known as the "Retirement Pay Law", requires a provision for retirement pay to qualified private sector employees in the absence of any retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law.

The Parent Company's plan is a noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Committee is responsible for the investment strategy of the plan.



The following table summarizes the details in the Actuarial Valuation Report as at December 31, 2025 and 2024.

2025										
Net Benefit Cost in Profit or Loss					Remeasurements in Other Comprehensive Income					
	January 1, 2025	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Return on plan assets	Actuarial Gains on Defined Benefit Obligation	Actuarial Changes Arising from Changes in Experience Adjustments	Subtotal	December 31, 2025
Present value of defined benefit obligation	(₱3,338,499)	(₱104,285)	(₱86,064)	(₱190,349)	₱–	₱–	(₱34,261)	₱82,945	₱48,684	(₱3,480,164)
Fair value of plan asset	27,518,745	–	1,452,551	1,452,551	–	(237,102)	–	–	(237,102)	28,734,194
Net plan assets	₱24,180,246	(₱104,285)	₱1,366,487	₱1,262,202	₱–	(₱237,102)	(₱34,261)	₱82,945	(₱188,418)	₱25,254,030
2024										
Net Benefit Cost in Profit or Loss					Remeasurements in Other Comprehensive Income					
	January 1, 2024	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Return on plan assets	Actuarial Gains on Defined Benefit Obligation	Actuarial Changes Arising from Changes in Experience Adjustments	Subtotal	December 31, 2024
Present value of defined benefit obligation	(₱2,451,028)	(₱79,113)	(₱60,318)	(₱139,431)	₱–	₱–	₱8,873	(₱756,913)	(₱748,040)	(₱3,338,499)
Fair value of plan asset	23,803,913	–	1,209,925	1,209,925	–	2,504,907	–	–	2,504,907	27,518,745
Net plan assets	₱21,352,885	(₱79,113)	₱1,149,607	₱1,070,494	₱–	₱2,504,907	₱8,873	(₱756,913)	₱1,756,867	₱24,180,246

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Parent Company is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Parent Company's discretion.



The carrying value and fair value of plan assets by each class as at the end of the reporting period are as follow:

	2025	2024
Cash	₱1,807,565	₱475,369
Government securities	26,670,264	26,853,794
Accrued income receivable	300,726	233,207
Trust fee payable	(44,361)	(42,625)
	₱28,734,194	₱27,519,745

The plan assets have diverse investments in equity and debt securities, and do not have any concentration risk.

The costs of defined benefit plan as well as the present value of the defined benefit obligations are actuarially determined using projected unit credit method. The actuarial valuation involves making various assumptions. The principal assumptions used in determining defined benefit obligations for the defined benefit plans are shown below:

	2025	2024
Discount rate	5.04%	6.18%
Salary increase rate	1.00%	1.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase (decrease)	2025	2024
Discount rates	+1%	₱3,450,067	₱3,309,935
	-1%	₱3,510,814	₱3,367,583
Salary increase rate	+1%	₱3,514,621	₱3,371,553
	-1%	₱3,445,707	₱3,305,444

Shown below is the maturity analysis of the undiscounted benefit payments:

	2025	2024
Less than one year	₱3,658,457	₱3,528,848

Retirement fund

The Parent Company entered into a Trust Agreement with BPI Asset Management for the latter to serve as a trustee for the Parent Company's retirement fund. The carrying amount equals the fair value of the retirement fund amounting to ₱28.7 million and to ₱27.5 million as at December 31, 2025 and 2024, respectively. There were no any other transactions between the Parent Company and the retirement fund trustee.



18. Financial Risk Management Objectives and Policies and Capital Management

Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments consist of cash and cash equivalents, noncurrent financial assets, restructured loans and loans payable to a stockholder. The main purpose of these financial instruments is to raise funds for the Parent Company's operations. The Parent Company has various other financial instruments such as long term time deposit and accounts and other payables, excluding government payables, which arise directly from its operations.

The main risks arising from the financial instruments of the Parent Company are credit risk, liquidity risk and market risk. The BOD reviews and agrees policies for managing these risks.

Credit Risk

Credit risk arises from the possibility that the Parent Company may incur financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Parent Company is exposed to credit risk principally from its cash in banks and cash equivalents and refundable deposits. In addition, the balances of cash in banks and cash equivalents and refundable deposits are monitored on an ongoing basis so that the Parent Company's exposure to impairment losses is not significant. There is no significant concentration of credit risk in the Parent Company.

The Parent Company has four types of financial assets that are subject to the expected credit loss model which is cash and cash equivalents, receivables, amounts owed by related parties and long term time deposits.

Generally, receivables and amounts by related parties are written off if it can no longer be recovered and are not subject to enforcement activity. As of December 31, 2025, the maximum exposure to credit risk is the carrying value of each class of financial assets.

While cash and cash equivalents are also subject to the impairment requirements of PFRS 9, the identified impairment loss were immaterial.

The table below shows the maximum exposure to credit risk for the Parent Company's financial assets, without taking into account any collateral and other credit enhancements as at December 31, 2025 and 2024.

	2025	2024
<i>Financial assets at amortized cost</i>		
Cash and cash equivalents		
Cash in banks	₱28,845,916	₱27,517,430
Short-term investments	34,282,771	8,471,034
Refundable deposits	303,316	298,096
Trade and other receivables	19,770,106	2,962,628
Investment in and advances to subsidiaries and associate	12,950,192	11,250,192
Current financial asset	40,000,000	20,000,000
	₱136,152,301	₱70,499,380

The Company has no significant concentration of credit risk in relation to its financial assets. All financial assets with no ECL are currently current with no days past due.



Credit risk under general and simplified approach

Set out below is the credit risk of the financial assets under General approach:

2025					
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Cash in bank	₱28,845,916	₱–	₱–	₱–	₱28,845,916
Short-term cash investment	34,282,771	–	–	–	34,282,771
Current financial asset	40,000,000	–	–	–	40,000,000
Trade and other receivables	1,299,179	–	2,433,885	18,470,927	22,203,991
Refundable deposits	303,316	–	–	–	303,316
Advances to subsidiaries	12,950,192	–	86,088,819	–	99,039,011
	₱117,681,374	₱–	₱88,522,704	₱18,470,927	₱224,675,005

2024					
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Cash in bank	₱27,517,430	₱–	₱–	₱–	₱27,517,430
Short term investments	8,471,034	–	–	–	8,471,034
Refundable deposits	298,096	–	–	–	298,096
Trade and other receivables	1,320,753	–	2,174,633	1,641,875	5,137,261
Advances to subsidiaries	11,250,192	–	86,088,819	–	97,339,011
Noncurrent financial asset	20,000,000	–	–	–	20,000,000
	₱68,857,505	₱–	₱88,263,452	₱1,641,875	₱158,762,832

General approach

Individually impaired financial assets that were specifically determined by the Company under Stage 3 are fully provided with ECL.

Financial assets are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL to be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

Simplified approach

There were no significant concentrations of credit risk using simplified approach within the Parent Company

Liquidity Risk

Liquidity risk is the potential of not meeting obligations as they become due because of an inability to liquidate assets or obtain adequate funding.

The Parent Company seeks to manage its liquid funds through cash planning on a monthly basis. The Parent Company uses historical figures and experiences and forecasts from its collection and disbursement.



The amounts disclosed in the table below are the contractual undiscounted cash flows as at December 31, 2025 and 2024 which are all due and demandable:

2025	On Demand	Within one Year	Over one Year	Total
<i>Financial liabilities</i>				
Accounts and other payables*	₱57,349,113	₱—	₱—	₱57,349,113
Loans payable to a stockholder	176,370,000	—	—	176,370,000
	₱233,719,113	₱—	₱—	₱233,719,113

*Excluding government payables amounting to ₱32,948

2024	On Demand	Within one Year	Over one Year	Total
<i>Financial liabilities</i>				
Accounts and other payables*	₱51,643,573	₱—	₱—	₱51,643,573
Loans payable to a stockholder	173,535,000	—	—	173,535,000
	₱225,178,573	₱—	₱—	₱225,178,573

*Excluding government payables amounting to ₱30,719

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes.

Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Parent Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial and cash flows.

The Parent Company's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Parent Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Parent Company is engaged.

The Parent Company's foreign currency-denominated financial asset and liability as at December 31, 2025 and 2024 are as follows:

	2025		2024	
	USD	Peso Equivalent	USD	Peso Equivalent
<i>Financial Liability</i>				
Loans payable to a stockholders	(\$3,000,000)	(₱176,370,000)	(\$3,000,000)	(₱173,535,000)

As at December 31, 2025 and 2024, the exchange rates of the Philippine peso to the US\$ are ₱58.79 and ₱57.85 to US\$1.00 respectively. Unrealized foreign exchange gain (loss) amounted to ₱2.4 million and ₱7.4 million in 2025 and 2024, respectively.



The sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Parent Company's income before tax as at December 31, 2025 and 2024 is as follows:

	Change in foreign exchange rate	Effect in loss before income tax
2025	+1.07	₱3,210,000
	-0.73	(2,190,000)
2024	+1.09	(₱3,270,000)
	-1.16	3,480,000

Capital Management

The primary objective of the Parent Company's capital management is to ensure its ability to continue as a going concern.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may obtain additional advances from stockholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2025 and 2024. The Parent Company has no to externally imposed capital requirement

As at July 1, 2022, the BOD agreed to maintain the Parent Company's operations at status quo; i.e., continue with the asset disposal programs and lease out the Parent Company's warehouse in Sta. Rosa, Laguna and to look for a potential partner for a joint venture agreement.

The following table summarizes the total capital considered by the Parent Company:

	2025	2024
Capital stock	₱366,858,160	₱366,858,160
Additional paid-in capital	335,372,611	335,372,611
Remeasurement loss on retirement plan assets	(4,873,459)	(4,732,146)
Retained earnings (Deficit)	41,732,391	(12,935,199)
	₱739,089,703	₱684,563,426

19. Fair Value Measurement

Fair Values of Financial Assets and Financial Liabilities

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values as at December 31, 2025 and 2024 are set out below:

Cash and Cash Equivalents, Other Receivables and Accounts and Other Payables

The carrying values of these financial instruments approximate their fair values due to the short-term nature of these accounts.



Refundable Deposits

The carrying values of other noncurrent assets approximate their fair values based on the market value of similar lease agreements.

Loan Payable to a Stockholder

The carrying values of the loans payable to a stockholder approximate its fair value as the loan is already due and demandable and the effect of discounting the instrument is not material.

Current/Noncurrent Financial Asset

The carrying amount of this deposit represents its fair value because the interest rate it carries approximates the interest rate for comparable instruments in the market.

Fair Value of Investment Properties

The following table provides the fair value measurement hierarchy of the Parent Company's investment properties as at December 31:

2025				
	Total	Fair value using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset for which fair value is disclosed:				
Investment Properties	₱4,272,434,000	₱—	₱4,272,434,000	₱—

2024				
	Total	Fair value using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset for which fair value is disclosed:				
Investment Properties	₱4,133,614,000	₱—	₱4,133,614,000	₱—

The fair value, which was determined through the use of market data (sales comparison) approach, is based on the assumption that no prudent purchaser will buy more than what it will cost him to acquire an equally desirable substitute parcel or site. This approach is primarily based on sales and listings, which are adjusted for time of sale, location, and general characteristics of comparable properties in the neighborhood where the subject property is situated.



The description of valuation techniques used and key inputs to the valuation of land are shown below:

Location	Valuation technique	Significant observable input	Valuation Date	Land Area	Fair Value
<i>Sta. Rosa, Laguna</i>					
Land in Barangays Malitlit, Macabling and Macabling, Santa Rosa City, Province of Laguna	Market data approach	Net price per square meter	2025: December 15, 2025 2024: January 21, 2025	55,894 square meters in aggregate	2025: ₱9,720 to ₱15,390 per square meter 2024: ₱10,421 to ₱13,500 per square meter
<i>Gen. Mariano Alvarez, Cavite</i>					
Land in Barangays Pasong Saging, Pasong Saging and a land along the road Mayor's Drive Barangay Olaes, Province of Cavite	Market data approach	Net price per square meter	2025: December 16, 2025 2024: January 21, 2025	8,086 square meters in aggregate	2025: ₱4,388 to ₱4,860 per square meter 2024: ₱4,095 to ₱4,455 per square meter

The highest and best use of the properties as at appraisal date is a mix of light industrial development and commercial utilities. However, due to strategic reasons of management, the properties are not currently being used in this manner as the properties are currently idle.

Management believes that there are no events or changes in circumstances indicating a significant change in the fair value of the investment properties between the appraisal date and reporting date.

20. Supplementary Disclosure to Statement of Cash Flows

The following tables summarize the changes in liabilities arising from financing activities for the period ended December 31, 2025 and 2024, respectively:

	2025		
	January 1	Cash Flow	December 31
Accrued interest payable	₱27,563,972	(₱1,000,000)	₱26,563,972

	2024		
	January 1	Cash Flow	December 31
Accrued interest payable	₱28,663,972	(₱1,100,000)	₱27,563,972
Due to a related party	1,000,000	(1,000,000)	—
	₱29,663,972	(₱2,100,000)	₱27,563,972



21. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

The Parent Company reported and/or paid the following types of taxes in 2025:

a. VAT

The Parent Company is a VAT-registered company with output VAT declaration of ₱9.5 million in 2025. The amount of Input VAT claimed broken down into:

Beginning balance	₱2,215,296
Current year's domestic purchases or payments	6,758,429
Application	(2,784,357)
Ending balance	₱6,189,368

b. Taxes and licenses

Real property taxes	₱3,791,018
License and permit fees	401,238
Others	35,350
	₱4,227,606

c. Withholding taxes

Expanded	₱281,944
Compensation	196,376
	₱478,320

d. Others

The Parent Company has no locally produced or imported excisable item, landed cost of imports, custom duties, tariff fees and documentary stamp tax paid or accrued as at December 31, 2025.

There were no deficiency tax assessments, tax cases under preliminary investigation, litigation and or prosecution in courts or bodies outside the BIR.



**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
Filsyn Corporation
Unit 8, 5B The Pearlbank Centre, 146 Valero St.
Salcedo Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Filsyn Corporation (the Parent Company) as at and for the years ended December 31, 2025 and 2024, and have issued our report thereon dated April 13, 2026. Our audits were made for the purpose of forming an opinion on the parent company financial statements taken as a whole. The Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Parent Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the parent company financial statements. This has been subjected to the auditing procedures applied in the audit of the parent company 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 parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo

Marco Rene A. Barredo

Partner

CPA Certificate No. 116783

Tax Identification No. 214-999-478

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116783-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765015, January 2, 2026, Makati City

April 13, 2026



Reconciliation of Retained Earnings for Dividend Declaration

For the reporting period ended December 31, 2025

Filsyn Corporation

Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

Deficit, beginning of reporting period	(P12,935,199)
Add: <u>Category A</u> : Items that are directly credited to unappropriated retained earnings	—
Less: <u>Category B</u> : Items that are directly debited to unappropriated retained earnings	—
Dividend declaration during the accounting period	—
Deficit, as adjusted	(12,935,199)
Net income for the current year	54,667,590
Less: <u>Category C.1</u> : Unrealized income recognized in the profit or loss during the reporting period (net of tax)	—
Movements in deferred tax assets	—
Add: <u>Category C.2</u> : Unrealized income recognized in the profit or loss in prior reporting periods but realized in current reporting period (net of tax)	—
Add: <u>Category C.3</u> : Unrealized income recognized in the profit or loss in prior reporting periods but reversed in current reporting period (net of tax)	—
Adjusted net income/loss	54,667,590
Add: <u>Category D</u> : Non-actual losses recognized in profit or loss during the reporting period (net of tax)	—
Add/Less: <u>Category E</u> : Adjustments related to relief granted by SEC and BSP	—
Add/Less: <u>Category F</u> : Other items that should be excluded from the determination of the amount of available for dividends distribution	—
Total Retained Earnings, end of reporting period	P41,732,391