

# **PNB HOLDINGS, INC.**

## **MANAGEMENT REPORT**

### **ITEM 1. BUSINESS**

#### **CORPORATE HISTORY**

PNB Holdings Corporation (Formerly: Philippine Exchange Holdings Corporation) (the “Company” or “PHC”) is a stock corporation incorporated on 20 May 1920 to engage in general mercantile business. It was then named National Exchange Company, Inc. with principal place of business in the City of Manila.

The Company later changed its primary purpose to that of a holding company and correspondingly amended its corporate name to PNB Holdings Corporation.

In a Certificate of Filing of Amended Articles of Incorporation dated 13 January 2021, the SEC approved the amendment of the Company’s Articles of Incorporation to include engaging in the real estate business as a secondary purpose and the increase of the its authorized capital stock from ₱500,000,000.00 divided into 5,000,000 common shares with a par value of ₱ 100.00 per share, to ₱50,500,000,000.00 divided into 505,000,000 common shares with a par value of ₱100.00 per share. Out of the increase in the authorized capital stock of 500,000,000 shares, a total of 466,770,000 common shares with a par value of ₱100.00 per share was subscribed by PNB in exchange for prime real estate properties, namely PNB Financial Center Building, PHC Buendia Property (known as RJ Property at the time of the property-for-share swap) and PNB Makati Center Building. As a result, the Company became wholly owned by PNB as its total shareholdings in the Company increased to 469,321,000 shares.

On 21 December 2021, the Bureau of Internal Revenue (“BIR”) issued a Certification that the transfer by PNB to the Company of the said prime real properties in exchange for 466,770,000 of the Company’s shares is a tax-free exchange pursuant to Section 40(C)(2) of the Tax Code, as amended.

In 2021, the Board of Directors of PNB approved and confirmed the declaration of up to 239,353,710 common shares of the Company with a par value of ₱100.00 per share, representing 51.00% of PNB’s shareholdings in the Company, as property dividend to all stockholders of record of PNB as of 18 May 2021. On 24 December 2021, the SEC issued a Certificate of Filing the Notice of Property Dividend Declaration. The Property Dividend was distributed at a ratio of 0.156886919 shares of the Company for every one share of PNB.

In a Certificate of Filing of Amended Articles of Incorporation dated 29 May 2023, the SEC approved the change in the par value of the Company’s Common Shares, from ₱100.00 per share to ₱1.00 per share. As a result, the Company’s authorized capital stock increased from 505,000,000 common shares with a par value of ₱100.00 per share, to 50,500,000,000 common shares with a par value of ₱1.00 per share.

Prior to the distribution of the Property Dividend, the Company was a wholly owned subsidiary of PNB. As a result of the Property Dividend, LT Group Inc. (“LTG”), a publicly-listed company incorporated and domiciled in the Philippines, gained indirect ownership of the Company of up to 40.16% through LTG-affiliated companies which received the Dividend

Shares. The Company’s ultimate parent company, Tangent Holdings Corporation, is incorporated in the Philippines.

As a result of the Property Dividend declaration and the subsequent release of eCARs by the BIR, more than 200 stockholders now hold at least 100 shares of the Company. Considering that the Company has total assets amounting to more than P50,000,000.00, the Company qualified as a public company as defined in the Securities Regulation Code (“SRC”) and its Implementing Rules and Regulations (“SRC-IRR”). On 26 March 2025, the Company formally notified the SEC through the Corporate Governance and Finance Department (“CGFD”) that the Company qualified as a public company as a result of which, the Company was effectively under the supervision of the CGFD.

As of the date of this report, the Company is applying for the registration of its 46,932,100,000 shares with the SEC and the listing by way of introduction of the said shares with the Philippine Stock Exchange (the “PSE”).

## ITEM 2. DIRECTORS AND OFFICERS

Please refer to Item 5 of the Information Statement.

## ITEM 3. MANAGEMENT DISCUSSION AND ANALYSIS

### 3.1 RESULTS OF OPERATIONS

The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the audited financial statements as at December 2025, 2024 and 2023.

#### 2025 vs 2024

<i>(Amount in Thousands)</i>	2025	2024	Change in 2025	% Change in 2025
Revenue	₱1,212,180	₱1,337,451	(₱125,271)	-9%
Direct cost	550,330	575,053	(24,723)	-4%
Gross profit	661,850	762,398	(100,548)	-13%
Operating expenses	250,398	180,393	70,005	39%
Other income – net of finance charges	109,294	94,016	15,278	16%
Earnings before income tax (EBIT)	520,746	676,022	(155,276)	-23%
Income tax	119,067	147,032	16,531	-19%
Net income after tax (NIAT)	401,679	528,990	(127,311)	-24%
Other comprehensive income (loss)	(9,634)	45,687	(55,321)	-121%
Total comprehensive income	392,045	574,676	(182,631)	-32%
EBITDA	₱671,354	₱850,538	(₱179,184)	-21%

**Gross Revenues** – In 2025, the Company posted gross revenues of ₱1.21 billion, which was lower by ₱125.27 million or 9%, compared to ₱1.34 billion in 2024. Overall occupancy rose to 90% in 2025, up from 83% during the same period in 2024. However, new tenants in 2025 were offered lower rental rates, particularly at the PNB Financial Center, due to the continued oversupply of office spaces across Metro Manila, most notably in the Bay Area in Pasay.

**Direct Costs** – In 2025, the Company’s direct costs totaled ₱550.33 million, representing a ₱24.72 million or 4% decrease compared to ₱575.05 million in 2024. This reduction was primarily due the extension of useful life of the Company’s buildings, as well as lower spending on utilities and repairs and maintenance, reflecting the ongoing cost-minimization strategy.

**Operating Expenses** – The Company’s operating expenses in 2025 amounted to ₱250.40 million, which was higher by ₱70.00 million or 39%, compared to ₱180.39 million in 2024. This increase was driven by additional manpower and related costs, as the Company beefs up its management team to enhance service quality and prepare for the launch of redevelopment plans and its listing with the PSE. Business taxes and listing fees also accounted for a significant portion of the increase.

**Other Income** – This refers mostly to interest income from bank placements. In 2025, it increased by ₱15.28 million or 16%, due to a higher volume of investments and higher interest rates compared to the same period in 2024.

**Profitability Metrics:** Given the above discussion, the profitability metrics are as follows:

1. Gross Profit in 2025 amounted to ₱661.85 million, lower by ₱100.55 million or 13%, compared to 2024.
2. Earnings Before Income Tax (EBIT) in 2025 totaled ₱520.75 million, down from ₱676.02 million in 2024.
3. Net Income After Tax (NIAT) in 2025 was ₱401.68 million, compared to ₱529.00 million in 2024.
4. Earnings Before Income tax, Depreciation and Amortization (EBITDA) in 2025 amounted to ₱671.35 million, down from ₱850.54 million in 2024.

<b>Vertical Analysis (% of Revenue)</b>	<b>2025</b>	<b>2024</b>
Revenue	100%	100%
Direct cost	45%	43%
Gross profit	55%	57%
Operating expenses	21%	13%
Other income – net	9%	7%
Earnings before income tax (EBIT)	43%	51%
Income tax	10%	11%
Net income after tax (NIAT)	33%	40%
Other comprehensive income	-1%	3%
Total comprehensive income	32%	43%
EBITDA	55%	64%

**Profitability Ratios:** Due to lower revenues, the Gross Profit margin declined in 2025 to 55%, from 57% in 2024. Moreover, higher operating expenses in 2025 caused the EBIT, NIAT and EBITDA margins to decrease to 43%, 33% and 55%, respectively, compared to 51%, 40% and 64%, respectively, in 2024.

## **2024 vs 2023**

<i>(Amount in Thousands)</i>	2024	2023	Change in 2024	% Change in 2024
Revenue	₱1,337,451	₱1,394,790	(₱57,339)	-4%
Direct cost	575,053	609,031	(33,978)	-6%
Gross profit	762,398	785,759	(23,361)	-3%
Operating expenses	180,393	95,028	85,365	90%
Other income – net of finance charges	94,016	49,288	44,728	91%
Earnings before income tax (EBIT)	676,022	740,019	(63,997)	-9%
Income tax	147,032	130,501	16,531	13%
Net income after tax (NIAT)	528,990	609,518	(80,529)	-13%
Other comprehensive income	45,687	10,287	35,400	344%
Total comprehensive income	574,676	619,805	(45,129)	-7%
EBITDA	₱850,538	₱901,172	(₱50,634)	-6%

**Gross Revenues** – In 2024, the Company posted gross revenue of ₱1.34 billion, which is lower by ₱57.34 million or 4% compared to ₱1.39 billion last year. The decrease is mainly due to a drop in occupancy from 95% in 2023 to almost 83% in 2024.

**Direct Costs** – In 2024, the Company’s direct costs amounted to ₱575.05 million which is 6% or ₱33.98 million lower than the ₱609.03 million in 2023. The decrease is mainly due to lower outside services and repairs and maintenance, as result of cost minimization strategy.

**Operating Expenses** – In 2024, the Company’s operating expenses amounted to ₱180.39 million, an increase of ₱85.37 million or 90% compared to ₱95.03 million in 2023. The rise was primarily driven by higher depreciation expense, taxes and licenses, service fees, and personnel costs.

**Other Income** – This refers mainly to interest income from bank placements. In 2024, it increased by ₱44.73 million, or 91%, due to a higher volume of investments and an average interest rate of 5.95%.

**Profitability Metrics:** Given the above discussion, the profitability metrics are as follows:

1. Gross Profit in 2024 amounted to ₱762.40 million, lower by ₱23.36 million or 3%, compared to 2023.
2. Earnings Before Income Tax (EBIT) in 2024 totaled ₱676.02 million, down from ₱740.02 million in 2023.
3. Net Income After Tax (NIAT) in 2024 was ₱529.00 million, compared to ₱609.52 million in 2023.
4. Earnings Before Income tax, Depreciation and Amortization (EBITDA) in 2024 amounted to ₱850.54 million, down from ₱901.17 million in 2023.

<b>Vertical Analysis (% of Revenue)</b>	2024	2023
Revenue	100%	100%
Direct cost	43%	44%
Gross profit	57%	56%
Operating expenses	13%	7%
Other income – net	7%	4%
Earnings before income tax (EBIT)	51%	53%
Income tax	11%	9%
Net income after tax (NIAT)	40%	44%
Other comprehensive income	3%	1%

<b>Vertical Analysis (% of Revenue)</b>	<b>2024</b>	<b>2023</b>
Total comprehensive income	43%	44%
EBITDA	64%	65%

**Profitability Ratios:** Due to lower revenues and direct costs, the gross profit margin remained nearly the same at 57% in 2024 and 56% in 2023. However, due to higher operating expenses, the EBIT, NIAT and EBITDA margins in 2025 declined to 51%, 40% and 64%, respectively, compared to 53%, 44% and 65%, respectively, in 2023.

### 3.2. FINANCIAL CONDITION

#### 2025 vs 2024

<i>(Amounts in thousands)</i>	<b>December 31, 2025</b>	<b>December 31, 2024 (as restated)</b>	<b>Change in 2025</b>	<b>% Change in 2025</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	₱2,330,899	₱1,919,455	₱411,444	21%
Trade and other receivables	774,606	959,388	(184,782)	-19%
Other current assets	216,612	265,689	(49,077)	-18%
<b>Total Current Assets</b>	<b>3,322,117</b>	<b>3,144,532</b>	<b>177,585</b>	<b>6%</b>
<b>Noncurrent Assets</b>				
Financial assets at FVOCI	206,695	218,029	(11,334)	-5%
Investment properties	46,522,867	46,176,006	346,861	1%
Property and equipment	86,163	311,153	(224,990)	-72%
Deferred rent assets	317,931	304,554	13,377	4%
<b>Total Noncurrent Assets</b>	<b>47,133,656</b>	<b>47,009,742</b>	<b>123,914</b>	<b>0%</b>
<b>TOTAL ASSETS</b>	<b>₱50,455,773</b>	<b>₱50,154,274</b>	<b>₱301,499</b>	<b>1%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	₱233,853	₱431,512	(197,659)	-46%
Current portion of deposits and other current liabilities	114,064	58,109	55,955	96%
Income tax payable	25,610	–	25,610	100%
<b>Total Current Liabilities</b>	<b>373,527</b>	<b>489,621</b>	<b>(116,094)</b>	<b>-24%</b>
<b>Noncurrent Liabilities</b>				
Deposits and other noncurrent liabilities - net of current portion	484,815	451,291	33,524	7%
Retirement liability	3,849	5,647	(1,798)	-32%
Deferred income tax liabilities - net	35,201	41,379	(6,178)	-15%
<b>Total Noncurrent Liabilities</b>	<b>523,865</b>	<b>498,317</b>	<b>25,548</b>	<b>5%</b>
<b>Total Liabilities</b>	<b>897,392</b>	<b>987,938</b>	<b>(90,546)</b>	<b>-9%</b>
<b>Equity</b>				
Capital stock	46,932,100	46,932,100	–	0%
Retained earnings	2,469,332	2,067,653	401,679	19%
Other comprehensive income	156,949	166,583	(9,634)	-6%
<b>Total Equity</b>	<b>49,558,381</b>	<b>49,166,336</b>	<b>392,045</b>	<b>1%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱50,455,773</b>	<b>₱50,154,274</b>	<b>₱301,499</b>	<b>1%</b>

**Assets:** The Company ended the year 2025 with total assets of ₱50.46 billion, an increase of ₱301.50 million from the December 31, 2024 balance of ₱50.15 billion. The portfolio remains heavily weighted toward revenue-generating investment properties, which comprise 92% of total assets. Further, working capital increased to ₱3.32 billion from ₱3.14 billion in the prior year, supporting operational flexibility and growth initiatives of the Company.

The following assets recorded significant changes of 5% or more between December 31, 2024 and December 31, 2025:

- **Cash and Cash Equivalents:** The 21% increase was driven by a net cash inflow from operations amounting to ₱682.88 million, partially offset by a net cash outflow from investing activities totaling ₱271.44 million. Most of the net cash flows were allocated to various short-term placements.
- **Trade and Other Receivables:** The 19% decrease is primarily due to the collection of long-outstanding receivables from various tenants.
- **Other Current Assets:** The 18% decline is due to the deferral of certain building real property tax prepayments to January 2026 and the full application of tax credits against income tax due.
- **Financial Assets at FVOCI:** The 5% decrease was driven by a decline in the market value of various golf shares at the end of 2025.
- **Property and Equipment:** The 72% decrease is mainly due to the reclassification of certain assets under construction to reflect their intended use and management's purpose for holding them.

**Liabilities:** The Company ended the year 2025 with total liabilities of ₱897.39 million, down from ₱987.94 million as of December 31, 2024. The Company maintains a debt-to-equity ratio of 0.02:1, demonstrating strong solvency and a solid equity base that enables it to comfortably meet its financial obligations.

The following liabilities recorded significant changes of 5% or more between December 31, 2024 and December 31, 2025:

- **Trade and Other Payables:** The 46% decrease mainly pertains to the settlement of prior-year payables and the reduction in output tax payable compared with the prior-year balance.
- **Current Portion of Deposits and Other Current Liabilities:** The 96% increase relates to security deposits and advance rentals for tenants whose lease contracts are set to expire in 2026.
- **Income Tax Payable:** The increase pertains to the Company's income tax due after the full application of tax credits.
- **Retirement Liability:** The increase pertains to current and interest costs for 2025.
- **Deposits and Other Noncurrent Liabilities - Net of Current Portion:** The 7% increase relates to security deposits and advance rentals for new tenants in 2025.
- **Deferred Income Tax Liabilities - Net:** The 15% decrease relates to the deferred tax benefits from additional advance rentals and the decline in value of financial assets at FVOCI.

**Equity:** The Company ended the year 2025 with total equity of ₱49.56 billion, the bulk of which was contributed by capital stock amounting to ₱46.93 billion. Retained earnings stood at ₱2.47 billion, reflecting an increase of ₱401.68 million from NIAT in 2025. Based on these figures, the Company's book value per share (BVPS) is ₱1.056, while its earnings per share (EPS) is ₱0.009.

Other comprehensive income pertains net unrealized gains on financial assets at FVOCI, net of actuarial loss on retirement liability. The 6% decrease was driven by a decline in the market value of various golf shares at the end of 2025.

### **2024 vs 2023**

<i>(Amounts in thousands)</i>	<b>December 31, 2024 (as restated)*</b>	<b>January 1, 2024 (as restated)*</b>	<b>Change in 2024</b>	<b>% Change in 2024</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	₱1,919,455	₱1,761,524	₱157,931	9%
Trade and other receivables	959,388	1,633,871	(675,483)	-41%
Other current assets	265,689	196,168	69,521	35%
<b>Total Current Assets</b>	<b>3,144,532</b>	<b>3,591,563</b>	<b>(447,031)</b>	<b>-12%</b>
<b>Noncurrent Assets</b>				
Financial assets at FVOCI	218,029	161,931	56,098	35%
Investment properties	46,176,006	46,227,212	(51,206)	0%
Property and equipment	311,153	25,610	285,543	1115%
Deferred rent assets - net of current portion	304,554	22,431	282,123	1258%
Deferred income tax assets - net	-	1,574	(1,574)	-100%
<b>Total Noncurrent Assets</b>	<b>47,009,742</b>	<b>46,438,758</b>	<b>570,984</b>	<b>1%</b>
<b>TOTAL ASSETS</b>	<b>₱50,154,274</b>	<b>₱50,030,321</b>	<b>₱123,954</b>	<b>0%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	₱431,512	₱416,701	14,811	4%
Current portion of deposits and other current liabilities	58,109	300,722	(242,613)	-81%
Income tax payable	-	9,746	(9,746)	-100%
<b>Total Current Liabilities</b>	<b>489,621</b>	<b>727,169</b>	<b>(237,548)</b>	<b>-33%</b>
<b>Noncurrent Liabilities</b>				
Deposits and other noncurrent liabilities - net of current portion	451,291	711,492	(260,201)	-37%
Retirement liability	5,647	-	5,647	0%
Deferred income tax liabilities - net	41,379	-	41,379	0%
<b>Total Noncurrent Liabilities</b>	<b>498,317</b>	<b>711,492</b>	<b>(213,175)</b>	<b>-30%</b>
<b>Total Liabilities</b>	<b>987,938</b>	<b>1,438,661</b>	<b>(450,723)</b>	<b>-31%</b>
<b>Equity</b>				
Capital stock	46,932,100	46,932,100	-	0%
Retained earnings	2,067,653	1,538,663	528,990	34%
Other comprehensive income	166,583	120,896	45,687	38%
<b>Total Equity</b>	<b>49,166,336</b>	<b>48,591,660</b>	<b>574,677</b>	<b>1%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱50,154,274</b>	<b>₱50,030,321</b>	<b>₱123,954</b>	<b>0%</b>

**Assets:** The Company ended the year 2024 with total assets of ₱50.15 billion, representing an increase of ₱123.95 million from the December 31, 2023 balance of ₱50.03 billion. The growth

was mainly driven by a ₱570.98 million increase in non-current assets, specifically in deferred rent assets and property and equipment, including assets under construction. Meanwhile, current assets decreased by ₱447.03 million, primarily due to net changes in receivables and other current assets.

The following assets recorded significant changes of 5% or more between December 31, 2023 and December 31, 2024:

- **Cash and Cash Equivalents:** The 9% increase is attributable to a cash inflow from operations amounting to ₱566.24 million, which was partially offset by a cash outflow from investing activities totaling ₱408.30 million.
- **Trade and Other Receivables:** The 41% decrease is primarily due to the collection of and the application of certain security deposits and advance rentals against receivables.
- **Other Current Assets:** The 35% rise is due to increase in prepayments and advances to contractors.
- **Financial Assets at FVOCI:** The 35% increase is driven by a rise in the market values of the golf shares at the end of 2024.
- **Property and Equipment:** The 1115% increase is due to capital expenditures completed during the year, including additional assets under construction.
- **Deferred rent assets - net of current portion:** The 1258% increase is due to new contracts in 2024.
- **Deferred Income Tax Assets - Net:** The Company was in a deferred tax liability position as of December 31, 2024.

**Liabilities:** The Company ended the year 2024 with total liabilities of ₱987.94 million, down from ₱1.44 billion in 2023. The decrease of ₱450.72 million was mainly due to the application of security deposits and advance rentals against receivables.

The following liabilities recorded significant changes of 5% or more between December 31, 2023 and December 31, 2024:

- **Deposits and Other Liabilities:** The 81% and 37% decreases were primarily due to the application of security deposits and advance rentals by certain tenants against their receivables.
- **Income Tax Payable:** The Company had no income tax payable after the application of tax credits.
- **Retirement Liability:** The movement pertains to the initial setup of the retirement liability, which comprises current and interest costs as well as actuarial loss.
- **Deferred Income Tax Liabilities - Net:** The movement mainly relates to the deferred tax effects arising from the increase in deferred rent assets and the increase in the value of financial assets at FVOCI.

**Equity:** The Company ended the year 2024 with total equity of ₱49.17 billion, the bulk of which was contributed by capital stock amounting to ₱46.93 billion. Retained earnings stood at ₱2.07 billion, reflecting an increase of ₱528.99 million from NIAT in 2024. Based on these

figures, the Company's book value per share (BVPS) is ₱1.048, while its earnings per share (EPS) is ₱0.011.

### 3.3 KEY PERFORMANCE INDICATORS

The Company's key performance indicators (KPI) provide a comprehensive view of profitability, efficiency, and value creation. While certain metrics reflect adjustments compared to the previous year, the overall profile remains strong and demonstrates resilience in a dynamic market environment. The following discussion outlines the five (5) core KPIs and the basis for their determination:

Indicator	2025	2024	2023	Remarks
Gross Profit Margin	55%	57%	56%	Rising direct costs and rate constraints but remains at a healthy level.
NIAT Margin	33%	40%	44%	Driven by reduced revenues and higher operating expenses.
EBITDA Margin	55%	64%	65%	Despite contraction, margin remains robust, indicating strong cash flow.
Return on Assets	0.008	0.011	0.013	Slight decline due to lower net income, but remains within healthy range.
Return on Equity	0.008	0.011	0.012	Decrease reflects earnings moderation, yet equity base remains strong.

While margins have moderated from their peak levels in prior years, the Company's KPIs continue to demonstrate strong underlying resilience and operational discipline. The ability to sustain high EBITDA margins, even amid margin normalization, highlights the Company's solid cost structure and cash-generating capacity. Although returns on assets and equity have softened, they remain indicative of effective capital deployment and a sound balance between growth and efficiency. Overall, these KPIs reflect a stable and well-managed business with a robust operating foundation, supporting sustainable long-term growth and reinforcing the Company's readiness for a listing by way of introduction.

### 3.4 OTHER MATTERS

- (i) There are no other trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's increasing or decreasing liquidity in any material way. The Company has no debt for the past three (3) years. Hence, the Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. It does not have any liquidity problems.
- (ii) There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

- (iii) There are no known material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- (iv) On-going and planned capital expenditure projects of the Company are as follows:  
  
The Board has approved capital expenditures of ₱1.58 billion for 2026. This budget includes allocations for costs associated with the redevelopment projects of the Buendia and Macapagal Financial Center.
- (v) There are no known other trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales, revenue or income from continuing operations.
- (vi) There are no significant elements of income or loss that did not arise from the Company's continuing operations.
- (vii) Causes for any material change from period to period include vertical and horizontal analyses of any material item;
- (viii) There are no seasonal aspects that have a material effect on the financial condition or results of operations of the Company as of December 31, 2025.
- (ix) The subsequent discussion presents the nature and amount of the reclassification that were considered in the Company's audited financial statements:

The Company has reclassified a portion of the deferred rent assets amounting to ₱304.6 million as of December 31, 2024 and ₱22.43 million as of January 1, 2024, which are expected to reverse beyond 12 months following the requirements of PAS 1, *Presentation of Financial Statements*. The resulting adjustments on the statement of financial position as of December 31, 2024 and January 1, 2024 follows:

*Statement of Financial Position as of December 31, 2024*

	As previously stated	Adjustment	As restated
Other current assets	₱570,242,761	(₱304,553,721)	₱265,689,040
Total Current Assets	3,449,086,256	(304,553,721)	3,144,532,535
Deferred rent assets - net of current portion	₱-	₱304,553,721	₱304,553,721
Total Noncurrent Assets	46,705,188,170	304,553,721	47,009,741,891

*Statement of Financial Position as of January 1, 2024*

	As previously stated	Adjustment	As restated
Other current assets	₱218,599,497	(₱22,430,501)	₱196,168,996
Total Current Assets	3,613,993,754	(22,430,501)	3,591,563,253
Deferred rent assets - net of current portion	₱-	₱22,430,501	₱22,430,501
Total Noncurrent Assets	46,416,326,861	22,430,501	46,438,757,362

## ITEM 4. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### 4.1. MARKET INFORMATION

As of the date of this report, the Company is not registered in a stock exchange, whether in the Philippines or abroad. On 14 January 2026, however, it filed an application for listing by way of introduction of its 46,932,100,000 shares with the Philippine Stock Exchange (the "Listing Application"). The said Listing Application is under review as of the date of this report.

Since the Company's shares are not publicly traded, it cannot, at this time, provide the price information of its common shares as of the latest practicable trading date. No portion of the Company's outstanding capital stock is subject to any option or warrants to purchase, or securities convertible into, common shares of the Company.

The Company qualified as a public company in 2025 as a result of the distribution of 23,936,317,000 common shares of the capital stock of the Company by way of property dividends to the stockholders of the Philippine National Bank ("PNB"). Apart from said property dividends by PNB, the Office of the Corporate Secretary has not recorded any other transfer of PHC shares within the last two (2) fiscal years. Upon the foregoing, the Company cannot present a range of high and low bid information for each quarter within the last two (2) fiscal years.

### 4.2. HOLDERS

As of 27 February 2026, the Company has 3,851 shareholders owning 46,932,100,000 common shares. The top 20 stockholders as of 27 February 2026 are as follows:

Stockholder's Name	Number of Common Shares Held	% to Total
Philippine National Bank	23,456,934,700 <sup>1</sup>	49.98%
Key Landmark Investments, Ltd.	2,090,956,200	4.46%
True Success Profits Limited	1,286,742,300	2.74%
Caravan Holdings Corporation	1,286,742,300	2.74%
Solar Holdings Corporation	1,286,742,300	2.74%
Prima Equities & Investments Corp.	1,125,899,500	2.40%
Leadway Holdings, Inc.	1,024,635,400	2.18%
Infinity Equities, Inc.	965,056,700	2.06%
BDO Securities Corporation	543,911,700	1.16%
Pioneer Holdings Equities, Inc.	537,403,700	1.15%
Maybank ATR Kim Eng Securities, Inc.	497,763,500	1.06%
Multiple Star Holdings Corp.	483,182,700	1.03%
Donfar Management Limited	482,394,200	1.03%

<sup>1</sup> Inclusive of 459,756,200 shares which are the subject of the property dividend declaration of the Philippine National Bank in 2021, the transfer of which to recipient shareholders is in process with the Bureau of Internal Revenue.

Uttermost Success Limited	474,320,700	1.01%
Mavelstone International Limited	463,995,600	0.99%
Pan Asia Securities Corporation	460,810,700	0.98%
Kenrock Holdings Corp.	408,192,700	0.87%
Fil-Care Holdings, Inc.	399,292,300	0.85%
Fairlink Holdings Corp.	395,477,300	0.84%
Purple Crystal Holdings, Inc.	382,878,100	0.82%
Kentron Holdings & Equities Corp.	382,195,700	0.81%
Fragile Touch Investments, Ltd.	356,072,700	0.76%
<b>TOTAL</b>	<b>38,791,601,000</b>	<b>82.65%</b>

\* The Company has no preferred shares.

### *Voting Rights*

Each share is entitled to one (1) vote.

With respect to the election of Directors, stockholders of record are entitled to as many number of votes as is equal to the number of shares he owns multiplied by nine (9), the number of Directors to be elected. A stockholder may (i) cast all votes in favor of one (1) nominee, or (ii) cast votes for as many Directors to be elected, or (iii) distribute the votes among as many nominees he shall see fit.

### **4.3. DIVIDENDS**

#### a.) Dividend declaration

The Company did not declare dividends in the past three (3) years.

#### b.) Dividend Policy

Under the Amended By-laws of the Company, dividends shall be declared and paid out of the Unrestricted Retained Earnings of the Company, which dividends shall be payable in cash, property or stock dividend to all stockholders of record at such times as the Board of Directors may determine and in accordance with applicable laws and regulations.

Shareholders shall have the right to receive dividends subject to the discretion of the Board. Dividends are distributed from the Unrestricted Retained Earnings of the Company. A corporation is not allowed to retain any such earnings in excess of 100% of its paid-in capital stock, except:

1. when justified by definite corporate expansion projects;
2. when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or,

3. when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.
- c.) Restrictions that limit the ability to pay dividends on common equity or that are likely to happen in the future.

There are no restrictions that limit the Company's ability to pay dividends apart from the requirement of law that the Company should have unrestricted retained earnings.

#### **4.4. RECENT SALES OF UNREGISTERED SECURITIES (FOR THE PAST THREE YEARS)**

There are no recorded sales of unregistered securities during the past three years.

#### **ITEM 5. INDEPENDENT PUBLIC ACCOUNTANTS AND EXTERNAL AUDIT FEES**

The External Auditor of the Company is SyCip Gorres Velayo & Co. (SGV & Co.). The audit partner in charge, Kristopher S. Catalan, was appointed in April 2025.

Representatives from SGV & Co. are expected to be present at the Annual Stockholders' Meeting, where they will have the opportunity to make a statement if they so desire. They will also be available to respond to appropriate questions raised by stockholders.

There were no changes in, or disagreement with, the Company's accountants on any accounting and financial disclosure during the three (3) most recent fiscal years or any subsequent interim period.

#### **ITEM 6. CORPORATE GOVERNANCE**

The Board of Directors of PHC is entrusted with the responsibility of setting the Company's vision, strategic objectives, and key policies. They establish procedures for effective management and ensure the presence and sufficiency of internal control mechanisms to uphold good governance. Additionally, the Board monitors and evaluates the performance of the Management to ensure alignment with the Company's goals.

PHC's commitment to continuous improvement is demonstrated through the annual self-assessments conducted by the Board and its Committees. This rigorous exercise evaluates their performance and identifies areas for enhancement. Each director is expected to assess themselves and the Board as a whole on a wide range of topics, including composition, roles and functions, information management, representation of shareholders, ESG factors, company performance management, senior executives' performance management, succession planning, director development and management, risk management, internal controls, overall perception, and individual performance.

The Chief Compliance Officer (CCO) conducts the tally of these assessments and sends the results to the Corporate Secretary for presentation and action. Additionally, the CCO regularly reviews the assessment questionnaire to ensure its relevance and appropriateness to the responsibilities and processes of the Board and its Committees. The committee assessments cover key responsibilities, the quality of the relationship between the Board and Management, the effectiveness of processes and meetings, and individual performance.

The Board and Committee self-assessments are vital for improving corporate governance practices and ensuring that PHC's leadership remains effective, accountable, and committed to excellence. A summary of the annual board self-assessment scores is available on the Company website.

There have been no deviations from the Company's Manual of Corporate Governance. PHC has adopted leading practices and principles of good corporate governance as outlined in the Manual, and full compliance has been maintained since its adoption.

The Company is also taking further steps to enhance adherence to the principles and practices of good corporate governance. These efforts are aimed at ensuring that PHC continues to uphold the highest standards of governance, thereby fostering trust and confidence among its stakeholders.

**The Company undertakes to provide without charge to each shareholder, upon written request by the shareholder, a copy of the Company's Annual Report on SEC Form 17-A. Please direct all such requests to the Corporate Secretary, Atty. Carlos Luis L. Fernandez at c/o 4F PNB Makati Center, 6754 Ayla Avenue, 1226 Makati City.**

## ANNEX A

### SUMMARY OF ATTENDANCE IN BOARD AND COMMITTEE MEETINGS

In 2025, the Board conducted Six (6) meetings which were attended to by its members, as shown in the table below:

OFFICE	NAME	DATE OF APPOINTMENT	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED	%
Chairman	Lucio C. Tan	30 April 2025	6	6	100 %
President	Karlu T. Say	30 April 2025	6	6	100 %
Member	Lucio C. Tan III	30 April 2025	6	6	100 %
Member	William T. Lim	30 April 2025	6	4	67%
Member	Cielo Macapagal-Salgado	30 April 2025	6	6	100 %
Member	Elaine Y. Co	30 April 2025	6	5	83%
Member	Ma. Cecilia Gonzalez	30 April 2025	6	6	100 %
Member	Eusebio V. Tan	30 April 2025	6	6	100 %
Member	Rowena Nazareth	30 April 2025	5	5	100 %

In 2025, the Audit and Risk Management Committee (ARMC) conducted Three (3) meetings which were attended to by its members, as shown in the table below:

<b>OFFICE</b>	<b>NAME</b>	<b>DATE OF APPOINTMENT</b>	<b>NUMBER OF MEETINGS HELD</b>	<b>NUMBER OF MEETINGS ATTENDED</b>	<b>%</b>
Chairman	Elaine Y. Co	30 April 2025	3	3	100 %
Member	Eusebio V. Tan	30 April 2025	2	2	100 %
Member	Ma. Cecilia Gonzalez	30 April 2025	2	2	100 %