ANNEX E

MANAGEMENT REPORT

Mount Malarayat Golf & Country Club, Inc.

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

1. There were no changes or disagreements with the independent accountant during the two most recent fiscal years to audit the club's financial statements. R.S. Bernaldo and Associates is the independent audit firm of the club in the two recent years, 2023 and 2024.

2. There were no disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which were not resolved.

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

(i) Trends or any known demands, commitments, events or uncertainties affecting liquidity

The Club continues to rely primarily on internal sources of liquidity, particularly collections from membership dues, sports club operations, food and beverage revenues, hotel operations, and other member-related charges.

Collection performance and sustaining operational revenues remain critical factors affecting the Club's liquidity. While operations have generally normalized after the pandemic years, the Club continues to experience challenges arising from increased operating costs, inflationary pressures, maintenance requirements of aging facilities, and the need for continuous capital improvements.

In year 2025, Food and Beverage revenues and Sports Club revenues continued to improve, which helped sustain the Club's operations. However, decreases in Membership Dues, Hotel Operations, and Other Revenues, particularly proprietary share transfer fees, affected the Club's overall revenue performance. Moreover, increases in operating costs such as repairs and maintenance, utilities, manpower-related expenses, communication, depreciation, and finance costs also impacted liquidity during the year.

Management continues to focus on improving collection efficiency, managing operating expenses, and maintaining operational sustainability. Current obligations of the Club remain primarily composed of short-term obligations to suppliers and loan repayments.

Since the effects of the pandemic, the Club's financial standing significantly improved beginning 2023 and continued through 2024. However, during 2025, operations became more challenging due to rising costs and lower revenues from certain income streams, resulting in lower profitability and tighter liquidity conditions. Despite these challenges, Management remains optimistic that the Club will continue to sustain operations and improve its financial performance through operational efficiency, facility enhancements, and member engagement initiatives.

(ii) Material Commitments for Capital Expenditures

The Club continued its commitment to maintaining and improving its facilities during 2025. Major repairs and maintenance works were undertaken on various Club facilities and equipment to preserve operational efficiency and improve member experience.

The Club remains committed to the continuing rehabilitation, upgrading, and enhancement of its facilities, particularly in the Country Club, hotel, sports, and golf course areas. These projects are intended to improve service quality, operational sustainability, and revenue-generating capability of the Club.

Since 2021, the Club has consistently implemented facility upgrades and major repairs on its aging buildings, golf course systems, and operational equipment. Improvements included waterproofing works, repairs on building structures, maintenance of irrigation and water systems, replacement and repair of equipment, and enhancement of member facilities.

In 2025, the Club continued to prioritize maintenance of the golf course, clubhouse facilities, utilities, and operational equipment despite financial challenges. Repairs and Maintenance expense significantly increased during the year due to the Club's continuing efforts to preserve the quality and safety of its facilities.

The Club likewise continued to meet its commitments to contractors, suppliers, manpower service providers, and maintenance personnel necessary to sustain regular operations and maintain the golf course and facilities in good operating condition.

Management intends to continue these improvement projects in the succeeding years as part of the Club's long-term sustainability and operational enhancement plans.

(iv) Losses

The Club's operations during year 2025 remained stable despite a more challenging operating environment compared with 2024. While certain core revenue streams such as Food and Beverage and Sports Club operations improved, decreases in other revenues combined with higher operating and finance costs resulted in a Net Loss for the year amounting to P21.3 million.

The increase in Net Loss during 2025 was primarily attributable to lower revenues from proprietary share transfer fees, increased repairs and maintenance expenditures, higher operating costs, and increased finance costs. Despite these challenges, the Club continued its operations without major disruption and maintained its commitment to improving facilities and member services.

Management does not foresee significant operational losses that would materially affect the Club's ability to continue as a going concern. The Club remains focused on improving operational efficiency, strengthening collections, managing costs, enhancing facilities, and sustaining member participation and patronage in the coming years.

(v) Material Changes

During 2025, the Club continued its regular operations amid a more competitive business environment and changing market conditions. While core operations remained stable, certain revenue streams experienced slower activity compared with the prior year.

The Club's revenues for the year 2025 slightly decreased by 1% or about P4.4 million compared with year 2024. Membership Dues revenues decreased by 1% or P925 thousand due to slightly lower active membership collections during the year. Food and Beverage revenues increased by 11% or about P10.2 million as a result of continued patronage from members, guests, and event-related activities. Sports Club revenues likewise increased by 7% or P6.3 million due to sustained golf activities of members and guests.

Hotel Operations revenues decreased by 14% or P1.8 million compared with 2024 due to lower hotel occupancy and utilization during the year. Other Revenues significantly decreased by 47% or P18.3 million mainly due to lower collections from proprietary share transfer fees compared with the unusually high collections recognized in 2024.

Direct Costs at the end of year 2025 increased by 7% or P15.1 million compared with that of 2024. Depreciation increased by 7% or P1.8 million due to additional depreciable assets recognized by the Club. Direct Cost on Food and Beverage increased by 16% or P13.3 million in line with higher revenues and increased costs of operations. Direct Cost on Hotel Operations increased by 6% or P1.4 million due to maintenance and operational costs directly attributable to hotel services.

Meanwhile, Direct Cost on Sports Club decreased by 2% or P1.3 million despite continued operations, primarily due to cost management initiatives and lower maintenance-related expenditures during the year.

Cost of Sales and Services or Direct Costs remained directly related to the level of operations, revenue-generating activities, and fixed operating expenses of the Club.

General and Administrative Expenses at the end of year 2025 decreased by about 3% or P3.6 million compared with corresponding amounts in 2024. The decrease was mainly due to the Club's continued efforts in managing administrative and operating expenses despite inflationary pressures and operational requirements. Certain operating expenses increased during the year. Repairs and Maintenance increased by 90% or P7.0 million due to additional maintenance works and upkeep of Club facilities. Short-term Benefits increased by 8% or P862 thousand due to manpower-related adjustments. Power, Light and Water, Taxes and Licenses, Advertising, and Other operating expenses remained relatively consistent with prior year balances. Despite increases in selected operating expenses, the reductions in several major expense accounts resulted in the overall decrease in General and Administrative Expenses for the year 2025.

After considering all the increases and decreases in revenues and expenses discussed above, the Club incurred an Operating Loss of P16.0 million in 2025 compared with an Operating Loss of only P44 thousand in 2024.

Finance Cost for the year 2025 amounted to P3.6 million, which is 87% or P1.7 million higher compared with P1.9 million in 2024. The increase was mainly attributable to additional interest-bearing obligations and financing charges incurred during the year.

Due to the collective increases and decreases in the components of income and expenses, the Net Loss for the year 2025 increased by about 419% or P17.2 million compared with the Net Loss recorded in 2024.

At the end of year 2025, basic loss per share amounted to P10,655 per Gold share and P5,327 per Silver share. The loss per share is computed by dividing the total net loss by the total issued and outstanding shares. Loss is proportioned between the two classes of shares using a 2:1 ratio between Gold and Silver shares, consistent with the provision in the Articles of Incorporation stating that the issue value of Gold shares is twice that of Silver shares and that such proportion shall be maintained at all times.

Total issued Gold shares amounted to 2,000 shares while total issued Silver shares also amounted to 2,000 shares, for a total of 4,000 issued and outstanding shares.

In the Balance Sheet, Cash as at the end of 2025 decreased by about P8.5 million or 29% compared with the balance at the end of 2024. This was mainly due to the Club's continuing operational requirements, repayment of obligations, and expenditures related to the maintenance and improvement of Club facilities during the year. Despite the decrease in cash, the Club continued to sustain its regular operations and meet its obligations to suppliers, lenders, and service providers.

Trade and Other Receivables increased by about P8.1 million or 33% at the end of 2025, indicating higher levels of revenues on account and receivables from members, guests, and other clients. Management continues to monitor and improve collection efficiency to strengthen cash inflows and liquidity of the Club.

Prepayments and Other Current Assets decreased by about P479 thousand or 5% compared with that of 2024. These consist mainly of advance payments, creditable withholding taxes, and other prepaid operating expenses recognized during the year.

Total Current Assets slightly decreased by about P911 thousand or 1% compared with year 2024 as the increase in receivables was offset by the decrease in cash balances and prepayments.

Property and Equipment decreased by about P22.1 million or 2% compared with 2024. The decrease was primarily due to the recognition of depreciation expense during the year, partially offset by acquisitions and improvements made on the Club's facilities and equipment.

Trade and Other Payables increased by about P2.3 million or 3% mainly due to regular purchases of supplies, services, and maintenance-related expenditures from suppliers providing extended payment terms to the Club.

Loans Payable – current portion decreased by about P4.0 million or 22% due to the Club's regular repayments of maturing loan obligations during the year. The non-current portion of Loans Payable remained unchanged at P10.6 million.

The Club continues to recognize Retirement Benefit Obligation for its qualified employees based on actuarial valuation performed by E.M. Zalamea Actuarial Services. At the end of 2025, Retirement Benefit Obligation increased by about P214 thousand due to the recognition of retirement benefit expense and corresponding liability during the year.

Total Liabilities at the end of 2025 decreased by about P1.5 million or 1% compared with 2024 mainly due to repayments of loan obligations, partially offset by increases in trade payables and retirement benefit obligations.

Stockholders' Equity decreased by about P21.4 million or 2% due mainly to the Net Loss incurred during the year amounting to P21.3 million and the recognition of remeasurements on retirement benefit obligation amounting to P135 thousand.

The Club remains focused on sustaining operations, improving collections, managing costs, and continuously enhancing its facilities and services for the benefit of its members and guests.

Issuance, Repurchases and Repayments of Debt and Equity Securities

There are no debt or equity securities that the Club issued, repurchased or repaid during this reporting period.

Dividends Paid

The Company's shares are proprietary in nature and no shareholders are paid dividends for their shareholdings.

Item 3. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's Management monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, interest rate risk, credit risk and liquidity risk.

Management established policies to manage the risks associated with financial instruments. Its overall risk management program is focused on the unpredictability of developments on the financial markets and seeks to minimize potential adverse effects on its financial position.

Management is in close cooperation with the Board of Directors and focuses on actively securing the club's short-to-medium term cash flows by minimizing the exposure to financial markets.

25.01 Market Risk Management

25.01.01 Interest Rate Risk Management

The Company's exposure to interest rate risk arises from loans payable which is subject to fixed interest rate and from its cash in bank which is subject to variable interest rates. The interest rate risk arising from loans and cash in banks are managed by means of effective investment planning and analysis, and maximizing investment opportunities in various local banks and financial institutions.

The Company's losses for the years ended December 31, 2025, 2024 and 2023 would have been unaffected since the Company has no borrowings at variable rates and interest rate risk exposure for its cash in bank, which is subject to variable rate, is immaterial.

25.02 Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risks from cash and trade and other receivables (except advances to officers and employees).

The Company considers the following policies to manage its credit risk:

- *Cash in Banks*

  The Company transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Company uses other publicly available information such as annual report to monitor the financial status of the banks. The Company assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to banks.

- *Trade and Other Receivables*

  The Company bills all members monthly. If any bill remains unpaid by the end of the month following that in which the bill was incurred, the club shall notify the member that if his/her bill is not paid by the end of the succeeding month his/her name will be posted as delinquent the following day at the Clubhouse Bulletin Board. Delinquent accounts shall be charged by carrying fees, interests and surcharges. Members on the delinquent list for more than sixty (90) days and who have an outstanding balance of ₱100,000 or more, shall be reported to the Board and their shares or the shares of the juridical entities they represent shall thereafter be ordered and sold by the Board at an auction to satisfy the claims of the club. The company did not hold auction proceedings during the year. A member may pay his/her overdue account at any time before the auction sale.

The carrying amounts of financial assets measured at amortized cost are as follows:

		2025		2024
Cash	₱	**20,679,026**	₱	29,228,894
Trade and other receivables		**30,811,335**		23,423,136
	₱	**51,490,361**	₱	52,652,030

The calculation of allowance for expected credit losses are based on the following three (3) components:

➢ *Probability of Default (PD)*

PD is the likelihood over a specified period, usually one year that a client will not be able to make scheduled repayments. PD depends not only on the client's characteristics, but, also on the economic environment. PD is estimated using historical data.

➢ *Loss Given Default (LGD)*

LGD is the amount of money a company losses when a client defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

➢ *Exposure at Default (ED)*

ED is the total value a company is exposed to when a loan defaults. It refers to the carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses in 2025:

	PD rate	LGD rate		ED		ECL
	a	***B***		***c***		***d=a*b*c***
Cash in banks	0%	0% - 82.65%	₱	20,679,026	₱	
Trade and other receivables	45.95%	100%		46,822,571		16,011,236
			₱	**67,501,597**	₱	**16,011,236**

Below is the summary of computation of allowance for expected credit losses in 2024:

	PD rate	LGD rate		ED		ECL
	a	***B***		***c***		***d=a*b*c***
Cash in banks	0%	0% - 93.23%	₱	29,228,894	₱	-
Trade and other receivables	45.95%	100%		39,434,372		16,011,236
			₱	**68,663,266**	₱	**16,011,236**

<u>*Cash in banks*</u>

The Company determined the probability of default rate by considering the following: the credit ratings; the past, current, and forecast performance of Banking Industry; the past, current, and forecast macro-economic factors that may affect the banks; and the current and projected financial information. The club estimated the probability of default to be nil in both years.

Loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 97.58% and 0.00% to 96.47% in 2025 and 2024, respectively.

Exposure at default is equal to the gross carrying amount of cash in banks.

Trade and Other Receivables

The Company determined the probability of default rate by considering the following: the schedules of collections for the past three years; the past, current, and forecast performance of each customer's industry; and the past, current, and forecast macro-economic factors that may affect the Company's clients. In 2025 and 2024, the corresponding probability of default is estimated to be about 0.00% to 45.95% respectively, given the historical experience of the club in handling these customers' accounts, this is adjusted to current and forecast information.

Loss given default rate is 100% for all clients because the Company does not obtain collateral for these transactions.

Exposure at default is equal to the gross carrying amount of trade receivables.

The Company did not recognize additional provision for expected credit losses since the Management believed that amount is sufficient in 2025 and 2024. Allowance for expected credit losses as of December 31, 2025 and 2024 amounted to P16,011,236, as disclosed in Note 7.

25.03 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

December 31, 2025	**Weighted Average Effective Interest Rate**	**On Demand**	**Within One (1) Year**	**One (1) to Five (5) Years**	**Total**
Trade and other payables	**-**	**₱ -**	**₱ 70,183,299**	**₱ -**	**₱ 70,183,299**
Due to related parties	**-**	**-**	**-**	**-**	**-**
Loans payable	**10.00%**	**-**	**14,409,606**	**10,648,889**	**25,058,495**
		₱ -	**₱ 84,592,905**	**₱ 10,648,889**	**₱ 95,241,794**
December 31, 2024					
Trade and other payables	-	₱ -	₱ 72,003,239	₱ -	₱ 72,003,239
Loans payable	10.00%	-	18,454,141	10,648,889	29,103,030
		₱ -	₱ 90,457,380	₱ 10,648,889	₱ 101,106,269

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted Average Effective Interest Rate		On Demand		Within One (1) Year		Total
December 31, 2025							
Cash on Hand		**P**	**145,000**	**P**	-	**P**	**145,000**
Cash in banks	**Floating rate**		**20,679,026**	**P**	-	**P**	**20,679,026**
Trade and other receivables – net	-		0		**30,811,335**		**30,811,335**
		₱	**20,824,026**	**₱**	**30,811,335**	**₱**	**51,635,361**
December 31,2024							
Cash on Hand		**P**	**105,000**	**P**	-	**P**	**105,000**
Cash in banks	**Floating rate**	P	29,228,894	P	-	P	29,228,894
Trade and other receivables – net	-		-		23,423,136		23,423,136
		₱	29,333,894	₱	23,423,136	₱	52,757,030

Item 4. FAIR VALUE MEASUREMENTS

The carrying amounts and estimated fair values of the club's financial assets and financial liabilities as of December 31, 2025 and 2024 are presented below:

		2025				2024		
		Carrying Amount		**Fair Value**		Carrying Amount		Fair Value
Financial Assets:								
Cash	**₱**	**20,824,026**	**₱**	**20,824,026**	₱	29,333,894	₱	29,333,894
Trade and other receivables		**30,811,335**		**30,811,335**		21,537,413		21,537,413
	₱	**51,635,361**	**₱**	**51,635,361**	₱	32,266,019	₱	32,266,019
Financial Liabilities:								
Trade and other payables	**₱**	**70,183,299**	**₱**	**70,183,299**	₱	72,003,239	₱	72,003,239
Loans Payable		**25,058,495**		**25,058,495**		29,103,030		29,103,030

	₱	**95,241,794**	₱	**95,241,794**	₱	101,106,269	₱	101,106,269

Due to demand feature of cash and short-term maturities of trade and other receivables, trade and other payables (except trust fund for sports and games ties, unearned revenue, and payable to regulatory agencies) and due to related parties, Management believes that the fair values approximate the carrying amounts as of December 31, 2024 and 2023.

Loans payable are interest bearing. The interest rates approximate the market interest rates, hence, Management believes that the amortized cost approximates the fair value.

(vi.) Seasonal aspects

Higher patronage has been experienced during the vacation months, i.e., summer and Christmas. Patronage usually declines during the rainy season when patronage is usually limited to members who are residents or working in the Batangas area. The club expects the same to happen in the succeeding periods.

(vii) Indicators of Performance

With the new set up, the indicators of performance of the club aside from the monthly dues collections and saving measures for cost of electricity, there are other sources of revenues from golf and F&B operations. These will help the club to meet maturing short-term obligation as they fall due. The higher the membership dues and other revenue collections, the better for the club.

The club monitors the results of its operations and status of its *financial position* for each quarter of operation and the cumulative or year to date status of such indicators.

With regard to the *status of operations*, it computes the gross profit from regular operations and determines the gross profit margin which is the ratio of gross profit over revenues.

Based on the amounts presented in the statement of financial position, another indicator that can be computed is the *current ratio*, the basis of determining the ability of the Club's to meet maturing short-term obligation as they fall due. There was an increase in this ratio from *0:54*:1 at the end of the prior year to *0.64*:1 by the end of this year. Despite this slight decline, management expects that the Club will still be able to meet its maturing obligations as they fall due.

(viii) Risk Factors

The club is not exposed to market risks arising from changes or fluctuations in market rates and prices.

The club purchases its supplies as needed, and has no long-term supply contracts, hence, it does not face the risk that its contractual prices for its supplies are higher than market price. Although some of its supplies and equipment are imported, its exposure to foreign currency fluctuations is minimal as it makes importations only as needed.

The club faces some risk on its operations. Being an exclusive entity, the club depends primarily on its members, through their patronage of the facilities and their diligent and timely payment of membership dues. Patronage is, however, as shown above, is seasonal as not all members and their guests patronize the club all year-round. It is also affected by economic conditions as recreational activities are certainly the first activities that members will forgo in cases of financial difficulties. This is also reflected in less diligent payment of membership dues. Competition from the growing number of recreational facilities in the Laguna and Batangas areas also affect patronage.

The club manages these risks, however, by stepping up on its marketing efforts and encouraging members to bring in either individually or in groups, and to sponsor activities using the club's facilities, such as tournaments, banquets, corporate meetings and functions. The Club has also opened its facilities to both local and foreign tourists, particularly on weekdays where there are less number of members using the facilities.

External Audit Fees (MC No. 14 Series of 2004)

(a) *Audit and Audit-Related Fees:*

1). The following are the aggregate Audit and Audit-related Fees billed for each of the last two (2) fiscal years for professional services rendered by the external auditor for the audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years

2025	-	379,960.00
2024	-	347,760.00

For the year **2025**, total audit fee for the services rendered by the external auditors is **TWO HUNDRED NINETY FIVE THOUSAND PESOS ONLY (Php295,000.00),** exclusive of Value Added Tax amounting to **Forty Thousand Seven Hundred Ten Pesos Only** (**P40,710.00**) and exclusive of out-of-pocket expenses amounting to **Forty Four Thousand Two Hundred Fifty Pesos Only** (**Php44,250.00**). The out-of-pocket expenses shall be billed at 15% of the professional fee plus VAT as required under BIR Revenue Memorandum Circular No.89-2012.

For the year **2024**, total audit fee for the services rendered by the external auditors is **TWO HUNDRED SEVENTY THOUSAND PESOS ONLY (Php270,000.00),** exclusive of Value Added Tax amounting to **Thirty Seven Thousand Two Hundred Sixty Pesos Only** (**P37,260.00**) and exclusive of out-of-pocket expenses amounting to **Forty Thousand Five Hundred Pesos Only** (**Php40,500.00**). The out-of-pocket expenses shall be billed at 15% of the professional fee plus VAT as required under BIR Revenue Memorandum Circular No.89-2012.

During the year 2025 and 2024, in cases where the club's gross revenue is Php5,000,000.00 or more, the external auditor will also prepare the General Form for Financial Statements (GFFS), as required by the Securities and Exchange Commission (SEC), for an additional fee in the amount of Five Thousand Pesos Only (Php5,000.00), exclusive of Value- Added-Tax.

2). There were no other assurance and related services by the external auditors that are reasonably related to the performance of the audit or review of the club's financial statements. However, if there are reportable matters that come to the external auditors' attention, they will immediately bring them to the registrant's attention. The external auditors are willing to do special auditing procedures to such matters. The fees to be billed by the external auditors or to be paid by the registrant was not disclosed in the agreement.

b. Tax Fees : There were no other fees billed and paid in each of the last two (2) years of professional services rendered by the external auditor for the tax accounting, compliance and advise, planning and any other form of tax services. The filings of the club's annual income tax return for the year ended December 31, 2025 with the Bureau of Internal Revenue (BIR) and Audited Financial Statements with the Securities and Exchange Commission (SEC) are not yet included in the audit services and fees of P379,960.00 and P347,760.00, respectively for the years 2025 and 2024. Should the Club wish to avail of that additional services, an additional fee of **FIVE THOUSAND PESOS ONLY** (Php5,000.00), exclusive of Value-Added-Tax, for each filing will be charged.

c. All Other Fees: There were no other fees billed and paid in the last two (2) years for services provided by the external auditor other than the services in items A and B above. For the last two years, the registrant didn't engage to other services other than the audit services provided by the external auditors, like consultations, planning and the like for the last two years.

BRIEF NATURE AND SCOPE OF THE BUSINESS AND GENERAL INFORMATION

Business Development

The Mount Malarayat Golf and Country Club, Inc. was incorporated on 7 April 1995 as a stock, non-profit corporation with the primary purpose of promoting social, recreational and athletic activities for the exclusive benefits of all its members through the operation of a golf and country club located in Lipa City, Batangas. It started formal operations in October 1998.

Upon its incorporation in 1995, the Club entered into a Development Agreement with the Active Realty and Development Corporation in which the latter agreed to acquire lands and develop the facilities of the Club in exchange for shares of stock of the Club.

As of the end of the period covered by this report, ARDC has completed and delivered to the Club all facilities: 27-hole championship golf course, various sports facilities including several ball courts and a swimming pool, multi-purpose hall and a children's club, and the golfer's lounge with its appurtenant facilities including bar and restaurant, tea houses, function rooms, locker rooms, and gym, the golf club which houses several function rooms, ballroom, food and beverage outlets, Country Club (formerly sports lounge building) which also houses a gym and fitness room, bowling alley, function rooms and other facilities. In December 28, 2007, ARDC has completed the Country Club. Upon completion of such facilities, the Club has the obligation to issue the remaining unissued shares to ARDC in payment for such development but deferred the issuance of the remaining shares until after final checkout of such completed facilities and other conditions contained in the Agreement subsequently executed between them.

The Club is not subject of any bankruptcy, receivership or similar proceedings. During the calendar year covered by this report, the Club has not undertaken any material reclassification, merger, consolidation or purchase or sale of significant amount of assets not in the ordinary course of business.

(1) *Business*

<u>Description of Registrant</u>

The Club is a golf and country club and operates for the exclusive benefit of its members, their family members and guests. It is not organized for profit or for the financial gains of its members.
Principal products or services and their mark

The facilities of the Club consist of (1) golf club, with a 27-hole golf course, driving range, golfer's lounge or clubhouse with restaurant and bar, locker rooms and gym and several food and beverage outlets; (2) children's club with an outdoor playground, children's green and a children's pavilion with nursery and multipurpose hall; (3) sports club with several ball courts, an outdoor swimming pool complex; (4) Club hotel, ballrooms, function rooms and restaurants and other facilities; (5) Multi-purpose Hall (formerly equestrian center), main indoor covered pavilion and outdoor vacant spaces; (6) Country club (formerly Sports Lounge) with bowling lanes, gym and fitness rooms, other sports facilities and function rooms. Upon its completion, the country club was turned-over to the Club on December 28, 2007. Such material event was reported to the Commission on January 07, 2008.

The Club's primary customer base comprises of its members, lessees of playing rights, their respective families and guests. Most of the members are residents and citizens of the Philippines.

Revenues are derived from membership dues, golf operations, food and beverage operations, sports facilities operations, Club hotel operations and miscellaneous administrative income from processing fees for change of nominees and transfer of shares. Golf operations and membership dues contribute the highest revenues to the Club

Development of facilities

Pursuant to a Development Agreement between the Club and the Active Realty and Development Corporation, the latter agreed to undertake and finance the development of the facilities of the Club, in exchange for shares of stock of the Club assessed based on the development costs incurred against estimated total project cost. In 2007 the developer has turned-over to the Club the completed country club and reported such material event to the Commission on January 07, 2008. By agreement, ARDC and the Club have agreed to defer the issuance of the remaining unissued shares by the Club intended for ARDC resulting from the completion of the project and facilities in the club.

The Club has been undertaking renovations of existing facilities, particularly the renovation of the golf courses, rehabilitation of the greens and replacement and repairs of several deep-wells which supply water to the golf courses The cost incurred for these improvements were financed through internal cash generation and increase in rate of usage fees and membership dues and through loan advances from directors and officers.

Competitive Business Conditions
The Club is one of several golf and country club within the Batangas province. As with the Club, all the other golf clubs are also exclusive clubs operating for the benefit of their respective members. The competition among these clubs would be in respect to the patronage from non-members who patronize the club facilities as guests, either as playing rights nominee/s of the selling shareholder ARDC or by the members themselves.

In this regard, the Club has competitive advantage over the other clubs because it has a wide range of sports and recreational facilities. It also prides itself to be the only all-weather golf course in the western Batangas area. These features make it an attractive and ideal leisure destination both for the family and for corporate affairs as well as a leisure complement to the many industrial estates in the Batangas and Laguna areas.

Dependence on single or few customers

Being an exclusive Club, the Club's primary customer base comprises of its members, lessees of playing rights, their respective families and guests. The Club is highly dependent on their patronage as well as their diligent payment of their membership dues and assessments. Fluctuations of the Club's patronage has a direct impact on its revenues.

Transactions with and/or dependence on related parties

Pursuant to the Development Agreement, the facilities of the Club were financed and developed by ARDC in exchange for shares of stock of the Club. At present, ARDC owns the majority of the shares of stock in the Club. By agreement, the Club deferred the issuance of the remaining unissued shares to ARDC resulting from the completion of the project development and facilities in the Club in accordance with the terms and conditions stated in the Development agreement between them.

Patents, trademarks, etc.

The Club has not registered any trademark or patent. It has not granted and has also not been granted any franchise or entered into any royalty agreements or similar contracts or transactions.

Need for any government approval of principal products or services

On October 26, 2006 the Securities and Exchange Commission has approved the amendment to the Registration Statement of the Club regarding the: a) Increase of the Offer Price of its outstanding unsold shares. Other than the foregoing and the registration with the Securities and Exchange Commission and the customary business and local permits issued by the government of Lipa City, the Club is not aware of any special licenses, approvals or permits necessary for its operations.

Effect of existing or probable governmental regulations on the business

Except for the conditions stated in the revised Manual on Corporate Governance, no other governmental regulations are foreseen which will significantly affect the operations of the Club.
Research and development activities

No research and development activities are being undertaken by the Club.

Costs and effects of compliance with environmental laws

An environment compliance certificate for the development and operation of the Club has been issued. Cost of compliance with the terms and conditions stated therein as well as other related environmental regulations make up part of the maintenance costs of the Club but the amount has not been significant.

Employees

As of December 31, 2025 the club has increased its employees to 30 consisting of:

Managerial	04
Supervisory	14
Rank & File	12

From October 1, 2025 to December 31, 2025, the club maintained the 24 regular employees with the additional 6 employees on probationary status.

The rest of the workforce in the club are supplied by Manpower Service providers and ATF Property Management Inc. (APMI) which operates and maintain the golf and country club facilities, Club Hotel and The Suites; On the other hand, MJCarr Golf Management Inc. maintains the golf courses and the open spaces and common areas in the residential estates while Culinary Adventures Inc. (CAI) handles the F&B at the Sand Trap, Eagle Lounge, Green Rooms, Half Way Houses, Driving Range Food Outlet and Tee Houses and will soon caters also to events like conferences, birthdays and wedding/anniversary receptions held at the club's function rooms.

The club's employees and staffing supplied by concessionaires and other contractors.

The club has no Collective Bargaining Agreement (CBA) with its employees but continue to hold regular dialogues and consultations with them affecting their work condition and well-being.

No supplementary benefits, other than all mandatory benefits under prevailing labor laws and related laws, are currently being given to the employees.

Directors and Officers
(a) <u>Incumbent Directors</u>

The names, citizenship, ages, terms of office and business experiences for the last five (5) years and the period covered of all incumbent directors (including Independent Directors and Executive Officers):

Antonio V. Turalba, Jr., 59, Filipino, Interim Chairman & President[1] (February 2025); President for two (2) years (2023-2024), Director (1995 to present); Chairman, Membership Committee one year (2020-2021); Director, Active Group, Inc. (1998 to present); Director, President and Chief Executive Officer of Active Realty and Dev't Corp (2014 to present).

[1] Minutes of Spl. Board of Director's Meeting dated 2/27/2025 electing Antonio Valera Turalba as Chairman & President resulting from the death of the incumbent Chairman, Antonio Asperilla Turalba on January 27, 2025

Jose Antonio L. Turalba 29**,** Filipino, Director, one year (beginning September 2021), Executive Vice-President (February 2025 to present);[2] Director, Active Realty Development Corporation, Director, Active Land Estate Sales Inc., Director, Active Construction Inc., and VP for Business Development.

Teodoro G. Salud, 84, Filipino, one year (September 2009-present). President, Salinas Realty & Business Corporation (1972 to present); President, Rural Bank of Salinas, Inc. (1980 to present); President, Ebdor Realty & Development Corp. (1990 to present); President, Sims Corporation (1983 to present); Director, Ardear Development & Realty Corp (1988 to present); Member, Alabang Country Club, Member, Tagaytay Highlands International Golf Club, Member, Eagle Ridge Golf & Country Club, Member, Riviera Golf and Country Club.

Raymund F. Diga,* Filipino, Director, one year (September 2024 to present). Chief, Division of Pulmonary Medicine, May Mediatrix Medical Center.

Nicetas Katigbak, 78, Filipino, Director, one year (September 2006 to 2009; September 2012 to present). Chairman, Phil Abbatoir Dev. Corp.

Alejandro Palines Jr., 70, Director, Filipino, re-elected as Director for one-year (from, September 11, 2015) Batangas City Laboratory, Inc. (2010 to present); Chairman, Dept of Surgery/Batangas Regional Hospital (2007 to present); Visiting Consultant, St. Patrick's Hospital (1990 to present); Visiting Consultant, Jesus of Nazareth Hospital (2003 to present); Visiting Consultant, Golden Gate General Hospital (1990 to present).

Franklin Go *, 58, Filipino, Director for one-year (Beginning September 2025), Board of Director, Goldilocks Bakeshop Inc.

Joselito E. Tapay*, 67, Director, Filipino, one year (beginning September 2020). Director, JETBEST Multilines Corporation (1989 to present); Director, JT Moland Realty Development Corp. (2007 to present); Director, Malarayat Innovative Financing Corporation (2011 to present).

Pol Delos Santos*, Director, Filipino, one year (beginning September 2024). Member, Mount Malarayat Golf & Country Club.

Francis C. Laurel , 78, Filipino, Director, one year (beginning September 2025 to present), President and CEO, Toyota Batangas**.**

Victor N. Alimurong, 80**,** Filipino, Corporate Secretary (1995 to September 2004). Partner, Siguon Reyna Montecillo Ongsiako Law Offices. Directorship positions in various companies: Coastal Subic Bay Terminal, Inc., Freight Management Worldwide Services, Inc., ASSAB Steel Philippines, Inc., Kerry Food Ingredients (Phils.), Inc. and Kerry Food Ingredients (Cebu), Inc.

Alejo S. Dimailig, 60, Filipino, Assistant Corporate Secretary, (March 2012 to present),. Founding &Managing Partner, Katigbak Dimailig & Kahayon Law Offices; holds Directorship and Corporate Secretarial positions in various companies; Bachelor of Laws (Ll.B.) San Beda University (1992); Admitted to the Roll of Attorneys in 1993 (No. 38231); Lifetime Member, Integrated Bar of the Phils. – Makati Chapter

Romeo V. Garcia, **Jr.** 68, Filipino, Compliance Officer, one year (2020-2021); General Manager/COO (appointed June 4, 2016 to present), served as Resident Executive Assistant to the President and Chairman of the Club for 8 years (from March 2008 to June 3, 2016); Purchasing Manager from 1998 to February 2008.

[2] Ibid.,

(b) ***Executive Officers***

The Executive Officers are: Antonio Valera Turalba Jr. (Chairman/President); Jose Antonio L. Turalba (Executive Vice-President); Teodoro Salud (Treasurer); Victor N. Alimurong (Corporate Secretary) and Alejo S. Dimailig (Asst. Corporate Secretary), Romeo V. Garcia, Jr (General Manager & Compliance Officer).

This year's Nomination & Election Committee (NOELCOM) is headed by Wildy Tan (Independent Director) with Joselito Tapay, and Manolito Macasaet as members.

Independent Directors

Of the eleven (11) incumbent directors, four are independent directors (*in asterisk* [*] above), namely Joselito Tapay, Raymund F. Diga, Pol Delos Santos, and Franklin Go. They constitute more than the required 20% of the total number of the Board of Directors in accordance with Sec. 38, SRC. All independent directors have executed the updated *pro forma* sworn Certificate of Qualification (refer to Annex C, hereof).

All the above-named independent directors own at least one (1) share of Gold A stock each and are also not shareholders of any related or affiliated company or any of its substantial shareholders. They are also not officers of the Corporation nor employed or retained as executive officer or professional adviser. They are also not relatives of any director or officer nor engaged in any business or transaction with the corporation or its related companies.

Except for Joselito Tapay, Franklin Go and Jose Antonio Turalba, all the members of the Board of Directors have completed the seminar on Corporate Governance

1. Market Information

With the completion of the facilities of the Club in December 2007, the Corporation and the Club's developer ARDC (the selling shareholder) have entered into an agreement deferring the issuance of the remaining shares held by the registrant to ARDC in payment for the completed development pursuant to the MOA signed between them. As heretofore disclosed, the MOA contained an undertaking by the registrant convey the remaining unissued/unsold securities to ARDC as consideration for the acquisition by the latter of the real properties for the former and development of its facilities.

No shares are traded in any exchange.

Current sales are secondary sales either by the Active Realty & Development Corporation in accordance with the Permit to Sell issued by the Commission or by individual shareholders to third parties. The market for the securities are primarily for the domestic market. Since these are secondary sales, the Club is not privy to the prices offered by the sellers. For the last 2years the prevailing offer price for sale of securities in the market is P350,000 [Golf A] and P500,000 [Gold C] in addition to applicable transfer fee of P200,000.00 imposed by the Corporation for such transfer.

2. Holders

(i) As of 12 August 2026, the Club has a total of 784 stockholders or members of record, broken down according to each class of shares as follows:

Class		**Number of Shareholders**
Gold	A	546
Gold	B	32
Gold	C	151
Silver	A	50
Silver	B	3
Silver	C	2

(ii) The top shareholder is the Active Realty & Development Corporation which holds a total of 3,077 shares of various classes as of August 12, 2026 (take note that the breakdown presented above, ARDC is listed only once under Gold A although its holdings include all types of shares)

Most of the shareholders hold either one or two shares. The top shareholders as of the most practicable date i.e., August 12, 2026 are as follows :

	Number of Shares Held			
Shareholder	Gold	Silver	Total	Percent (%)
ARDC	1,137	1,940	3,077	76.93
Philippine Deposit Insurance Corp	46		46	1.15
PNB	17		17	0.4
Teodoro Salud	5	4	9	0.23
Antonio A. Turalba	22		22	0.73
DEI Properties, Inc.	5		5	0.12
Antonio V. Turalba, Jr	5		5	0.12
Antonella T. Abdon	4		4	0.1
Anjeanette T. Fuentebella	4		4	0.1
Angela V. Turalba	4		4	0.1
Others[3]				

3. Dividends

Not applicable. Being a non-profit corporation, the Club does not declare dividends,

4. Recent Sales of Unregistered Securities (within the last 5 years)

The Club has not issued or sold any unregistered securities during the last five (5) years

Discussion on Compliance with Leading Practice on Corporate Governance based on the present Manual

The corporation has adopted the Revised Manual on Corporate Governance which had been submitted to the Securities and Exchange Commission in compliance with SEC Memorandum Circular No. 24, Series of 2019.

To evaluate its compliance or non-compliance with the recommendations utilizing the "comply" or "explain" approach under SEC's Annual Corporate Governance Report (SEC FORM ACGR)[4] for Registered Issuers, the corporation submitted the filled-up form to SEC in May 28, 2026.

As above stated, except for Joselito Tapay, Franklin Go and Jose Antonio Turalba, all incumbent directors have attended the seminar on corporate governance in keeping with its commitment and compliance with the monitoring requirements of the Commission.

[3]S*hareholders 10-20 are holding less than 3 shares or less*.
[4] SEC Memo Circular 19, s. 2020.