Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

RESULTS OF OPERATIONS:

For the three months ended 31 March 2026 and 2025

Rockwell Land Corporation ("the Group") registered Php6,455 million in consolidated revenues, higher by 45% from last year's Php4,448 million. Residential development accounted for 75% of the total revenues in 2026, lower than last year's 77%.

Total EBITDA reached Php2,722 million, higher than last year's Php1,916 million driven by higher EBITDA from residential development. Overall EBITDA margin registered at 42% of total revenues, a bit lower than last year's 43%. The total revenues used as basis for the EBITDA margin excludes gross revenues from the joint venture with Meralco and International Pharmaceuticals, Inc. as these are reported separately under "Share in Net Losses (Income) in JV". Share in net income in the joint venture contributes 4% to the Company's total EBITDA.

Residential development and commercial development contributed 60% and 40% to the total EBITDA, respectively.

Consolidated net income after tax registered at Php1,433 million, higher than last year's Php943 million. NIAT to Parent for the three months is Php1,291 million, 67% higher from same period last year of Php773 million.

<u>Business Segments</u>

Residential Development generated Php4,851 million, contributing 75% of the total revenues for the period. Revenue primarily derived from the sale of real estate due to higher project accomplishment than last year.

EBITDA from this segment amounted to Php1,634 million, 39% higher than the same period last year at Php1,173 million mainly attributable to increase in revenues.

Commercial Development revenues amounted to Php1,604 million, 55% higher than 2025's Php1,033 million, mainly driven by the consolidation of ACC. This segment contributed 25% to total revenues excluding the share in the joint venture with Meralco for the Rockwell Business Center in Ortigas, Pasig City.

Retail Operations which include retail leasing, interest income and other mall revenues generated revenues of Php1,136 million, 74% higher than last year's Php652 million due to improved average rental and occupancy rate and contribution from ACC. Office Operations generated Php403 million which is equivalent to 6% of the total revenues. Office operations include office leasing, sale of office units and other office revenues.

Hotel Operations, contributed 1% of the total revenues. Its revenues amounted to Php65 million and costs and expenses at Php48 million. Resulting EBITDA is at Php17 million.

The segment's EBITDA amounted to Php1,087 million, 46% higher from the same period last year. This includes the share in net income in the joint venture amounting to Php103 million, contributing 9% to the segment's EBITDA.

Costs and Expenses

Cost of real estate and selling amounted to Php3,263 million. The cost of real estate and selling to total revenue ratio is at 51%, for 2026 and 2025 respectively slightly lower than last year's 62% due to higher revenue.

General and administrative expenses (G&A) amounted to Php743 million, 22% higher than last year mainly due to higher manpower related costs and occupancy expenses from consolidation of ACC. The G&A ratio stood at 12% of total revenue.

Interest Expense amounted to P711 million, higher by 67% than last year's Php432 million. The increase was mainly due to higher loan balance slightly offset by lower average interest rate.

Share in Net Income (Losses) in JV and associates realized share in net income of JV and associate amounted to Php106 million, lower than last year's Php111 million. The 5% decrease from last year is mainly due to higher costs from Rockwell IPI slightly offset by improve performance for RBC-Ortigas. At its 70% share, the Company generated total revenues of Php156 million and share in net income of Php103 million. The share in net income is reported net of taxes and represents the Company's share in the operations generated by RBC.

Project and capital expenditures

The Group spent a total of Php3.2 billion (gross of VAT) for project and capital expenditures for the three months of 2026. Bulk of the expenditures pertained to land acquisitions and development costs, mainly that of Edades West, Mactan, BenCab and Cabo. These were funded mainly by internally generated funds.

Financial Condition

The Group's total assets as of March 31, 2026 amounted to Php140.5 billion, 9% higher than 2025's year-end amount of Php129.2 billion. The growth in total assets was primarily driven by higher cash and cash equivalents and other current assets. On the other hand, total liabilities amounted to Php91.7 billion, higher than 2025's year-end amount of Php81.5 billion. The increase is mainly due to issuance of bonds amounting to Php10 billion on March 18, 2026.

Current ratio as of March 31, 2026 improved to 2.09x from 1.81x as of end 2025. Net debt to equity ratio is at 0.78x as of March 31, 2026, slightly higher than 2025's year-end ratio of 0.77x.

Causes for any material changes (+/- 5% or more) in the financial statements

<u>Statement of Comprehensive Income Items – Three Months 2026 vs. Three Months 2025</u>

44% increase in Real Estate Sales
Due to higher bookings and revenue recognition from Edades West and Cabo Lots.

64% increase in Interest Income
Due to higher interest income discounting

58% increase in Lease Income
Due to higher average rental rates of retail and office segment and new contribution from ACC

35% increase in Other Revenues
Due to higher cinema revenues, theater admissions and tenant charges

44% increase in Cost of Sales
Due to cost recognition from Edades West and Cabo Lots and higher commercial operating expenses resulting from consolidation of ACC

22% increase in General and Administrative Expenses
Mainly due to higher manpower related costs and occupancy expenses from consolidation of ACC

30% increase in Selling Expenses
Due to higher Commission expenses from Edades West and Cabo Lots

67% increase in Interest Expense
Primarily due to higher loan balance slightly offset by lower average interest rate.

38% decrease in Other Comprehensive Income

Due to lower fair value gains on derivative instrument.

Statement of Financial Position items – March 31, 2026 vs. December 31, 2025

191% increase in Cash and Cash Equivalents
Primarily due to proceeds from bonds

9% increase in contract assets
Due to higher completion from Edades West, Cabo Lots, RCB Lots and Rockwell South Cluster 5 & 6

10% increase in Advances to Contractors
Primarily due to additional advances for Edades West and Cabo projects.

11% increase in Other Current Assets
Due to restricted cash from newly launched projects.

15% increase in Deferred tax assets
Due to NOLCO from subsidiaries.

12% increase in Other Non-Current Assets
Due to higher non-current portion of derivative assets.

19% increase in interest-bearing loans and borrowings
Due to bond issuance and new loan availments

132% increase in Income Tax Payable
Due to higher taxable income for RCDC

18% increase in Pension Liability
Due to accrual of pension cost for the year.

813% increase in FV of Cash flow hedge
Due to gain from fair value of hedge instruments

Key Performance Indicators

As indicated	**For the three months ended March 31**	
	2026	**2025**
ROA (*)	4.41%	4.60%
ROE (*)	12.32%	10.38%
	As of March 31, 2026	**As of December 31, 2025**
Current ratio *(x)*	2.09	1.81
Debt to equity ratio *(x)*	1.04	0.86
Net debt to equity Ratio *(x)*	0.78	0.77
Asset to equity ratio *(x)*	2.88	2.71
Interest coverage ratio *(x)*	4.06	4.88

Notes:
(1) ROA [Net Income/Average Total Assets]
(2) ROE [Net Income/ Average Total Equity]
(3) Current ratio [Current assets/Current liabilities]
(4) Debt to equity ratio [Total interest bearing debt / Total Equity]
(5) Net debt to equity ratio [(Total Interest bearing debt)-(Cash and cash equivalents) / Total Equity]
(6) Asset to equity ratio [Total Assets/Total Equity]
(7) Interest coverage ratio [EBITDA/Interest Expense]
**ROA and ROE are annualized figures*

ROA is slightly lower vs 2025 at 4.41% mainly from higher average total assets.

ROE is higher vs 2025 at 12.32% mainly from higher net income for the first quarter of 2026.

Current ratio improved to 2.09x from 1.81x due to higher cash & cash equivalents

Debt to equity ratio increased to 1.04x from 0.86x. Net debt to equity ratio increased to 0.78x from 0.77x.

Asset to equity ratio is higher at 2.88x vs 2.71x last year due to increase in total assets