

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
MacroAsia Corporation
7th Floor, Ricogen Building
112 Aguirre Street
Legazpi Village, Makati City

Opinion

We have audited the consolidated financial statements of MacroAsia Corporation (the Company) and its subsidiaries (collectively as the Group), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment of goodwill, intangible assets with indefinite useful lives, service concession rights and non-financial operating assets

As at December 31, 2025, the Group’s goodwill, intangible assets with indefinite useful life (right-to-use assets), service concession right and nonfinancial operating assets of certain business units amounted to ₱9,318.4 million. The Group is required to annually perform impairment testing of goodwill and intangible assets with indefinite useful life. While for non-financial operating assets and service concession assets, the Group should assess at the end of each reporting period whether there is an indication that the asset is impaired. If such indication exists, the Group should estimate the recoverable amount of the CGUs.

We considered the impairment testing of goodwill, intangible assets with indefinite useful life, service concession right and non-financial operating assets as a key audit matter because the amounts involved are material to the consolidated financial statements and the management’s impairment assessment process requires significant judgment and is based on assumptions, specifically the forecasted volume of annual water consumption, average price per cubic meter, flight activity hours, tariff rate, growth rate and discount rate as relevant to the assets being tested for impairment.

Refer to Notes 2 and 3 to the consolidated financial statements for the material accounting policies and a discussion of significant judgments, and Notes 9, 11, 13, 14, 15 and 28 for the detailed discussion on goodwill, intangible assets with indefinite useful lives, service concession rights and non-financial operating assets.

Audit Response

We obtained an understanding of the Group’s impairment process and related controls. We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include volume of water consumption, tariff rate, growth rates and discount rates used. We compared the key assumptions used such as forecasted volume of water consumption, average price per cubic meter, and flight activity hours against the historical information. We inquired from management and operations personnel about the plans to support the forecast revenue.

We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group’s disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill, intangible assets and service concession right.



Accounting for Investment in Associate

The Group has a 49% interest in Lufthansa Technik Philippines, Inc. (LTP) that is accounted for under the equity method. For the year ended December 31, 2025, the Group's share in the net income of LTP amounted to ₱1,196.8 million. The Group's share in the net income of LTP is significantly affected by the amount of provisions for claims and losses from third parties recognized by LTP. The determination of whether provision should be recognized and the estimation of provision for the claims and losses requires significant management judgment.

The Group has yet to finalize, as of December 31, 2025, an extended lease agreement on the lease of the ecozone where LTP is located. As of March 26, 2026, the discussions of the key terms for the lease are still ongoing. The uncertainty surrounding the lease renewal and its key terms, and the impact on LTP's financial performance requires significant management judgment and estimation in assessing the recoverability of the Group's investment in LTP.

Refer to Notes 2 and 3 to the consolidated financial statements for the relevant accounting policies and a discussion of significant judgments, respectively, and Note 9 for the detailed discussions on the investment in LTP.

Audit Response

We obtained an understanding of LTP's revenue, cost and expense recognition policies and procedures. We tested the relevant controls on the information system and manual processes. We inquired of LTP's management about the progress and status of significant claims against LTP, its potential exposure to the related losses and LTP management's assessment of the likely outcome. We further reviewed the minutes of meetings of LTP's Board of Directors and other documents supporting LTP management's assessment of loss, contingencies and the significant judgments exercised in the estimation of recognized provisions for losses. We evaluated the position of LTP's management on each of the significant claims by reviewing legal replies and other relevant documents and information. We obtained the audited financial performance of LTP as at and for the year ended December 31, 2025 and recomputed the Group's share in LTP's net earnings.

In assessing the recoverability of the Group's investment in LTP, we reviewed management's impairment assessment, which involved evaluating the cash flow forecasts including the reasonableness of the assumptions used of which the terms of the lease renewal is one of the significant assumptions. We involved our internal specialist in evaluating the methodologies and the assumptions used to estimate the projected cash flows of the CGU. We compared the key assumptions, such as the number of fleets and workload, lease rates applied, and growth rates used against the historical performance of the CGU, industry or market outlook and other relevant external data. We also inquired of management about their plans in support of the assumptions used. Additionally, we assessed the sensitivity of these forecasts to changes in key variables, such as market demand as it affects revenue and changes in major cost items.

Furthermore, we reviewed the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on determining the recoverable amount investment in LTP.



Other Information

Management is responsible for the other information. The other information comprises the Philippine Securities and Exchange Commission (SEC) Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of the Auditor's Report, and the SEC Form 20-IS (Definitive Information Statement) for the year ended December 31, 2025, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

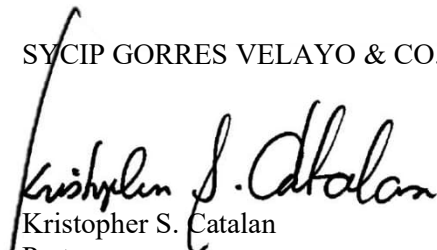
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.


Kristopher S. Catalan
Partner

CPA Certificate No. 109712

Tax Identification No. 233-299-245

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

SEC Partner Accreditation No. 109712-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026

PTR No. 10765025, January 2, 2026, Makati City

March 26, 2026



MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 18, 22 and 23)	₱2,470,617,767	₱1,369,282,600
Receivables and contract assets (Notes 6, 15, 18 and 23)	2,435,855,119	2,202,872,855
Inventories (Note 7)	180,165,931	155,395,494
Other current assets (Note 8)	1,175,150,284	695,565,235
Total Current Assets	6,261,789,101	4,423,116,184
Noncurrent Assets		
Investments in associates (Note 9)	3,806,564,227	2,471,121,451
Property, plant and equipment (Note 11)	3,589,688,776	2,496,453,868
Investment property (Note 12)	143,852,303	143,852,303
Net investment in lease (Note 28)	21,954,151	1,179,796,110
Right-of-use assets (Note 28)	809,052,471	781,910,809
Service concession rights (Note 13)	438,336,998	436,908,235
Intangible assets and goodwill (Note 13)	359,809,552	365,088,037
Deferred income tax assets - net (Note 25)	114,550,269	95,809,930
Other noncurrent assets (Notes 6, 14, 15 and 21)	1,028,315,922	1,023,594,420
Total Noncurrent Assets	10,312,124,669	8,994,535,163
TOTAL ASSETS	₱16,573,913,770	₱13,417,651,347
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Notes 16, 18, 22 and 23)	₱485,000,000	₱121,178,000
Accounts payable and accrued liabilities (Notes 17, 18, 23 and 29)	3,235,178,317	2,299,534,892
Income tax payable	126,169,179	75,445,320
Dividends payable (Note 27)	10,505,443	96,402,629
Current portion of long-term debts (Notes 16, 18, 22 and 23)	249,855,488	386,927,235
Current portion of lease liabilities (Note 28)	46,518,590	43,420,640
Total Current Liabilities	4,153,227,017	3,022,908,716
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 16, 18, 22 and 23)	2,048,421,029	395,420,113
Lease liabilities - net of current portion (Note 28)	915,201,716	2,049,541,788
Accrued retirement and other employee benefits payable (Note 21)	200,730,220	196,580,540
Deferred income tax liabilities - net (Notes 15 and 25)	94,683,089	95,827,842
Other noncurrent liabilities (Note 18)	90,795,046	93,627,043
Total Noncurrent Liabilities	3,349,831,100	2,830,997,326
Total Liabilities	7,503,058,117	5,853,906,042

(Forward)



	December 31	
	2025	2024
Equity attributable to equity holders of the Company		
Capital stock - ₱1 par value (Note 27)	₱1,933,305,923	₱1,933,305,923
Additional paid-in capital	281,437,118	281,437,118
Retained earnings (Note 27):		
Appropriated	2,940,000,000	960,000,000
Unappropriated	2,609,793,832	3,356,833,052
Other comprehensive income (loss) (Notes 9, 15 and 21)	122,565,567	(5,212,490)
Other reserves (Note 27)	1,003,041,257	1,003,041,257
Treasury shares (Note 27)	(459,418,212)	(459,418,212)
	8,430,725,485	7,069,986,648
Non-controlling interests (Notes 4 and 10)	640,130,168	493,758,657
Total Equity	9,070,855,653	7,563,745,305
TOTAL LIABILITIES AND EQUITY	₱16,573,913,770	₱13,417,651,347

See accompanying Notes to Consolidated Financial Statements.



MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE (Notes 18 and 19)			
In-flight and other catering	₱4,901,925,852	₱4,402,552,818	₱3,981,782,302
Ground handling and aviation	4,276,564,172	4,171,950,252	3,135,524,660
Water distribution	726,985,375	748,553,636	617,489,588
Others	55,768,845	118,615,838	262,249,296
	9,961,244,244	9,441,672,544	7,997,045,846
DIRECT COSTS AND EXPENSES (Notes 20 and 29)			
In-flight and other catering	3,437,463,479	3,014,459,014	2,688,372,788
Ground handling and aviation	3,988,579,487	3,563,692,601	2,962,078,341
Water distribution	435,466,002	430,542,415	379,061,138
Others	67,582,525	100,037,221	225,327,987
	7,929,091,493	7,108,731,251	6,254,840,254
GROSS PROFIT	2,032,152,751	2,332,941,293	1,742,205,592
SHARE IN NET EARNINGS OF ASSOCIATES (Note 9)	1,472,758,536	731,540,161	576,729,023
	3,504,911,287	3,064,481,454	2,318,934,615
OPERATING EXPENSES (Note 20)	1,690,446,136	1,391,006,394	1,085,694,715
INCOME FROM OPERATIONS	1,814,465,151	1,673,475,060	1,233,239,900
OTHER INCOME (CHARGES) - net			
Financing charges (Notes 16, 18, 22 and 28)	(137,692,740)	(121,985,127)	(163,781,528)
Interest income (Notes 5, 18 and 22)	40,561,439	26,698,898	19,005,809
Foreign exchange gain (loss) - net	19,496,212	12,274,493	(8,281,901)
Other income - net (Note 22)	76,163,768	65,408,241	113,375,958
	(1,471,321)	(17,603,495)	(39,681,662)
INCOME BEFORE INCOME TAX	1,812,993,830	1,655,871,565	1,193,558,238
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)			
Current	206,769,406	214,837,144	160,051,056
Deferred	(1,166,878)	69,625,152	(37,677,429)
	205,602,528	284,462,296	122,373,627
NET INCOME	₱1,607,391,302	₱1,371,409,269	₱1,071,184,611
Net income attributable to:			
Equity holders of the Company	₱1,440,966,197	₱1,122,876,609	₱851,136,879
Non-controlling interests (Notes 4 and 10)	166,425,105	248,532,660	220,047,732
	₱1,607,391,302	₱1,371,409,269	₱1,071,184,611
Basic/Diluted Earnings Per Share (Note 26)	₱0.76	₱0.59	₱0.45

See accompanying Notes to Consolidated Financial Statements.



MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
NET INCOME	₱1,607,391,302	₱1,371,409,269	₱1,071,184,611
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items of other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Share in net foreign currency translation adjustments of associates (Note 9)	47,663,316	59,789,354	(15,937,991)
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Changes in fair value of equity investments held at FVTOCI - net of tax effect (Note 15)	21,250,000	34,000,000	12,750,000
Remeasurement gains (losses) on defined benefit plans, net of tax effect (Note 21)	(18,483)	(23,066,323)	(48,528,290)
Share in remeasurement gains (losses) on defined benefit plans of associates (Note 9)	58,883,224	(60,333,526)	(125,339,434)
	127,778,057	10,389,505	(177,055,715)
TOTAL COMPREHENSIVE INCOME	₱1,735,169,359	₱1,381,798,774	₱894,128,896
Other comprehensive income (loss) attributable to:			
Equity holders of the Company	₱127,778,057	₱11,114,694	(₱185,648,255)
Non-controlling interests (Notes 4 and 10)	–	(725,189)	8,592,540
	₱127,778,057	₱10,389,505	(₱177,055,715)
Total comprehensive income attributable to:			
Equity holders of the Company	₱1,568,744,253	₱1,133,991,303	₱665,488,624
Non-controlling interests (Notes 4 and 10)	166,425,106	247,807,471	228,640,272
	₱1,735,169,359	₱1,381,798,774	₱894,128,896

See accompanying Notes to Consolidated Financial Statements.



MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Attributable to Equity Holders of the Company														
	Other Comprehensive Income										Retained Earnings (Note 27)		Treasury	Non-controlling	
	Capital Stock	Additional Paid-in Capital	Other Reserves	Reserve for Fair Value Changes of Financial Assets	Share in Foreign Currency Translation Adjustments of an Associate	Re-measurements on Defined Benefit Plans	Share in Re-measurements on Defined Benefit Plan of Associates	Subtotal	Appropriated	Unappropriated	Shares	Subtotal	Interests	Total	
BALANCES AT JANUARY 1, 2023	₱1,933,305,923	₱281,437,118	₱1,003,041,257	₱69,719,999	₱93,677,574	₱14,045,445	(₱8,121,947)	₱169,321,071	₱850,000,000	₱1,776,463,313	(₱459,418,212)	₱5,554,150,470	₱114,457,299	₱5,668,607,769	
Net income	-	-	-	-	-	-	-	-	-	851,136,879	-	851,136,879	220,047,732	1,071,184,611	
Other comprehensive income	-	-	-	12,750,000	(15,937,991)	(57,120,830)	(125,339,434)	(185,648,255)	-	-	-	(185,648,255)	8,592,540	(177,055,715)	
Total comprehensive income	-	-	-	12,750,000	(15,937,991)	(57,120,830)	(125,339,434)	(185,648,255)	-	851,136,879	-	665,488,624	228,640,272	894,128,896	
Additional appropriation	-	-	-	-	-	-	-	-	110,000,000	(110,000,000)	-	-	-	-	
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(94,547,916)	-	(94,547,916)	-	(94,547,916)	
Additional investment of non-controlling interest (Note 10)	-	-	-	-	-	-	-	-	-	-	-	-	17,150,000	17,150,000	
BALANCES AT DECEMBER 31, 2023	1,933,305,923	281,437,118	1,003,041,257	82,469,999	77,739,583	(43,075,385)	(133,461,381)	(16,327,184)	960,000,000	2,423,052,276	(459,418,212)	6,125,091,178	360,247,571	6,485,338,749	
Net income	-	-	-	-	-	-	-	-	-	1,122,876,609	-	1,122,876,609	248,532,660	1,371,409,269	
Other comprehensive income (loss)	-	-	-	34,000,000	59,789,354	(22,341,134)	(60,333,526)	11,114,694	-	-	-	11,114,694	(725,189)	10,389,505	
Total comprehensive income (loss)	-	-	-	34,000,000	59,789,354	(22,341,134)	(60,333,526)	11,114,694	-	1,122,876,609	-	1,133,991,303	247,807,471	1,381,798,774	
Declaration of cash dividends	-	-	-	-	-	-	-	-	-	(189,095,833)	-	(189,095,833)	-	(189,095,833)	
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(121,646,385)	(121,646,385)	
Additional investment of non-controlling interest (Note 10)	-	-	-	-	-	-	-	-	-	-	-	-	7,350,000	7,350,000	
BALANCES AT DECEMBER 31, 2024	1,933,305,923	281,437,118	1,003,041,257	116,469,999	137,528,937	(65,416,519)	(193,794,907)	(5,212,490)	960,000,000	3,356,833,052	(459,418,212)	7,069,986,648	493,758,657	7,563,745,305	
Net income	-	-	-	-	-	-	-	-	-	1,440,966,196	-	1,440,966,196	166,425,106	1,607,391,302	
Other comprehensive income (loss)	-	-	-	21,250,000	47,663,316	(18,483)	58,883,224	127,778,057	-	-	-	127,778,057	-	127,778,057	
Total comprehensive income (loss)	-	-	-	21,250,000	47,663,316	(18,483)	58,883,224	127,778,057	-	1,440,966,196	-	1,568,744,253	166,425,106	1,735,169,359	
Additional appropriation	-	-	-	-	-	-	-	-	2,830,000,000	(2,830,000,000)	-	-	-	-	
Reversal of appropriation	-	-	-	-	-	-	-	-	(850,000,000)	850,000,000	-	-	-	-	
Declaration of cash dividends	-	-	-	-	-	-	-	-	-	(208,005,416)	-	(208,005,416)	-	(208,005,416)	
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(106,350,000)	(106,350,000)	
Additional investment of non-controlling interest (Note 10)	-	-	-	-	-	-	-	-	-	-	-	-	86,296,405	86,296,405	
BALANCES AT DECEMBER 31, 2025	₱1,933,305,923	₱281,437,118	₱1,003,041,257	₱137,719,999	₱185,192,253	(₱65,435,002)	(₱134,911,683)	₱ 122,565,567	₱2,940,000,000	₱2,609,793,832	(₱459,418,212)	₱8,430,725,485	₱640,130,168	₱9,070,855,653	

See accompanying Notes to Consolidated Financial Statements.



MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,812,993,830	₱1,655,871,565	₱1,193,558,238
Adjustments for:			
Share in net earnings of associates (Note 9)	(1,472,758,536)	(731,540,161)	(576,729,023)
Depreciation and amortization (Notes 4, 11, 13, 15, 19 and 27)	409,572,078	361,930,535	327,001,195
Financing charges (Notes 16, 18, 22 and 28)	137,692,740	121,985,127	163,781,528
Retirement and other employee benefits (Note 20)	(4,652,173)	(14,109,435)	12,301,947
Interest income (Notes 5, 6 and 22)	(40,561,439)	(26,698,898)	(19,005,809)
Unrealized foreign exchange loss - net	19,496,212	12,274,498	8,281,901
Loss on retirement of lease (Note 28)	3,025,027	–	–
Loss (gain) on disposal of property and equipment (Note 11)	(2,555,222)	2,775,991	–
Gain on bargain purchase of a subsidiary (Notes 10 and 22)	(102,422)	–	(69,730,361)
Loss on disposal of investment in an associate (Notes 9 and 22)	–	–	43,022,151
Operating income before working capital changes	862,150,095	1,382,489,222	1,082,481,767
Decrease (increase) in:			
Receivables and contract assets	(244,795,080)	(117,851,522)	(265,643,145)
Inventories	(13,528,152)	5,600,799	(21,650,650)
Other assets	(376,759,051)	101,949,653	(249,650,920)
Increase (decrease) in:			
Accounts payable and accrued liabilities	944,566,744	(146,337,716)	557,230,232
Other noncurrent liabilities	(2,831,995)	–	–
Cash generated from operations	1,168,802,561	1,225,850,436	1,102,767,284
Interest received	36,664,863	26,928,679	19,005,809
Financing charges paid (Note 32)	(80,525,268)	(77,549,355)	(106,549,500)
Income taxes paid, including creditable withholding taxes	(273,515,155)	(267,184,220)	(200,389,032)
Net cash flows from operating activities	851,427,001	908,045,540	814,834,561
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment and service concession rights (Notes 11 and 13)	(1,457,116,390)	(519,278,292)	(306,498,309)
Subsidiary, net of cash acquired (Notes 9 and 27)	–	–	(174,004)
Investment in stocks (Note 9)	(64,466,700)	–	–
Water rights and other intangible assets	(4,662,173)	(7,178,533)	(2,768,683)
<i>(Forward)</i>			



	Years Ended December 31		
	2025	2024	2023
Dividends received (Note 9)	₱308,329,000	₱559,349,600	₱539,098,000
Proceeds from disposal of property and equipment (Note 11)	2,210,704	3,891,640	–
Additional refundable deposits and other noncurrent assets (Note 15)	6,295,152	(179,078,020)	(9,501,896)
Proceeds from sale of investment in associate (Note 9)	–	–	312,505
Net cash from (used in) investing activities	(1,209,410,407)	(142,293,605)	220,467,613
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of:			
Notes payable (Notes 16 and 32)	439,000,000	82,000,000	150,000,000
Long-term debts (Notes 16 and 32)	1,920,896,986	334,815,500	–
Payments of:			
Notes payable (Notes 16 and 32)	(75,178,000)	(205,322,000)	(44,500,000)
Long-term debts (Notes 16 and 32)	(404,967,817)	(352,706,839)	(331,111,216)
Lease liabilities, including interest (Notes 28 and 32)	(89,173,470)	(88,827,549)	(90,076,224)
Dividends paid (Notes 27 and 32)	(313,956,215)	(224,064,797)	(116,790,728)
Additional investment of non-controlling interest (Notes 10 and 33)	–	7,350,000	–
Net cash from (used in) financing activities	1,476,621,484	(446,755,685)	(432,478,168)
EFFECT OF EXCHANGE RATE CHANGES			
ON CASH AND CASH EQUIVALENTS	(17,302,911)	(12,274,488)	(8,281,901)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,101,335,167	306,721,762	594,542,105
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,369,282,600	1,062,560,838	468,018,733
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	₱2,470,617,767	₱1,369,282,600	₱1,062,560,838

See accompanying Notes to Consolidated Financial Statements.



MACROASIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Business Operations

Corporate Information

MacroAsia Corporation (the Company or MAC), a publicly-listed corporation, was incorporated in the Philippines on February 16, 1970 under the name Infanta Mineral & Industrial Corporation to engage in the business of geological exploration and development. On January 26, 1994, its Articles of Incorporation was amended to change its primary purpose from exploration and development to that of engaging in the business of a holding company, and changed its corporate name to Cobertson Holdings Corporation. On November 6, 1995, the Company's Articles of Incorporation was again amended to change its corporate name to its present name. Under the Revised Corporation Code of the Philippines (RCC), all corporations with certificate of incorporation issued prior to effectivity of RCC, for which MAC falls under, shall have perpetual existence. Its registered office address is at 7th Floor, Ricogen Building, 112 Aguirre Street, Legazpi Village, Makati City.

Business Operations

The principal activities of the Company and its subsidiaries (collectively referred to as the Group) are described in Note 4. The Company, through its subsidiaries and associates (see Note 9), is primarily engaged in aviation-support businesses at the Ninoy Aquino International Airport (NAIA), Manila Domestic Airport (MDA), Mactan-Cebu International Airport (MCIA), Kalibo International Airport (KIA), Davao International Airport and the General Aviation Areas. It provides in-flight catering services, ground handling services for passenger and cargo aircraft, and helicopter charter flight services. It also operates/develops the sole economic zone within the NAIA.

Geopolitical Risk – Middle East Conflict

The Group continues to monitor developments relating to the ongoing conflict in the Middle East and assess its potential impact on its operations and financial position. As of March 26, 2026, management has determined that there is limited direct exposure to the Group. However, indirect impacts on the certain business segments in the aviation industry may arise from rising fuel prices, which could lead to reduced flight activity and lower demand for aviation support services, including ground handling and airline catering.

Given the evolving nature of the situation, the Group will continue to closely monitor developments and implement appropriate measures, consistent with its risk management policies, to mitigate any potential significant adverse effects.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 were authorized for issuance by the Board of Directors (BOD) on March 26, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared using the historical cost basis, except for equity investments held at fair value through other comprehensive income (FVTOCI) which are carried at fair value. The consolidated financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. Amounts are rounded to the nearest Peso except when otherwise indicated.



Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The financial reporting framework includes all applicable PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) including the Securities and Exchange (SEC) pronouncements.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards - Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*



Effective beginning on or after January 1, 2027

- Amendments to PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1, *Presentation of Financial Statements*, and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

Management is in the process of assessing the effects of the new requirements on the presentation of and disclosures to the Group's consolidated financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The significant accounting policies adopted in the preparation of the consolidated financial statements are summarized below.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group, its direct subsidiaries, the subsidiaries of MACS, MAPDC, Boracay Tubi Systems Inc. (BTSI) and the subsidiary of MMC, Watery Business Solutions Inc. (WBSI) and Allied Water Services, Inc. (AWSI) which are all incorporated in the Philippines and registered with the Philippine SEC as of December 31 of each year.

Entity	Nature of business	Percentage of Ownership by MAC				Percentage of Direct Ownership of Subsidiaries	
		2025		2024		2025	2024
		Direct	Indirect	Direct	Indirect		
MacroAsia Airport Services Corporation (MASCORP)	Ground handling aviation services	80	–	80	–	–	–
Aviation Product Corporation (APC) ⁽²⁾	Aircraft ULD repair services	–	80	–	–	100	–
MacroAsia Catering Services Corporation (MACS)	In-flight and other catering Services	67	–	67	–	–	–
MacroAsia SATS Food Industries (MSFI)	Meal production and food processing	67 ⁽³⁾	–	–	67	67 ⁽³⁾	100
MacroAsia SATS Inflight Services Corporation (MSISC)	Meal production and food processing	67 ⁽⁴⁾	–	–	67	67 ⁽⁴⁾	100
MacroAsia New Ventures, Inc. (MNVI) ⁽⁵⁾		100	–	–	–	–	–
MacroAsia Air Taxi Services, Inc. (MAATS)	Fixed-based operation (FBO)	100	–	100	–	–	–
MacroAsia Properties Development Corporation (MAPDC)	Economic Zone (Ecozone) developer/operator and water supplier	100	–	100	–	–	–
SNV Resources Development Corporation (SNVRDC)	Water treatment and distribution	–	100	–	100	100	100
Boracay Tubi System, Inc. (BTSI)	Water treatment and distribution, and construction of sewage treatment plant	–	67	–	67	67	67
MONAD Water and Sewerage Systems, Inc. (MONAD)	Water sewerage treatment	–	53.6	–	53.6	80	80
New Earth Water System, Inc. (NEWS)	Water projects	–	67	–	67	100	100
Naic Water Supply Corporation (NAWASCOR)	Water distribution	–	100	–	100	100	100
Aqualink Resources Development, Inc.	Water distribution	–	51	–	51	51	51
Mabini PangasinanResources Development Corporation (MPRDC)	Water projects	–	100	–	100	100	100

(Forward)



Entity	Nature of business	Percentage of Ownership by MAC				Percentage of Direct Ownership of Subsidiaries	
		2025		2024		2025	2024
		Direct	Indirect	Direct	Indirect		
Panay Water Business Resources, Inc. (PWBRI)	Water projects	–	90	–	90	90	90
Watergy Business Solutions, Inc. (WBSI)	Water projects	–	100	–	100	100	100
Cavite Business Resources Inc. (CBRI)	Water projects	–	100	–	100	100	100
First Aviation Academy, Inc. (FAA)	Aviation school	51	–	51	–	–	–
Allied Water Services, Inc. (AWSI)	Water projects	100	–	100	–	–	–
AlliedKonsult Eco Solutions Corporation (AKESC)	Water treatment	–	51	–	51	51	51
Cavite Alliedkonsult Services Corporation (CAKSC)	Water treatment	–	51	–	51	100	100
Summa Water Resources Inc. (SWRI)	Water treatment and equipment lease	–	60	–	60	60	60
CSW Lapu-Lapu Inc. (CSWLL)	Bulk potable water supply and water treatment	–	60	–	60	100	100
Poro Point Summa Water Inc. ⁽¹⁾	Water distribution	–	60	–	–	100	–
MacroAsia Mining Corporation (MMC)	Mine exploration, development and operation	100	–	100	–	–	–
MMC Management & Development Corporation	Mine exploration, development and operation	–	100	–	100	100	100
Bulawan Mining Corporation (BUMICO)	Mine operation, development and utilization	–	100	–	100	100	100
Tera Information and Connectivity Solutions, Inc. (TICS)	Information management and data connectivity	100	–	100	–	–	–

⁽¹⁾ Ownership interest effective January 6, 2025

⁽²⁾ Ownership interest effective February 18, 2025

⁽³⁾ Change in ownership interest starting June 4, 2025

⁽⁴⁾ Change in ownership interest starting June 4, 2025

⁽⁵⁾ Ownership interest effective September 2, 2025

Investments in Associates

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

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

The aggregate of the Group's share of profit or loss of associates is shown in the profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests (NCI) in the subsidiaries of the associates.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognizes the loss in profit or loss.

Upon loss of significant influence over the associates, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.



The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Investments in associates pertain to the Company's investments in shares of stock of:

<u>Associate</u>	<u>% of Ownership</u>
Lufthansa Technik Philippines (LTP)	49%
Cebu Pacific Catering Services, Inc. (CPCS)	40%
Japan Airport Services Co., Ltd., (JASCO)	30%
MacroAsia Jolliant Food Services Co. (MJFSC)	49%

The summarized financial statements of the Group's associated companies are presented in Notes 9.

Foreign Currency-denominated Transactions and Translations

Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the foreign currency rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency rate of exchange at end of reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Various factors are considered in determining the functional currency of each entity within the Group, including prices of goods and services, competition, cost and expenses, and other factors including the currency in which financing deals are primarily undertaken. Additional factors are considered in determining the functional currency of a foreign operation, including whether its activities are carried as an extension of the Group rather than being carried out with significant autonomy.

The financial position and results of operations of associates in United States (US) Dollar (\$) and Japanese Yen (JPY) functional currency are translated into the Group's presentation currency using the following procedures:

- a. Assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date.
- b. Income and expenses for each statement of income and items recognized in other comprehensive income (except for the cumulative translation adjustments) are translated using the monthly average rate.
- c. Equity items other than those resulting from income and expense and other comprehensive income are translated at historical rates of exchange.
- d. All resulting exchange differences are recognized as part of other comprehensive income (loss) and as a separate component of equity presented as "Other components of equity" under "Share in foreign currency translation adjustments of an associate".

Financial Assets and Financial Liabilities

Financial assets at amortized cost (debt instruments)

This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are closely payments of principal and interest on the principal amount outstanding.



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

As of December 31, 2025 and 2024, the Group's financial assets at amortized cost includes cash and cash equivalents, receivables, net investment in lease, refundable deposits and restricted cash investments included under "Other noncurrent assets".

Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity instruments as equity instruments designated at FVTOCI when they meet the definition of equity under PAS 32, *Financial Instruments, Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its equity instruments under this category.

As of December 31, 2025 and 2024, the Group's equity instruments at FVTOCI include golf club shares and equity shares.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



Value-Added Tax (VAT)

Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchase of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet to the extent of the recoverable amount. Receivables and payables are stated with the amount of VAT included. For sale or purchase of services, related VAT is deferred until the related receivable or payable from the transaction has been collected or paid.

The unamortized portion is included input taxes account under “Other noncurrent assets” in the consolidated balance sheet. The Group maintains an allowance for any possible disallowance of conversion of input VAT to TCC (Tax Credit Certificate). A review of input VAT is made on a continuing basis to determine the adequacy of allowance for probable losses at each reporting date.

The net amount of VAT recoverable from, or payable to taxation authority is included in “Other current assets” and “Accounts payable and accrued liabilities”, respectively, in the consolidated balance sheet.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes, borrowing costs and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Construction in progress, which is included in property, plant and equipment, is carried at cost. This includes cost of construction, equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and become available for use.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	No. of years
Building	5 to 25
Kitchen and other operations equipment	3 to 10
Transportation equipment	3 to 10
Aviation equipment	2 to 10
Plant and technical equipment	10 to 20
Water pumps and machineries	10 to 20
Water pipelines	10
Office furniture, fixtures and equipment	3 to 7
Drilling equipment	5



Building and leasehold and land improvements are amortized over the respective lease term or the lives of the assets (which range from 2 to 25 years), whichever is shorter.

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

The useful lives and depreciation and amortization methods are reviewed periodically to ensure that the residual values, periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

When property, plant and equipment are sold or retired, their cost, related accumulated depreciation and amortization and any accumulated impairment in value are removed from the accounts. Any gain or loss resulting from their disposal is included in profit or loss.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Net investment in the lease

The Group recognizes assets held under a finance lease as net investment in the lease. The net investment in the lease is the gross investment discounted at the interest rate implicit in the lease. The gross investment in the lease is the aggregate of the minimum lease payments receivable by the Group, and any guaranteed and unguaranteed residual value. Initial direct costs are in the measurement of the net investment in the lease at inception. The lease payments received from the lessee are treated as repayments of principal and finance income.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the leased asset's estimated useful life and the lease term as presented below:

	In Years*
Land	5 to 35
Office space	5 to 35

*Lease term



Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery, equipment, office space and staff house (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group as lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases where the Group retains legal title to assets but passes substantially all the risks and rewards of ownership to the lessee in return for a stream of rentals are classified as finance leases. The Group recognizes assets held under a finance lease as an amount equal to the net investment in the lease as "Finance lease receivables." The net investment in the lease is the gross investment discounted at the interest rate implicit in the lease. The gross investment in the lease is the aggregate of the minimum lease payments receivable by the Group, and any guaranteed and unguaranteed residual value. Initial direct costs are included in the measurement of the net investment in the lease at the date of inception. The lease payments received from the lessee are treated as repayments of principal and finance income.

Service Concession Arrangements

The Group accounts for its service concession arrangements in accordance with Philippine Interpretation IFRIC 12, *Service Concession Arrangements*, under the intangible asset model as it receives the right (license) to charge users of public service (see Note 13).



Revenue and cost recognition. The Group recognizes and measures revenue and cost in accordance with PFRS 15, *Revenue Recognition*, for the services it performs. When the Group provides construction or upgrade services, the consideration received or receivable by the Group is recognized at its fair value. The revenue and cost from these services are recognized based on the percentage of completion measured principally on the basis of estimated completion of a physical proportion of the contract works, and by reference to the actual costs incurred to date over the estimated total cost of the project. The construction revenue and construction cost are reported as part of “Other income” in the consolidated statement of income.

Service concession right. The service concession right is recognized initially at the fair value of construction works incurred, which include professional and consultancy fees, structural costs, etc. The Group applies PAS 38, *Intangible Assets*, on measuring the intangible assets. Following initial recognition, the service concession right is carried at cost less accumulated amortization and any impairment losses. Amortization period is based on the concession period.

The service concession right will be derecognized upon turnover to the grantor. There will be no gain or loss upon derecognition as the service concession right, which is expected to be fully amortized by then, will be handed over to the grantor with no or minimal consideration.

Intangible Assets

The Group recognizes an intangible asset acquired in a business combination if it is identifiable and distinguishable from goodwill. The Group considers an intangible asset as identifiable if:

- it is separable, i.e., there is evidence of exchange transactions for the asset or an asset of a similar type, even if those transactions are infrequent and regardless of whether the Group is involved in those transactions; or
- it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations (“contractual-legal” criterion).

Intangible assets with finite lives are amortized over their estimated useful lives on a straight-line basis and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

The Group’s intangible assets recognized from business combination pertain to customer relationship, customer contracts, water service contract and right to use asset (i.e., extraction and distribution of water in certain provinces in the Philippines). The estimated useful life of the intangible assets follows:

	No. of years
Customer relationships	22
Customer contracts	18
Water service contract	25

The water rights are assessed to have an indefinite useful life due to the permanent nature of water permits.



Deferred Mine Exploration Costs

Expenditures for mine exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource) are deferred as incurred, carried at cost less any impairment in value and presented as “Deferred mine exploration costs” in the consolidated balance sheet. When, as a result of the exploration work, recoverable reserves are determined to be present in quantities that can be commercially produced, exploration expenditures and subsequent development costs are capitalized as mine and mining properties and classified as part of property and equipment. A valuation allowance is provided for estimated unrecoverable deferred mine exploration costs based on the technical assessment by the Group of the future prospects of each mining property. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or when the project is abandoned, the deferred mine exploration costs associated with the project and the related impairment provisions are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Mining expenses, which are not related to establishing the technical feasibility and commercial viability of mineral resource extractions, are expensed outright.

Impairment of Nonfinancial Assets

Nonfinancial assets other than goodwill and intangible assets with indefinite life

The Group assesses at each reporting date whether there is an indication that investments in associates, property, plant and equipment, right-of-use assets, investment property, deferred project costs, service concession right and intangible assets with finite life may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. The Group also assesses its deferred mine exploration costs for impairment when facts and circumstances suggest that its carrying amount may exceed its recoverable amount. An asset’s recoverable amount is the higher of an asset’s fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed and recognized in profit or loss only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



Goodwill and intangible assets with indefinite life

Goodwill and intangible assets with indefinite life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which the goodwill relates or the intangible assets with indefinite life. Where the recoverable amount of the cash-generating unit to which goodwill has been allocated or the intangible assets with indefinite life is less than its carrying amount, an impairment loss is recognized immediately in profit or loss. Impairment losses relating to goodwill or intangible assets with indefinite life cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test at each end of the reporting date.

Water service contract not yet available for use

Water service contract not yet available for use are tested for impairment annually. Impairment is determined by comparing the carrying value of the asset with its recoverable value. Where the recoverable value of the water service contract not yet available for use is less than the carrying value, an impairment is recognized.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Rendering of services

Revenue from inflight and other catering, ground handling, aviation and administrative services, charter flights, water service (including provision of potable water and treatment of sewage water), connectivity and technology services and exploratory drilling services is recognized over time when the related services are rendered.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in section Financial Assets and Financial Liabilities - initial recognition and subsequent measurement.

Employee Benefits

Retirement benefits costs

Retirement benefits costs are actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation. Retirement benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.



Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets (excluding amounts included in net interest on the net defined liability) and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

The amount recognized as accrued retirement benefits payable or plan asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. For leave credits expected to be settled at the date of retirement or recognition, the liability is presented at its present value using assumptions consistent with those used to discount retirement benefits. The expense recognized in profit or loss comprise the service cost, net interest of the liability and remeasurements.

Short-term employee benefits

Short-term employee benefits include items such as salaries and wages, social security contributions and non-monetary benefits, if expected to be settled wholly within 12 months after the reporting date in which the employees rendered the related services. Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Group during the reporting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax for the current and prior period, shall, to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" in the consolidated balance sheet. If the amount already paid,



including the cumulative creditable withholding taxes, in respect of the current and prior period exceeds the amount due for those periods, the excess shall be recognized as an asset under “Other current assets” in the consolidated balance sheet.

Deferred income tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred income tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income are recognized in the consolidated statement of comprehensive income. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Group’s negotiation with the third party.



Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the aviation-support service provided by its four subsidiaries, maintenance, repairs and overhaul, mining-related activities, water treatment and distribution, Information and Communications Technology (ICT) services. This is the basis on which the Group reports its primary segment information. The Group also monitors the revenue and operating results of its associates. Information with respect to these subsidiaries, as well as the Group's associates, are disclosed in Notes 4 and 9. The Company, including its subsidiaries, operate and derive all its revenue from domestic operation. All associates except JASCO, which is operating in Japan, derive all its revenue from domestic operation.

Earnings Per Share

Basic earnings per share is computed by dividing net income for the year attributable to ordinary equity holders of the Company by number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued upon conversion of all dilutive potential ordinary shares. The effect of stock dividends, if any, is accounted for retrospectively. The Company has no potentially dilutive shares as of December 31, 2025 and 2024.

Events After the Reporting Period

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires the Group to exercise judgments, make estimates and use assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements.

Determination of the Group's functional currency

Judgment is exercised in assessing various factors in determining the functional currency of each entity within the Group. These include the prices of goods and services, competition, cost and expenses, and other factors including the currency in which financing is primarily undertaken.



The Group, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be the Philippine Peso. It is the currency of the primary economic environment in which the Group operates. The functional currencies of LTP and JASCO, the Group's associated companies (see Notes 2 and 9), has been determined to be US\$ and JPY, respectively.

Assessment of control or significant influence over the investee

The Group makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances which indicate that the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A reassessment is made if circumstances indicate that there are changes in these control elements. The Group has significant influence over an investee if it only has the power to participate in the financial and operating policy decisions, but not control or jointly control over the investee. As of December 31, 2025 and 2024, the Group still determined that it controls its subsidiaries and has significant influence over its associates (see Notes 9 and 10).

Assessment of material noncontrolling interest

In applying the Group's accounting policies, management exercises significant judgment in determining whether a subsidiary's noncontrolling interest (NCI) is material to the consolidated financial statements, consistent with the disclosure requirements of PAS 8. This assessment influences the extent of disclosures required under PFRS 12 and affects how users of the financial statements understand the nature and financial impact of interests held by NCI. Management evaluates both quantitative and qualitative factors in assessing materiality. These include, but are not limited to:

- the carrying amount of the NCI in a subsidiary relative to the total NCI presented in the consolidated financial statements;
- the subsidiary's contribution to consolidated revenues, net income, and other key financial metrics; and
- qualitative considerations, such as the subsidiary's nature, size, purpose, and the risks associated with its operations and industry environment.

Based on this assessment, management has identified MACS and MASCORP as having material NCIs, and has therefore provided the required summarized financial information for such subsidiaries in accordance with PFRS 12, *Disclosure of Interests in Other Entities*.

Assessment of operators under Philippine Interpretation IFRIC 12, Service Concession Arrangements

Management has assessed those agreements by certain subsidiaries with local governments to provide water distribution facilities are covered by the Philippine Interpretation IFRIC 12. The memoranda of agreement qualify under the intangible asset model with respect to the operation of the waterwork facilities as the Group has the right (license) to charge users of public service (see Note 13).

Classification of leases - the Group as a lessor

The Group has entered into short-term leases, which provide no transfer of ownership to the lessee. The Group has determined that, based on an evaluation of the terms and conditions of the arrangements, it retains all the significant risks and rewards of ownership of these equipment and accounts for these as operating leases.

Determining the lease term of contracts with renewal and termination options - the Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.



The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases which are renewable at the option of the lessee. The Group typically exercises its option to renew for these leases because of significant permanent improvement introduced in the leased premises. The renewal periods for leases are not included as part of the lease term if option to renew is at lessor's discretion or leases which renewal depends on mutual consent of contracting parties as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 28 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Contingencies

The Group, in its normal course of business, is involved in various legal cases and claims. Based on management's assessment, the Group will be able to defend its position on these cases and that the ultimate outcome will not have a significant impact on the Group's consolidated financial statements. Accordingly, no provision has been recognized for these contingencies. LTP, a significant associate of the Group, also assesses the need to recognize the provisions based on the status of the claims (see Note 9).

Estimates and Assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of the Group's assets and liabilities follow.

Allocation of purchase price for the acquired business

The Group accounts for the acquired businesses using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill, a separate account in the consolidated balance sheet, or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance. The Group's acquisition of a subsidiary in 2025 and 2023, respectively, has resulted in recognition of gain on bargain purchase amounting to ₱0.2 million and ₱69.7 million, respectively (see Note 10). There are no changes in the provisional fair value used in accounting for the acquisition in 2023 upon finalization of purchase price allocation in 2024.



Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱961.7 million and ₱2,093.0 million as of December 31, 2025 and 2024, respectively (see Note 28).

Provision for expected credit losses

The Group uses a provision matrix to calculate ECLs for financial assets at amortized cost. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The assessment of the correlation between observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The Group has a segmentation of its credit risk exposures based on homogeneity of credit risk characteristics and credit risk management policies to identify defaulting customers using observable inputs such as historical loss rates, recoveries and write-offs. The Group has also applied forward-looking information for its overlay through statistical test and corroboration using publicly available information.

The Group's receivables and contract assets, net of allowance for the expected credit losses of ₱75.4 million and, ₱58.9 million amounted to ₱2,435.9 million and ₱2,202.9 million as of December 31, 2025 and 2024, respectively (see Note 6).

Determination of NRV of inventories

The Group estimates the NRV of inventories based on the most reliable evidence available at the time the estimates are made. These estimates consider the fluctuations of prices or costs directly relating to events occurring after the reporting date to the extent that such events affect the value of inventories. Other factors include the age of the inventories and the Company's experience on write-off and expirations.

The Group did not identify any factors which indicate inventory obsolescence based on the above discussions. Accordingly, no provision was recognized in 2025 and 2024.

The Group's inventories carried at cost as of December 31, 2025 and 2024 amounted to ₱180.2 million and ₱155.4 million, respectively (see Note 7).



Estimating allowances for probable losses on input taxes

The Group estimates the level of provision for probable losses on input taxes based on the experience of the Group and assessment of counsels assisting certain subsidiaries of the Group in processing the claims and negotiating the monetization of input vat from zero-rated sales. As of December 31, 2025 and 2024, the carrying value of input taxes amounted to ₱658.1 million and ₱390.7 million, respectively. Allowance for probable losses amounted to ₱53.2 million and ₱40.7 million, respectively (see Note 8).

Estimation of useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the internal technical evaluation and experience with similar assets. In cases where the use of property, plant and equipment is dependent on the grant of certain permits to conduct its business, management considers the probability of renewal of such permits based on past experience. In this situation, useful lives of property, plant and equipment are based on the economic useful lives rather than the currently effective period of the permits. Estimated useful lives are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. A reduction in the estimated useful lives of property and equipment, would increase depreciation and amortization expense and decrease non-current assets.

There was no change in the estimated useful lives of the Group's property, plant and equipment in 2025 and 2024.

The carrying value of property, plant and equipment subject to depreciation as of December 31, 2025 and 2024 amounted to ₱2,748.7 million and ₱1,816.4 million, respectively (see Note 11).

Estimation of useful life of intangible assets acquired as part of business combination

The assigned useful lives of intangible assets acquired as part of business combination are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on collective assessment of similar businesses, internal evaluation and experience with similar assets. Further, management considers the probability of renewal of certain permits and the cost and efforts in renewing such permits based on past experience. The useful life of each asset is reviewed at each financial year and updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the asset. There were no changes in the estimated useful lives of water service contract and customer contract and relationships, while water rights are assessed to have indefinite useful life considering that the water permits remain valid for as long as water is beneficially used.

The total carrying value of the customer contract and relationships, water service contract and the water rights amounted to ₱232.0 million and ₱237.2 million as of December 31, 2025 and 2024, respectively (see Note 13).

Determination of impairment indicators and impairment testing of nonfinancial assets

A. Nonfinancial assets other than goodwill and intangible assets with indefinite life

The Group assesses at each reporting date whether there is any indication that its nonfinancial assets other than goodwill and intangible assets with indefinite life (i.e., investments in associates, property, plant and equipment, right-of-use assets, investment property, service concession right, intangible assets, deferred project costs, deferred mine exploration costs) may be impaired. The factors that the Group considers important which could trigger an impairment review included the following, among others:

- significant underperformance relative to expected historical or projected future operating results;



- significant changes in the manner of use of the acquired assets or the overall business strategy; and,
- significant negative industry or economic trends.

If such indication exists, the Group performs impairment testing to estimate the recoverable amount of the related assets.

The carrying values of the non-financial assets are as follows:

	2025	2024
Investments in associates (Note 9)	₱3,806,564,248	₱2,471,121,451
Property, plant and equipment (Note 11)	3,589,688,776	2,496,453,868
Right-of-use assets (Note 28)	809,052,471	781,910,809
Service concession right (Note 13)	438,336,998	436,908,235
Deferred mine exploration costs (Notes 14 and 15)	256,133,717	238,513,440
Investment property (Note 12)	143,852,303	143,852,303
Water rights (Note 13)	118,296,719	120,287,222
Water service contract (Note 13)	72,264,350	72,264,350
Customer contract and relationships (Note 13)	41,406,252	44,694,234
Deferred project costs (Note 15)	42,783,267	42,783,267

Refer to Notes 9, 11 and 28 on the discussions of assumptions which are most sensitive to impact the calculated value-in-use. Based on the impairment test, the recoverable amount of the investment in associates, property, plant and equipment, service concession rights, deferred mine exploration costs and water service contract exceed their carrying values. Management believes that any reasonable possible change in any of the assumptions used would not cause the carrying values to exceed their respective recoverable amount. Thus, no impairment losses on these non-financial assets were recognized in 2025, 2024 and 2023.

Service concession right

SNVRDC incurred net loss in 2025 and 2024 and is in a capital deficiency position as of December 31, 2025 and 2024. These are indicators that the service concession right may be impaired.

For the purpose of impairment testing of SNVRDC's service concession right, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management covering 17 years of projections, co-terminus to the term of the concession agreement with the Municipality of Solano. The projected cash flows are based on expectations of future outcomes considering past experience, adjusted for anticipated revenue growth based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC), which is estimated using the capital asset pricing model (CAPM). The WACC is determined by reference to market data from listed entities with similar asset profiles or comparable risk characteristics. The pre-tax discount rate used is 8.3% and 9.2% in 2025 and 2024, respectively.

Refer to Note 13 on the discussions of assumptions which are most sensitive to impact the calculated value-in-use. Based on the impairment test, the recoverable amount of the service concession right exceeds its carrying value. Management believes that any reasonable possible change in any of the assumptions used would not cause the carrying value to exceed its recoverable amount.



The carrying value of the service concession right subjected to impairment testing amounted to ₱221.4 million and ₱222.9 million as of December 31, 2025, and 2024, respectively (see Note 13).

Property, Plant and Equipment

FAA incurred net loss in 2025 and 2024 and is in a capital deficiency position as of December 31, 2025 and 2024. These are indicators that the service concession right may be impaired.

For the purpose of impairment testing of FAA's property, plant and equipment, recoverable amount is determined based on value-in-use calculations using probability-weighted scenario analysis. This analysis incorporates multiple potential future outcomes with corresponding probabilities, reflecting a range of expectations on revenue growth, flight activity hours, operational costs, and operating expenses. Past experiences and current market conditions are also considered in this assessment. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC), which is estimated using the capital asset pricing model (CAPM). The WACC is determined by reference to market data from listed entities with similar asset profiles or comparable risk characteristics. The pre-tax discount rate used is 12.7% and 14.6% in 2025 and 2024, respectively.

Refer to Note 11 on the discussions of assumptions which are most sensitive to impact the calculated value-in-use. Based on the impairment test, the carrying value of the property plant and equipment exceeds its recoverable amount, thus an impairment was recorded.

The carrying value of the property plant and equipment subjected to impairment testing amounted to ₱122.1 million and ₱128.2 million as of December 31, 2025, and 2024, respectively (see Note 11).

Impairment of deferred mine exploration costs

The recovery of deferred mine exploration costs depends upon the success of exploration activities and future development of the mining properties, as well as the discovery of recoverable reserves in quantities that can be commercially produced.

As of March 26, 2026, MMC has not started its mining activities. The mining operation was delayed from the original plan since Declaration of Mining Project Feasibility (DMPF) was only received from Mines and Geosciences Bureau (MGB) in January 2026. As a result, management performed the impairment analysis on its deferred mine exploration costs. For the purpose of impairment testing, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management. The projected cash flows are based on expectations of future outcomes based on management's plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC), which is estimated using the capital asset pricing model (CAPM). The WACC is determined by reference to market data from listed entities with similar asset profiles or comparable risk characteristics. The pre-tax discount rate used is 15.0% and 11.5% in 2025 and 2024, respectively. Management believes that the amount of deferred mine exploration cost is recoverable based on the estimation of value-in-use.

The carrying value of deferred mine exploration cost amounted to ₱256.1 million as of December 31, 2025 and ₱238.5 million for 2024 (see Notes 14 and 15).



Impairment of water service contract not yet available for use

As of March 26, 2026, CSWLL has revised the timeline for the commencement of commercial operation for its bulk water supply and distribution activities, thus, management has performed the impairment analysis on the recoverability of the water service contract not yet available for use. For the purpose of impairment testing, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management. The projected cash flows are based on expectations of future outcomes based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk. The pre-tax discount rate used is 15.01% and 9.4% in 2025 and 2024, respectively. Management believes that the amount of water service contract is recoverable based on the estimation of value-in-use.

The carrying value of water service contract amounted to ₱72.3 million as of December 31, 2025, and 2024 (see Note 13).

Investment in LTP

The Group has yet to finalize, as of December 31, 2025, an extended lease agreement on the lease of the ecozone where LTP is located. As of March 26, 2026, the discussions of the key terms for the lease are still ongoing. The uncertainty surrounding the lease renewal and the impact of the significant increase in rental rates on LTP's financial performance are considered impairment indicators, thus, management performed an impairment analysis on the recoverability of the investment.

For the purpose of impairment testing, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets based on forecasted revenue, forecasted workload and fleet count, operational costs, and operating expenses. Past experiences and current market conditions are also considered in this assessment. The discount rate is a pre-tax measure based on the weighted average cost of capital of listed entities with similar assets or similar in terms of potential risk. The discount rate used is 8.6% and 12.5 % as of December 31, 2025 and 2024, respectively.

Refer to Note 9 on the discussions of assumptions which are most sensitive to impact the calculated value-in-use. Based on the impairment test, the recoverable amount of the investment in LTP exceeds its carrying value.

B. Goodwill and intangible assets with indefinite useful life

For goodwill and intangible assets with indefinite useful life, the Group performs impairment testing at least on an annual basis or more frequently, if events or changes in circumstances indicate that these may be impaired. For the purpose of impairment testing, goodwill has been allocated to BTSI group, NAWASCOR, SWRI and MACS in 2025 and 2024 as the cash generating units.

The recoverable amounts of the cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets as approved by management covering five years of projections. The projected cash flows are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth based on management's future plans. Cash flows beyond the forecast period are extrapolated into perpetuity assuming four percent (4%) growth rate for impairment test purposes. The discount rate is a pre-tax measure based on the WACC of listed entities with similar assets or similar in terms of potential risk. The pre-tax discount rate used ranged from 7.4% to 9.5% in 2025 and 10.6% to 11.2% in 2024.



The carrying value of goodwill subjected to impairment testing amounted to ₱127.8 million as of December 31, 2025 and 2024 (see Note 13).

The carrying value of water rights amounted to ₱118.3 million and ₱120.3 million as of December 31, 2025 and 2024, respectively (see Note 13).

Management believes that no reasonably possible change in any of the assumptions used would cause the carrying values of the goodwill and water rights to exceed their recoverable amounts. Based on management's assessment, the recoverable amounts of these assets are higher than their carrying values, thus no impairment loss was recognized in 2025 and 2024.

Estimation of retirement benefits costs and obligation, and accumulating leave credits

The cost of defined benefit pension plans, as well as the present value of the pension obligation is, determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All significant assumptions are reviewed at each reporting date. The calculation of accumulating leave credits follows the same assumptions as the defined benefit costs.

In determining the appropriate discount rate, management considers the interest rates of government bonds, adjusted to zero coupon rates, with term consistent with the obligation of the plan.

Accrued retirement and other employee benefits payable amounted to ₱200.7 million and ₱196.6 million as of December 31, 2025 and 2024, respectively (see Note 21). Pension asset amounted to ₱7.7 million and ₱0.7 million as of December 31, 2025 and 2024, respectively, and is included under "Other noncurrent assets" account (see Note 15). Retirement benefits cost amounted to ₱47.5 million, ₱52.0 million and ₱33.6 million in 2025, 2024 and 2023, respectively (see Note 21).

Recognition of deferred income tax assets

The Group reviews the carrying amounts of deferred income tax assets (gross of deferred income tax liabilities) at each reporting date and adjusts the balance of deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The determination of future taxable income, which will establish the amount of deferred income tax assets that can be recognized, requires the estimation and use of assumptions about the Group's future income and timing of reversal of temporary differences, unused NOLCO and excess MCIT over RCIT.

Gross deferred income tax assets recognized, which relate primarily to operating subsidiaries, amounted to ₱169.4 million and ₱367.3 million as of December 31, 2025, and 2024, respectively. The Group also has unrecognized deferred income taxes primarily on the non-operating subsidiaries' temporary differences, NOLCO and MCIT (see Note 25).



4. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the aviation-support services provided by the four subsidiaries, mining-related activities, water-related projects, and ICT services which is the basis on which the Group reports its primary segment information. The Group also monitors its share in the results of operations of its associates (LTP, CPCS and JASCO) that are accounted for using the equity method.

The operations of the Group's segments are described as follows:

- In-flight and other catering segment, which is operated by MACS and its subsidiaries, and through the Company's interest in CPCS, refers to servicing of meal requirements of certain foreign and domestic passenger airlines, as well as certain passenger terminal lounges at the NAIA and the MDA, and of certain non-airline institutional accounts.
- Ground handling and aviation segment, which is operated by MASCORP and MAATS, refers to both ramp and passenger handling and aviation services to foreign airlines and domestic carriers at NAIA, MCIA, KIA, Davao International Airport, Tuguegarao Airport and Clark International Airport. In 2019, the Company acquired 30% ownership in JASCO, a ground handling and aviation service company operating in Japan (see Note 9).
- Maintenance, repairs and overhaul (MRO), which is operated through the Company's interest in LTP, pertains to rendering of MRO services of Airbus and Boeing aircraft for certain airlines.
- Water treatment and distribution segment, which is operated through SNVRDC, BTSI, NAWASCOR and SWRI. The Group has on-going water-related projects which pertain to the development (e.g., studies, surveys) and construction of water-treatment facilities activities, which are undertaken by MAPDC and its other subsidiaries. The Group, through BTSI, is also engaged in the construction, operation and maintenance of sewage treatment facilities.
- ICT segment or Information, Connectivity and Technology Solutions services, operated through TERA, refers to service offerings which encompasses information management, data connectivity, radio trunking, shared and managed services.
- Administrative segment, which is primarily operated through MAPDC, refers to the sub-lease of the MacroAsia Ecozone at NAIA (see Note 28), which MAPDC leases from Manila International Airport Authority (MIAA) with LTP as the anchor locator (see Note 18).
- Mining segment, which is operated through MMC, refers to mining-related activities of the Group. This segment refers to revenues and expenditures for exploration activities and rendering of exploration-related services.

The Group has only one geographic segment. Of the Group's total revenue, ₱5,419.5 million (or 54%), ₱5,317.5 million (or 56%) and ₱4,395.0 million (or 57%) in 2025, 2024 and 2023, respectively, were derived from two customers which are entities under common control.

Segment assets include the operating assets used by a segment and consist principally of cash and cash equivalents, receivables, inventories, other current assets, and property, plant and equipment, net investment in the lease, and right-of-use assets, net of allowances, depreciation and amortization and any impairment in value. Segment liabilities include all operating liabilities and consist principally of notes payable, accounts payable and accrued liabilities and lease liabilities. Segment assets and liabilities do not include deferred income tax. Segment results pertain to operating income.



Financial information on the Group's business segments as of and for the years ended December 31 are presented below. The amounts disclosed were determined consistent with the measurement basis under PFRS Accounting Standards.

For the year ended December 31, 2025

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Segment revenue	₱4,927,620,067	₱4,276,564,171	₱-	₱837,577,419	₱-	₱57,320,688	₱-	(₱ 137,838,101)	₱9,961,244,244
Direct costs	(3,461,532,133)	(3,989,009,994)	-	(479,885,266)	(456,209)	(67,126,316)	-	68,918,425	(7,929,091,493)
Gross profit (loss)	1,466,087,934	287,554,177	-	357,692,153	(456,209)	(9,805,628)	-	(68,919,676)	2,032,152,751
Share in net earnings of associates	34,938,967	95,352,221	1,196,797,736	-	-	-	-	145,669,612	1,472,758,536
	1,501,026,901	382,906,398	1,196,797,736	357,692,153	(456,209)	(9,805,628)	-	76,749,936	3,504,911,287
Operating expenses	(843,340,520)	(278,557,116)	-	(228,528,666)	(18,546,940)	(41,134,823)	(17,915,585)	(262,422,486)	(1,690,446,136)
Interest income	7,340,910	3,857,830	-	15,264,708	5,242	3,060,571	3,718	11,028,460	40,561,439
Financing charges	(31,149,615)	(35,838,469)	-	(45,076,139)	(1,890,563)	(26,950,844)	-	3,212,890	(137,692,740)
Foreign exchange gain (loss) - net	10,246,906	6,622,749	-	5,779	324	-	179	2,620,275	19,496,212
Other income - net	(10,601,505)	20,628,950	-	22,122,719	-	34,167,776	-	9,845,828	76,163,768
Income (loss) before income tax	633,523,077	99,620,342	1,196,797,736	121,480,554	(20,888,146)	(40,662,948)	(17,911,688)	(158,965,097)	1,812,993,830
Provision for income tax	(159,992,022)	(13,562,947)	-	(32,558,685)	(1,048)	(248,652)	(742)	761,569	(205,602,527)
Segment profit (loss)	₱473,531,055	₱86,057,395	₱1,196,797,736	₱88,921,869	₱20,889,194	(₱40,911,600)	(₱17,912,430)	(₱158,203,528)	₱1,607,391,303
Depreciation and amortization expense	₱94,937,796	₱126,780,685	₱-	₱119,744,732	₱332,764	₱21,325,881	₱65,798	₱46,384,423	₱409,572,079
Segment profit (loss) attributable to:									
Equity holders of the Company	328,795,666	97,393,548	1,196,797,737	55,417,703	(20,889,194)	(40,911,600)	(17,912,430)	(157,725,233)	1,440,966,197
Non-controlling interests	144,735,389	(11,336,153)	-	33,504,165	-	-	-	(478,295)	166,425,106



Other financial information of the operating segments as of December 31, 2025, is as follows:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Assets:									
Current assets	₱2,335,903,738	₱2,025,972,190	₱-	₱1,522,452,316	₱49,128,616	₱658,356,678	₱36,816,200	(₱366,840,637)	₱6,261,789,101
Noncurrent assets	964,091,910	1,313,304,827	-	2,804,041,508	419,288	1,456,710,000	264,147,492	3,509,409,644	10,312,124,669
	₱3,299,995,648	₱3,339,277,017	₱-	₱4,326,493,824	₱49,547,904	₱2,115,066,678	₱300,963,692	₱3,142,569,007	₱16,573,913,770
Liabilities:									
Current liabilities	₱1,630,986,738	₱2,527,178,561	₱-	₱1,442,622,901	₱27,043,424	₱1,649,814,927	₱96,664,680	(₱3,221,084,214)	₱4,153,227,017
Noncurrent liabilities	263,851,083	518,851,698	-	1,997,535,807	423,613	513,622,831	31,947,706	23,598,362	3,349,831,100
	₱1,894,837,821	₱3,046,030,259	₱-	₱3,440,158,708	₱27,467,037	₱2,163,437,758	₱128,612,386	(₱3,197,485,852)	₱7,503,058,117
Equity attributable to:									
Equity holders of the Company	₱1,094,400,891	₱389,020,436	₱-	₱657,194,372	₱22,080,867	(₱48,371,080)	₱172,351,306	₱6,144,048,693	₱8,430,725,485
Non-controlling interests	310,756,936	(95,773,678)	-	229,140,744	-	-	-	196,006,166	640,130,168
Investments in associates	105,441,860	944,509,635	2,756,612,753	-	-	-	-	-	3,806,564,248
Additions to noncurrent assets -									
Property, plant and equipment	161,337,672	652,382,146	-	613,495,397	-	241,853	219,366	7,938,715	1,435,615,149
Service concession rights	-	-	-	25,756,922	-	-	-	-	25,756,922



For the year ended December 31, 2024:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Segment revenue	₱4,414,552,818	₱4,171,950,252	₱–	₱764,260,877	₱62,389,894	₱73,777,631	₱–	(₱45,258,928)	₱9,441,672,544
Direct costs	(3,024,059,014)	(3,563,692,601)	–	(434,582,431)	(32,414,153)	(67,623,068)	–	13,640,016	(7,108,731,251)
Gross profit (loss)	1,390,493,804	608,257,651	–	329,678,446	29,975,741	6,154,563	–	(31,618,912)	2,332,941,293
Share in net earnings of associates	30,175,547	106,089,503	585,158,052	–	–	–	–	10,117,059	731,540,161
	1,420,669,351	714,347,154	585,158,052	329,678,446	29,975,741	6,154,563	–	(21,501,853)	3,064,481,454
Operating expenses	(710,443,674)	(337,454,745)	–	(196,065,091)	(9,393,485)	(41,368,367)	(22,534,895)	(73,746,137)	(1,391,006,394)
Interest income	1,357,212	4,412,037	–	996,138	204,902	51,374	4,842	19,672,393	26,698,898
Financing charges	(28,802,451)	(14,010,088)	–	(53,469,249)	–	(25,732,097)	–	28,758	(121,985,127)
Foreign exchange gain (loss) - net	5,180,428	3,065,721	–	(35,289)	5,553	21,954	1,431	4,034,695	12,274,493
Other income - net	100,950,692	15,859,009	–	30,673,516	–	1,779,750	–	(83,854,726)	65,408,241
Income (loss) before income tax	788,911,558	386,219,088	585,158,052	111,778,471	20,792,711	(59,092,823)	(22,528,622)	(155,366,870)	1,655,871,565
Provision for income tax	(166,266,452)	(79,962,345)	–	(33,090,794)	(1,859,795)	(10,275)	(967)	(3,271,668)	(284,462,296)
Segment profit (loss)	₱622,645,106	₱306,256,743	₱585,158,052	₱78,687,677	₱18,932,916	(₱59,103,098)	(₱22,529,589)	(₱158,638,538)	₱1,371,409,269
Depreciation and amortization expense	₱85,382,424	₱109,914,442	₱–	₱122,866,669	₱227,725	₱23,530,471	₱52,101	₱19,956,703	₱361,930,535
Segment profit (loss) attributable to:									
Equity holders of the Company	427,130,152	280,058,085	585,158,052	51,390,337	18,932,916	(59,103,098)	(22,529,589)	(158,160,246)	1,122,876,609
Non-controlling interests	195,514,955	26,198,657	–	27,297,341	–	–	–	(478,293)	248,532,660



Other financial information of the operating segments as of December 31, 2024 is as follows:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Assets:									
Current assets	₱1,829,737,690	₱1,736,074,058	₱-	₱807,413,913	₱75,492,974	₱360,264,800	₱14,911,517	(₱400,778,768)	₱4,423,116,184
Noncurrent assets	1,148,930,778	828,561,575	-	2,228,409,381	752,052	2,577,767,962	223,873,648	1,986,239,767	8,994,535,163
	₱2,978,668,468	₱2,564,635,633	₱-	₱3,035,823,294	₱76,245,026	₱2,938,032,762	₱238,785,165	₱1,585,460,999	₱13,417,651,347
Liabilities:									
Current liabilities	₱1,596,257,413	₱2,183,432,858	₱-	₱1,372,829,608	₱29,594,605	₱1,327,061,211	₱46,041,287	(₱3,532,308,266)	₱3,022,908,716
Noncurrent liabilities	117,412,001	103,904,994	-	906,156,163	311,661	1,617,550,420	24,817,728	60,844,359	2,830,997,326
	₱1,713,669,414	₱2,287,337,852	₱-	₱ 2,278,985,771	₱29,906,266	₱2,944,611,631	₱70,859,015	(₱3,471,463,907)	₱5,853,906,042
Equity attributable to:									
Equity holders of the Company	₱1,086,273,912	₱361,735,303	₱-	₱553,850,944	₱46,338,760	(₱6,578,869)	₱167,926,149	₱4,860,440,449	₱7,069,986,648
Non-controlling interests	178,725,142	(84,437,523)	-	202,986,579	-	-	-	196,484,459	493,758,657
Investments in associates	34,036,192	850,002,434	1,587,082,825	-	-	-	-	-	2,471,121,451
Additions to noncurrent assets -									
Property, plant and equipment	128,771,103	129,145,455	-	100,234,128	292,411	1,491,995	-	107,552,875	467,487,967
Service concession rights	-	-	-	51,790,326	-	-	-	-	51,790,326



For the year ended December 31, 2023:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Segment revenue	₱3,993,782,302	₱3,135,524,660	₱-	₱632,356,158	₱215,627,301	₱53,245,690	₱-	(₱33,490,265)	₱7,997,045,846
Direct costs	(2,695,572,788)	(2,962,078,340)	-	(382,260,483)	(175,849,768)	(49,478,219)	(178,206)	10,577,550	(6,254,840,254)
Gross profit (loss)	1,298,209,514	173,446,320	-	250,095,675	39,777,533	3,767,471	(178,206)	(22,912,715)	1,742,205,592
Share in net earnings of associates	7,007,972	(3,588,802)	562,137,350	-	-	-	-	11,172,503	576,729,023
	1,305,217,486	169,857,518	562,137,350	250,095,675	39,777,533	3,767,471	(178,206)	(11,740,212)	2,318,934,615
Operating expenses	(574,836,956)	(197,842,404)	-	(159,538,491)	(9,028,493)	(37,384,266)	(11,792,990)	(95,271,115)	(1,085,694,715)
Interest income	764,857	2,424,333	-	558,627	297,831	174,694	4,181	14,781,286	19,005,809
Financing charges	(34,007,008)	(18,409,921)	-	(70,041,814)	-	(33,597,778)	(25,192)	(7,699,815)	(163,781,528)
Foreign exchange gain (loss) - net	(3,408,299)	(610,156)	-	3,567	-	30,207	(48)	(4,297,172)	(8,281,901)
Other income (charges) - net	7,958,107	14,142,575	-	53,335,911	(2,943)	1,420,404	-	36,521,904	113,375,958
Income (loss) before income tax	701,688,187	(30,438,055)	562,137,350	74,413,475	31,043,928	(65,589,268)	(11,992,255)	(67,705,124)	1,193,558,238
Provision for (benefit from) income tax	(75,446,651)	(18,367,275)	-	(21,178,649)	(9,614,198)	(46,021)	(835)	2,280,002	(122,373,627)
Segment profit (loss)	₱626,241,536	(₱48,805,330)	₱562,137,350	₱53,234,826	₱21,429,730	(₱65,635,289)	(₱11,993,090)	(₱65,425,122)	₱1,071,184,611
Depreciation and amortization expense	₱73,355,718	₱98,639,913	₱-	₱93,065,679	₱-	₱23,405,181	₱1,306,656	₱37,228,048	327,001,195
Segment profit (loss) attributable to:									
Equity holders of the Company	416,365,829	(39,044,265)	562,137,361	41,492,164	21,429,730	(65,635,289)	(11,993,091)	(73,615,550)	851,136,889
Non-controlling interests	205,075,707	(9,761,066)	-	11,742,663	-	-	-	12,990,428	220,047,732



Other financial information of the operating segments as of December 31, 2023 is as follows:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Water Treatment and Distribution	ICT Services	Administrative	Mining	Eliminations, Adjustments and Others	Total
Assets:									
Current assets	₱1,783,758,991	₱1,729,225,035	₱-	₱597,207,960	₱110,904,917	₱377,468,078	₱16,151,786	(₱427,276,106)	₱4,187,440,661
Noncurrent assets	1,154,886,188	672,005,805	-	1,852,339,380	407,366	2,594,615,616	223,913,339	2,009,333,760	8,507,501,454
	₱2,938,645,179	₱2,401,230,840	₱-	₱2,449,547,340	₱111,312,283	₱2,972,083,694	₱240,065,125	₱1,582,057,654	₱12,694,942,115
Liabilities:									
Current liabilities	₱1,723,988,770	₱2,182,673,055	₱-	₱1,341,330,951	₱86,767,959	₱1,089,371,499	₱25,107,537	(₱3,126,799,393)	₱3,322,440,378
Noncurrent liabilities	216,792,870	149,158,938	-	847,865,166	194,006	1,628,502,180	24,382,850	20,266,978	2,887,162,988
	₱1,940,781,640	₱2,331,831,993	₱-	₱2,189,196,117	₱86,961,965	₱2,717,873,679	₱49,490,387	(₱3,106,532,415)	₱6,209,603,366
Equity attributable to:									
Equity holders of the Company	₱906,629,874	₱230,876,976	₱-	₱174,435,319	₱24,350,319	₱254,210,016	₱190,574,737	₱4,344,013,937	₱6,125,091,178
Non-controlling interests	91,233,665	(161,478,129)	-	85,915,904	-	-	-	344,576,131	360,247,571
Investments in associates	15,860,645	744,087,294	1,539,527,123	-	-	-	-	-	2,299,475,062
Additions to noncurrent assets -									
Property, plant and equipment	101,307,361	111,820,126	-	62,443,707	407,366	3,113,562	149,554	27,334,667	306,576,343
Service concession rights	-	-	-	14,943,204	-	-	-	-	14,943,204



5. Cash and Cash Equivalents

	2025	2024
Cash on hand and cash in banks (Note 18)	₱1,739,482,796	₱1,168,959,746
Short-term deposits (Note 18)	731,134,971	200,322,854
	₱2,470,617,767	₱1,369,282,600

Cash in banks earn interest at the respective bank deposits rates. Short-term deposits are made for varying periods of up to three months and earn interest at the respective short-term deposit rates. Interest income earned amounted to ₱38.7 million, ₱23.6 million and ₱16.3 million in 2025, 2024 and 2023, respectively (see Note 22).

6. Receivables and Contract Assets

	2025	2024
Trade:		
Third parties	₱1,320,570,780	₱1,023,009,317
Related parties (Note 18)	825,050,777	948,664,995
Advances to officers and employees	22,454,096	19,364,103
Interest receivable	4,254,449	5,812,609
Contract assets - current portion (Note 15)	16,025,639	77,656,572
Other receivables (Note 15)	322,859,711	187,239,298
	2,511,215,452	2,261,746,894
Less allowance for ECL	(75,360,333)	(58,874,039)
	₱2,435,855,119	₱2,202,872,855

Trade receivables arise from the revenue-generating activities of the Group. These are non-interest bearing with normal credit terms ranging from 30 to 90 days.

Long-term receivables

Included under other receivables are monthly installments due from customers from the construction of Sewage Treatment Plants (STPs). Payment terms from the said contracts are beyond one year; thus, contains significant financing component. Interest income earned from installment receivables amounted to nil in 2025, 2024 and 2023.

As of December 31, outstanding receivables pertaining to construction of STPs are as follows:

	2025	2024
Gross installment receivables	₱15,402,141	₱15,644,919
Less unearned interest	-	-
	15,402,141	15,644,919
Less current portion	-	(15,644,919)
Noncurrent portion	₱15,402,141	₱-



In relation to the construction of STPs, the Group allocates the total transaction price earned between the construction of STPs and the operation and maintenance services for the STPs. The allocated amounts for the operation and maintenance services are recognized as contract assets. These contract assets are realized as receivables as the Group performs the operations and maintenance of STPs, which is the remaining performance obligation, over the contract period of about 10 years. Contract assets are presented based on the timing of realization. Current and noncurrent portion of contract assets amounted to ₱16.0 million and ₱17.1 million as of December 31, 2025, ₱77.7 million and ₱34.9 million as of December 31, 2024, respectively (see Note 15).

Advances to officers and employees pertain to cash advances that are subject to liquidation.

Other receivables include installment contract receivable, amounts due from third party insurance company and certain government agencies (e.g., SSS) and employee loans which are payable through salary deductions.

Allowance for ECL pertains to trade receivables. The rollforward analyses of the allowance for ECL as of December 31, 2025 and 2024 are as follows:

	2025	2024
Beginning balance	₱58,874,039	₱29,725,405
Provision for ECL (Note 20)	16,486,294	29,148,634
Ending balance	₱75,360,333	₱58,874,039

7. Inventories - at cost

	2025	2024
Food and beverage	₱91,018,708	₱82,576,425
Materials and supplies	89,147,223	72,819,069
	₱180,165,931	₱155,395,494

All inventories are carried at cost. Cost of inventories recognized as expense and included as part of “Food” and “Supplies” accounts under “Direct costs” amounted to ₱2,307.4 million, ₱2,034.2 million and ₱1,911.1 million in 2025, 2024 and 2023, respectively (see Note 20).

8. Other Current Assets

	2025	2024
Input taxes - net	₱607,593,769	₱331,164,513
Creditable withholding taxes	353,024,405	259,238,523
Due from suppliers, contractors and others	71,795,451	11,323,300
Advances to suppliers	21,004,429	8,741,255
Prepayments	37,075,970	34,981,358
Supplies	64,179,097	34,268,620
Other current assets	20,477,163	15,847,666
	₱1,175,150,284	₱695,565,235



Input taxes

	2025	2024
Gross input tax	₱711,357,571	₱431,416,733
Less allowance for probable losses	(53,221,615)	(40,669,935)
	658,135,956	390,746,798
Less noncurrent portion (Note 15)	(50,542,187)	(59,582,285)
Current portion	₱607,593,769	₱331,164,513

Input taxes represent VAT paid on purchases of goods and services that can be recovered as tax refund/credit from the Bureau of Internal Revenue (BIR) or the Bureau of Customs. Provision for losses on input taxes amounted to ₱19.6 million, ₱27.4 million and ₱27.6 million in 2025, 2024 and 2023, respectively (see Note 20).

Roll forward of allowance for probable losses is as follows:

	2025	2024
Beginning balance	₱40,669,935	₱29,559,726
Provision for probable loss (Note 20)	19,565,230	27,357,485
Write-off	(7,013,550)	(16,247,276)
Ending balance	₱53,221,615	₱40,669,935

Others mainly consist of prepaid insurance, rent and utilities that are individually immaterial.

9. Investments in Associates

Investments in Associates

	Ownership Interest (%)	2025	2024
Acquisition costs:			
LTP	49	₱935,759,560	₱935,759,560
JASCO	30	853,799,023	853,799,023
CPCS	40	5,000,000	5,000,000
MacroAsia WLL	35**	2,310,175	2,310,175
MJFSC	49	64,466,700	-
		1,861,335,458	1,796,868,758
Accumulated equity in net earnings:			
Beginning of year		730,765,198	558,574,637
Share in net earnings		1,472,758,536	731,540,161
Dividends received (Note 18)		(308,329,000)	(559,349,600)
End of year		1,895,194,734	730,765,198
Share in foreign currency translation adjustments:			
Beginning of year		137,528,917	77,739,563
Net foreign currency translation adjustments for the year		47,663,316	59,789,354
End of year		185,192,233	137,528,917

(Forward)



	Ownership Interest (%)	2025	2024
Share in re-measurement losses on defined benefit plans of associates:			
Beginning of year		(₱193,794,907)	(₱133,461,381)
Remeasurement losses on defined benefit plans for the year		58,883,224	(60,333,526)
End of year		(134,911,683)	(193,794,907)
Impairment allowance on investment in MacroAsia WLL		(246,515)	(246,515)
		₱3,806,564,227	₱2,471,121,451

***Effective ownership interest through MACS*

As of December 31, 2025 and 2024, the shares of stock of these associates are not traded in public and as such, have no available publicly traded price quotation.

LTP

LTP is a company jointly owned by Lufthansa Technik AG (LHT), a corporation organized and existing under the laws of the Federal Republic of Germany and MAC, a corporation organized under the laws of the Republic of the Philippines. LTP was incorporated primarily to provide aircraft maintenance, aircraft overhaul, aircraft engine repair and overhaul and aircraft component repair and overhaul services in Manila, Cebu and other locations. LTP is also registered with the Philippine Economic Zone Authority (PEZA). The registered office address of LTP is LTP Technical Center, MacroAsia Ecozone, Villamor Airbase, Pasay City.

CPCS

CPCS is the Company's first in-flight catering venture, which started commercial operations in 1996. It is the only in-flight catering company at Mactan-Cebu International Airport and serves both domestic and international airlines. The registered office address of CPCS is 1st Ave. Extension, Block B6, MEZ I, Lapu-Lapu City.

JASCO

On November 5, 2019, MAC entered into a Share Purchase Agreement with Konoike Transport for the 7,200 ordinary shares or 30% ownership interest in Japan Airport Service Co., Ltd. (JASCO) for an aggregate amount of ₱853,799,023 (JPY 1,825,000,000). JASCO is a wholly-owned subsidiary of NKS Holding Co. Ltd., a Japanese company wholly-owned by Konoike Transport.

MacroAsia WLL

On June 5, 2012, MACS entered into a Shareholders' Agreement with individuals to establish MacroAsia WLL, a national institutional catering and laundry company in Doha, Qatar. As of December 31, 2025, MacroAsia WLL has not yet started its commercial operations and the Group continues to experience difficulty in withdrawing its initial investment.

The investment is fully provided with allowance for probable loss due to inactive status of the investee-company since incorporation.

MJFSC

MacroAsia Jolliant Food Services Corporation (MJFSC) is a company 49% owned by MacroAsia New Ventures, which is a wholly-owned subsidiary of MAC, and 51% by Princess Jolliant Food Services



Corp. It was incorporated on November 4, 2025. MJFSC is a commissary in Cordova Cebu in selling food products, including but not limited to marine, aquaculture, agricultural products.

CSWC

CSWC is a joint venture between SWRI and another domestic corporation in the Philippines. CSWC has bulk water supply with the water district of Janiuay, Iloilo. The registered office address of CWSC is 9/F, 45 San Miguel, San Miguel Avenue, Ortigas Center, Pasig City.

On March 28, 2023, SWRI entered into a Memorandum of Agreement with another domestic corporation to sell its 40% ownership over CSWC for a total consideration of ₱312,505. Carrying amount of CSWC at the time of disposal amounted to ₱43.3 million. The Group recorded a loss on disposal of investment in associate amounting to ₱43.0 million as presented under ‘Other income-net’ in its 2023 consolidated statement of income (see Note 22).

Summarized financial information of LTP, CPCS, JASCO and MJFSC based on their financial statements as of and for the years ended December 31 is as follows:

	2025			
	LTP	CPCS	JASCO	MJFSC
Current assets	₱8,899,775,454	₱148,373,705	₱749,108,222	₱90,650,118
Noncurrent assets	2,666,182,597	15,968,128	302,618,212	80,922,444
Current liabilities	4,648,331,827	15,852,176	399,321,317	44,640,582
Noncurrent liabilities	1,291,885,909	46,051,759	139,823,731	–
Equity	5,625,740,315*	102,437,898	512,581,386	126,931,980
Proportion of the Group’s ownership	49%	40%	30%	49%
Group’s share in equity	2,756,612,754	40,975,159	153,774,416	62,196,670
Goodwill	–	–	790,735,219	–
Group’s carrying amount of its investments	₱2,756,612,754	₱40,975,159	₱944,509,635	₱62,196,670

*Inclusive of cumulative foreign currency translation loss amounting to ₱47.7 million.

	2025			
	LTP	CPCS	JASCO	MJFSC
Revenue from contracts with customers	₱19,409,138,876	₱284,837,656	₱2,202,973,568	₱11,987,209
Direct costs	14,731,242,110	157,440,111	1,731,923,402	14,848,270
Gross profit	4,677,896,766	127,397,545	471,050,166	(2,861,061)
General and administrative expenses	2,556,402,303	30,377,715	91,730,371	1,700,721
Net income	2,442,444,361	87,347,418	317,840,736	(4,632,820)
Other comprehensive income	120,169,787	–	–	–
Total comprehensive income	2,562,614,148	87,347,418	317,840,736	(4,632,820)
Group’s share in net income*	1,196,797,736	34,938,967	95,352,221	(2,270,082)
Group’s share in total comprehensive income	₱1,255,680,933	₱34,938,967	₱95,352,221	(₱2,270,082)

*Excluding impact of PFRS 16 adoption policy alignment amounting to ₱145.7 million



	2024		
	LTP	CPCS	JASCO
Current assets	₹7,018,118,591	₹110,013,192	₹420,613,137
Noncurrent assets	5,127,481,863	17,159,926	154,061,028
Current liabilities	4,880,066,285	19,564,828	291,012,162
Noncurrent liabilities	3,729,304,617	22,517,810	86,104,620
Equity	3,536,229,552*	85,090,480	197,557,383
Proportion of the Group's ownership	49%	40%	30%
Group's share in equity	1,732,752,480	34,036,192	59,267,215
Accounting policy alignment impact**	(145,669,655)	–	–
Goodwill	–	–	790,735,219
Group's carrying amount of its investments	₹1,587,082,825	₹34,036,192	₹850,002,434

*Inclusive of cumulative foreign currency translation loss amounting to ₹60.0 million.

**Pertains to the alignment impact on the adoption of PFRS 16.

	2024		
	LTP	CPCS	JASCO
Revenue from contracts with customers	₹16,938,945,040	₹208,381,603	₹1,808,157,841
Direct costs	13,099,477,519	114,210,584	1,375,287,897
Gross profit	3,839,467,521	94,171,019	432,869,944
General and administrative expenses	2,396,386,226	15,545,252	80,612,197
Net income	1,194,200,096	75,438,869	353,631,677
Other comprehensive loss	(123,129,644)	–	–
Total comprehensive income	1,071,070,452	75,438,869	353,631,677
Group's share in net income*	₹585,158,047	₹30,175,547	₹106,089,503
Group's share in total comprehensive income	₹524,824,521	₹30,175,547	₹106,089,503

*Excluding impact of PFRS 16 adoption policy alignment amounting to ₹10.1 million.

	2023		
	LTP	CPCS	JASCO
Current assets	₹6,047,528,439	₹63,929,069	₹134,122,834
Noncurrent assets	5,238,501,816	12,449,862	203,591,270
Current liabilities	4,344,611,643	16,094,541	312,503,887
Noncurrent liabilities	3,481,594,456	20,632,780	180,703,301
Equity (capital deficiency)	3,459,824,156*	39,651,610	(155,493,084)
Proportion of the Group's ownership	49%	40%	30%
Group's share in equity	1,695,313,836	15,860,644	(46,647,925)
Accounting policy alignment impact**	(155,786,683)	–	–
Goodwill	–	–	790,735,219
Group's carrying amount of its investments	₹1,539,527,153	₹15,860,644	₹744,087,294

*Inclusive of cumulative foreign currency translation loss amounting to ₹19.5 million.

**Pertains to the alignment impact on the adoption of PFRS 16.



	2023		
	LTP	CPCS	JASCO
Revenue from contracts with customers	₱13,613,672,570	₱94,275,533	₱1,128,525,288
Direct costs	10,222,760,273	61,941,901	1,060,320,384
Gross profit	3,390,912,297	32,333,632	68,204,904
General and administrative expenses	2,001,345,039	11,872,305	86,924,925
Net income (loss)	1,147,219,103	17,519,930	(11,962,674)
Other comprehensive loss	(255,794,764)	–	–
Total comprehensive income (loss)	891,424,339	17,519,930	(11,962,674)
Group's share in net income (loss)	₱562,137,361	₱7,007,972	(₱3,588,802)
Group's share in total comprehensive income	₱436,797,926	₱7,007,972	(₱3,588,802)

*Excluding impact of PFRS 16 adoption policy alignment amounting to Php11.2 million

In the normal course of business, LTP is involved in certain claims by third parties mainly related to damages, consignment of inventories, labor and other contingencies. The provisions for claims and losses pertain to management's best estimate of probable losses in connection with claims from third parties involving damages, consignment of inventories, and other issues. These provisions have been developed in consultation with LTP's legal counsels, advisors and are based upon an analysis of potential results. LTP recognized provisions amounting to ₱1,487.2 million and ₱949.9 million as of December 31, 2025 and 2024, respectively, which are included as part of "Current liabilities" in LTP's summarized financial information. The provision for probable losses and claims recognized in profit or loss amounted to ₱537.3 million, ₱66.1 million and ₱126.8 million in 2025, 2024 and 2023, respectively, which are included as part of "General and administrative expenses" in LTP's summarized financial information.

Dividend received from LTP and CPCS amounted to ₱308.3 million, ₱559.3 million and ₱539.1 million in 2025, 2024 and 2023, respectively.

Impairment assessment

Management conducts an annual assessment to determine whether there are indicators of impairment for its investments in associates. This evaluation considers external factors such as macroeconomic conditions, industry trends, ongoing negotiations with the government and airport operators, and regulatory developments.

As discussed in Note 3, the Group has yet to finalize, as of December 31, 2025, an extended lease agreement on the lease of the ecozone where LTP is located. As of March 26, 2026, the Group and LTP are still in the process of finalizing negotiations with the government and airport operator regarding the final lease rate applicable after the expiration of the initial term. The Group performed an impairment assessment based on value-in-use calculations, using cash flow projections based on financial budgets based on forecasted revenue, forecasted workload and fleet count, operational costs, and operating expenses. Past experiences and current market conditions are also considered in this assessment. Management concluded that the value-in-use exceeds the carrying amount of the investment in LTP, indicating no impairment.



The key assumptions used in determining the recoverable amounts of investment in LTP are the forecasted workload and fleet count, operational costs, and operating expenses. Management believes that no reasonably possible change in the assumptions would cause the carrying value of investment in LTP to materially exceed their recoverable amounts.

10. Acquisition of a Subsidiary and Subsidiaries with Material Non-controlling Interests

Acquisition of 100% interest in APC

In 2025, the MASCORP acquired 100% ownership in Aviation Products Corporation (APC) from Airside Services Corporation (ASC) for a cash consideration amounting to ₱16.3 million. This resulted to recognition of investment in subsidiary which includes provisional intangible asset amounting to ₱0.77 million.

The provisional fair values of the identified assets and liabilities and analysis of cash flows as of the date of purchase of interest are presented as follows:

	Provisional
Assets	
Inventories	₱11,031,761
Input taxes and other current assets	2,479,530
Deposits and other intangible assets	880,816
Property and equipment	2,076,880
Total identifiable net assets at fair value	16,468,987
Gain on bargain purchase	(168,987)
Purchase consideration	₱16,300,000
Analysis of Cash Flows	
Cash transferred as purchase consideration*	₱16,300,000
Transaction costs of the acquisition	—
Net cash transferred	₱16,300,000

**Included in cash flows from investing activities*

On March 28, 2023, SWRI entered into a Share Purchase Agreement with CSWC to purchase 1,250,005 shares or 100% of CSW Lapu-lapu, Inc. (CSWLI) for an aggregate consideration of ₱0.31 million. CSWLI is engaged in bulk potable water supply and water treatment.

The group recorded gain on bargain purchase amounting to ₱69.7 million as presented under 'Other income - net' in its 2023 consolidated statement of income (see Note 22). The purchase price allocation for the acquisition of CSWLI was finalized in 2024. There was no change in the 2023 provisional fair value of net assets of the investee.

Subsidiaries with Material Non-controlling Interests

- As of December 31, 2025 and 2024, MASCORP has a material non-controlling interest of 20%.
- On September 12, 2024, during the Special Stockholders' Meeting of MACS, the stockholders approved the declaration of property dividends consisting of MACS' investments in its two subsidiaries, MSIS and MSFI, at cost. On June 4, 2025, the Philippine SEC approved the said declaration of property dividends. The approval resulted in the transfer of ownership of the shares of MSIS and MSFI from MACS to its shareholders, MAC and SATS, in proportion to their respective equity holdings in MACS.



This transaction forms part of the Group's corporate reorganization plan aimed at consolidating its food businesses under MSFI, which shall serve as the parent entity of the inflight and other catering segment, with MACS and MSIS as its subsidiaries. As of December 31, 2025 and 2024, MACS, MSFI and MSIS (collectively, "the Inflight and Other Catering Group") has an effective material non-controlling interest of 33%.

Set out in the below is the summarized financial information of MASCORP and the combined balances of Inflight and Other Catering Group. The amounts disclosed are based on those included in the consolidated financial statements before intercompany eliminations.

Summarized balance sheets:

	Inflight and Other Catering Group		MASCORP	
	2025	2024	2025	2024
As at December 31:				
Current assets	₱2,335,903,738	₱1,829,737,690	₱2,025,972,190	₱1,736,074,057
Noncurrent assets	964,091,910	1,148,930,778	1,313,304,827	828,561,575
Current liabilities	1,630,986,738	1,596,257,413	2,527,178,561	2,183,432,858
Noncurrent liabilities	263,851,083	117,412,001	518,851,698	103,904,994
Equity	1,405,157,827	1,264,999,054	293,246,758	277,297,780

Summarized statements of income and other comprehensive income:

Inflight and Other Catering Group

	2025	2024	2023
Revenue	₱4,927,620,067	₱4,414,552,818	₱3,993,782,302
Direct costs	3,461,532,133	3,024,059,014	2,695,572,788
Operating expenses	843,340,520	710,443,674	574,836,956
Net income	473,531,055	622,645,106	626,241,536
Net income attributable to non-controlling interest	144,735,389	195,514,955	205,075,707
Other comprehensive income (loss)	(10,401,844)	(3,766,227)	(4,214,716)
Total comprehensive income	463,129,211	618,878,881	622,026,820
Total comprehensive income attributable to non-controlling interest	152,832,640	204,230,031	205,268,851

MASCORP

	2025	2024	2023
Revenue	₱4,276,564,171	₱4,171,950,252	₱3,135,524,660
Direct costs	3,989,009,994	3,563,692,601	2,962,078,340
Operating expenses	278,557,116	337,454,745	197,842,404
Net income	86,057,395	306,256,743	(48,805,330)
Net income attributable to non-controlling interest	(11,336,153)	26,198,657	(9,761,066)
Other comprehensive income	5,518,844	10,871,631	(25,970,347)
Total comprehensive income	91,576,239	317,128,374	(74,775,678)
Total comprehensive income attributable to non-controlling interest	(10,232,384)	63,425,675	(14,955,136)



Summarized statements of cash flows:

Inflight and Other Catering Group

	2025	2024	2023
Cash flows from operations	₱328,976,568	₱435,662,910	₱16,872,934
Cash flows from (used in) investing activities	(362,524,733)	(151,315,937)	126,567,899
Cash flows from (used in) financing activities	(300,000,000)	(176,040,000)	45,738,752

MASCORP

	2025	2024	2023
Cash flows from operations	₱241,510,756	₱347,020,679	₱366,161,829
Cash flows from (used in) investing activities	596,713,442	(225,805,830)	(142,956,381)
Cash flows from (used in) financing activities	357,923,303	34,646,398	(94,476,466)



11. Property, Plant and Equipment

2025

	Land and land improvements	Building and leasehold improvements	Kitchen and other operations equipment	Transportation equipment	Aviation equipment	Plant and technical equipment	Water pumps and machineries	Water pipelines	Office furniture, fixtures and equipment	Drilling equipment	Construction in progress (Note 16)	Total
Cost												
January 1	₱451,572,936	₱1,240,930,947	₱896,062,817	₱607,434,970	₱1,053,403,208	₱129,878,082	₱299,168,052	₱48,969,568	₱286,083,722	₱27,425,491	₱216,486,775	₱5,257,416,568
Additions	385,160,120	87,906,988	55,985,153	41,377,101	228,199,418	8,426,289	24,438,985	-	32,724,337	-	571,396,758	1,435,615,149
Adjustments, Reclassifications and Disposal	-	-	(5,743,251)	(80,773,979)	(10,696,123)	(46,473,468)	-	-	(669,819)	-	-	(144,356,640)
December 31	836,733,056	1,328,837,935	946,304,719	568,038,092	1,270,906,503	91,830,903	323,607,037	48,969,568	318,138,240	27,425,491	787,883,533	6,548,675,077
Accumulated Depreciation and Amortization												
January 1	(41,189)	(596,660,325)	(653,346,455)	(410,477,379)	(586,068,313)	(91,235,800)	(194,485,842)	(2,778,257)	(198,444,945)	(27,424,195)	-	(2,760,962,700)
Additions	(2,257)	(60,741,509)	(42,326,111)	(40,415,814)	(82,480,732)	(35,826,286)	(18,551,517)	-	(24,026,802)	-	-	(304,371,028)
Adjustments, Reclassifications and Disposal	-	-	6,083,471	57,217,781	7,151,204	35,231,183	-	-	663,788	-	-	106,347,427
December 31	(43,446)	(657,401,834)	(689,589,095)	(393,675,412)	(661,397,841)	(91,830,903)	(213,037,359)	(2,778,257)	(221,807,959)	(27,424,195)	-	(2,958,986,301)
Net Book Value	₱836,689,610	₱671,436,101	₱256,715,624	₱174,362,680	₱609,508,662	₱-	₱110,569,678	₱46,191,311	₱96,330,281	₱1,296	₱787,883,533	₱3,589,688,776

2024

	Land and land improvements	Building and leasehold improvements	Kitchen and other operations equipment	Transportation equipment	Aviation equipment	Plant and technical equipment	Water pumps and machineries	Water pipelines	Office furniture, fixtures and equipment	Drilling equipment	Construction in progress (Notes 16 and 18)	Total
Cost												
January 1	₱441,572,936	₱1,072,334,036	₱828,603,017	₱519,105,704	₱967,731,621	₱128,037,180	₱290,843,702	₱2,968,542	₱257,624,373	₱27,425,491	₱284,294,006	₱4,820,540,608
Additions	10,000,000	86,971,658	68,527,357	90,925,436	105,420,969	1,840,902	8,324,350	-	29,470,172	-	66,007,123	467,487,967
Adjustments, Reclassifications and Disposal	-	81,625,253	(1,067,557)	(2,596,170)	(19,749,382)	-	-	46,001,026	(1,010,823)	-	(133,814,354)	(30,612,007)
December 31	451,572,936	1,240,930,947	896,062,817	607,434,970	1,053,403,208	129,878,082	299,168,052	48,969,568	286,083,722	27,425,491	216,486,775	5,257,416,568
Accumulated Depreciation and Amortization												
January 1	(41,189)	(553,942,414)	(593,198,550)	(373,243,991)	(533,412,090)	(65,789,773)	(176,866,020)	(2,778,257)	(200,623,081)	(27,424,195)	-	(2,527,319,560)
Additions	-	(48,894,326)	(37,770,713)	(38,951,580)	(67,974,387)	(25,446,027)	(17,619,822)	-	(20,930,661)	-	-	(257,587,516)
Adjustments, Reclassifications and Disposal	-	6,176,415	(22,377,192)	1,718,192	15,318,164	-	-	-	23,108,797	-	-	23,944,376
December 31	(41,189)	(596,660,325)	(653,346,455)	(410,477,379)	(586,068,313)	(91,235,800)	(194,485,842)	(2,778,257)	(198,444,945)	(27,424,195)	-	(2,760,962,700)
Net Book Value	₱451,531,747	₱644,270,622	₱242,716,362	₱196,957,591	₱467,334,895	₱38,642,282	₱104,682,210	₱46,191,311	₱87,638,777	₱1,296	₱216,486,775	₱2,496,453,868

Adjustments, reclassification and disposal includes retirement of fully depreciated property, plant and equipment, reclassification of certain amounts previously classified as Construction in Progress to appropriate accounts when the asset became ready for intended use, disposals and other adjustments.



Management performed impairment tests for CGUs that are operating below the expected level. The recoverable amounts are computed based on value in use calculations using cash flow projections of three to five years as approved by management.

The calculation of value-in-use is most sensitive to the following assumptions:

FAA

Discount rate represents the current market assessment of the risk specific to the Company, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the WACC. The Group used WACC rate as affected by beta of companies with similar activities and capital structure. WACC is also affected by costs of debt and capital based on average lending rates for long-term loans.

Management determined that the value in use exceeds the carrying amount of the CGUs with sufficient headroom as of December 31, 2025 and 2024. Management believes that no reasonably possible change in the assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

SWRI

The key assumptions used in determining the recoverable amounts as of December 31, 2025 and 2024 of property plant and equipment are the same as those used in the impairment testing of service concession rights. Further, management used 4% growth rate in the calculation of cash flows beyond the forecast period.

Management determined that the value in use exceeds the carrying amount of the CGUs with sufficient headroom as of December 31, 2025 and 2024. Management believes that no reasonably possible change in the assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

Noncash additions as of December 31, 2025 and December 31, 2024 amounted to ₱0.7 million and ₱1.3 million, respectively.

Depreciation and amortization are distributed as follows:

	2025	2024	2023
Direct costs (Note 20)	₱232,894,454	₱207,258,703	₱169,004,857
Operating expenses (Note 20)	71,476,574	50,328,813	51,892,142
	₱304,371,028	₱257,587,516	₱220,896,999



12. Investment Property

The Group's investment property pertains to a parcel of land held for future development which amounted to ₱143.9 million as of December 31, 2025 and 2024. The fair value of the investment property amounted to ₱490.5 million which is based on the latest available appraisal report rendered by a Philippine SEC-accredited professional firm of independent appraisers as of September 4, 2024 (see Note 32). Management believes that there have been no significant activities in the areas where the investment properties are located which can indicate significant changes in the fair values of investment properties per appraiser reports.

The independent appraiser used the "Market Approach" in valuing the property in 2024 and are categorized under Level 3 fair value hierarchy. This is a comparative approach to value that considers the sale of similar or substitute properties and related market data and establishes a value estimate by process involving comparison. Listings and offerings may also be considered. The Group has determined that the highest and best use of the property is its current use (i.e., industrial purpose).

Operating expense incurred in relation to investment property pertains to real property taxes (included as part of "Taxes and licenses") amounted to ₱1.0 million in 2025, 2024 and 2023 (see Note 20).

There are neither restrictions on the realizability of investment property nor contractual obligations to develop or maintain such property.

13. Service Concession Rights, Intangible Assets and Goodwill

Service Concession Rights

	2025	2024
Cost		
Beginning balance	₱614,199,441	₱562,409,115
Additions	19,352,793	38,386,710
Construction in progress	6,404,129	13,403,616
Ending balance	639,956,363	614,199,441
Accumulated Amortization		
Beginning balance	177,291,206	153,933,979
Amortization (Note 20)	24,328,159	23,357,227
Ending balance	201,619,365	177,291,206
Net Book Value	₱438,336,998	₱436,908,235

The cost of service concession right pertains to the construction costs by SNVRDC in relation to the construction of water treatment plant and pipe laying activities in Solano, Nueva Vizcaya and the fair value of NAWASCOR's water system and pipelines in Naic, Cavite (see Note 29). Pursuant to Philippine Interpretation IFRIC 12, the Group recognizes intangible assets in accordance with the accounting policies stated in Note 2.

The additions to service concession right in 2025 and 2024 pertain to costs of ongoing construction of water facilities and pipe laying activities. These are recognized as contract assets and are presented as part of service concession right in the 2025 consolidated balance sheet. Construction revenue and costs amounted to ₱6.4 million, ₱13.4 million and nil in 2025, 2024 and 2023, respectively (see Note 22).



In 2025 and 2024, management performed impairment test of SNVRDC's service concession right due to its operating income and cash flows being lower than the expected level and has been operating at a loss since the start of its commercial operation in 2016. SNVRDC is part of water treatment and distribution segment. SNVRDC's service concession right, which pertains to incurred construction costs, amounted to ₱221.4 million and ₱222.9 million as at December 31, 2025 and 2024, respectively. Management has determined based on the impairment test that the value-in-use exceeds the carrying value of the service concession right.

The calculation of value in use is most sensitive to the following assumptions:

- *Discount rate (8.25% in 2025 and 9.2% in 2024)* - Discount rate represents the current market assessment of the risk specific to the Company, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the WACC. The Group used WACC rate as affected by beta of companies with similar activities and capital structure. WACC is also affected by costs of debt and capital based on average lending rates for long-term loans.
- *Average per cubic meter consumption (₱18.16)* - The average per cubic meter consumption is based on the management's best estimate of water consumption per customer and increases in number of connections considering factors such as historical trend, market analysis, government regulations and other economic factors.
- *Average price per cubic meter (average annual increase of 3% until 2028)* - Price per cubic meter represents the management's forecast that the Company would charge its customers considering the estimated increase to be granted by the Municipality of Solano, the approved tariff rate of National Water Regulations Board, and the estimated yearly increase that is acceptable to the customers.

Sensitivity to Changes in Assumptions

Other than as disclosed above, management believes that any reasonable possible change in any of the above assumptions would not cause the carrying value to exceed its recoverable amount.

Intangible Assets and Goodwill

	2025	2024
Goodwill	₱127,842,231	₱127,842,231
Intangible assets		
Water rights	118,296,719	120,287,222
Water service contract	72,264,350	72,264,350
Customer contract and relationships	41,406,252	44,694,234
	231,967,321	237,245,806
	₱359,809,552	₱365,088,037

Goodwill

The goodwill recognized by the Group amounting to ₱127.8 million as of December 31, 2025 and 2024 resulted from the Group's acquisition of: (a) 13% non-controlling interest from a previous stockholder of MACS in 2006, (b) 67% of BTSI in 2016, (c) 100% of NAWASCOR in 2017 and (d) 60% of SWRI in 2018.



The carrying amount of goodwill is allocated to each of the CGUs (determined to be at the subsidiary level) as of December 31, 2025 and 2024 as follows:

MACS	BTSI	NAWASCOR	SWRI	Total
₱17,531,232	₱46,056,595	₱36,885,706	₱27,368,698	₱127,842,231

Management performs its annual impairment test of goodwill of CGUs. BTSI and NAWASCOR are part of the water treatment and distribution segment, while MACS is part of inflight and other catering services segment. The recoverable amounts are computed based on value in use calculations using cash flow projections as approved by management and discounted using a pre-tax discount rate of ranged from 7.4% to 9.5% in 2025 and 10.6% to 11.2% in 2024. Management determined that the value in use exceeds the carrying amount of the cash generating units with sufficient headroom as of December 31, 2025 and 2024.

The key assumptions used in determining the recoverable amounts as of December 31, 2025 of goodwill allocated to BTSI and NAWASCOR and water rights are the same as with those used in the impairment testing of service concession rights. Further, management used 4.0% growth rate in the calculation of cash flows beyond the forecasted period. In addition, for impairment testing of goodwill allocated to MACS, management used sales growth rate based on MACS' five-year forecast and long-term growth rate of 4.0% and 3.7% in 2025 and 2024, respectively, based on forecasted growth in food industry.

Management believes that no reasonably possible change in the assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

Water rights

The water rights allow BTSI and NEWS to extract and distribute water in certain provinces of the Philippines and for NAWASCOR to operate, manage, maintain water systems of certain subdivisions. Management believes that the water rights have an indefinite useful life due to the permanent nature of water permits.

Customer contract and relationships

Customer contract and relationships pertain to Group's long-term water supply contract with a third party and established relationships with the existing customers through service contracts. These are identified intangible assets as part of the acquisition of BTSI group in 2016. The customer contract is amortized over the remaining contract term, while customer relationships are amortized over the estimated years where all the existing customers would have switched to other water distributors. The amortization of customer contract and relationships amounted to ₱5.9 million in 2025 and ₱3.4 million in 2024.

Water service contract

Water service contract pertains to Group's long-term bulk water supply contract with the local government. This was identified as intangible asset as part of the acquisition of CSWLL in 2023.

14. Deferred Mine Exploration Costs and Mining-Related Activities

Deferred mine exploration costs amounts to ₱256.1 million as of December 31, 2025 and ₱238.5 million as of December 31, 2024, respectively (see Note 15).



Infanta Nickel Project

Deferred mine exploration costs pertain to costs incurred by the Company in the exploration of its mining property located in Brooke's Point, Palawan, the Infanta Nickel Project (the Project).

The Project is the Company's tenement under Mineral Production Sharing Agreements (MPSAs) with the government, MPSA 220IV-B. It holds another mining property within the same Municipality denominated as MPSA No. 221-2005-IVB. The former MPSA is a consolidation of the Company's eight mining lease contracts with the Government that were granted under Commonwealth Act No. 137 and P.D. 463. In the 1970's, the Company operated the mine as an export producer of beneficiated nickel laterite. As such, it had sales and purchase agreements with Sumitomo Metal Mining Co., Ltd. of Japan, and thus, had made shipments of nickel ore to Japan in the 1970's until very low nickel prices forced the operations to be suspended. The previous quarry and road network within the tenement still exists and is currently being maintained for future use.

The MPSAs run for a term not exceeding 25 years from the dates of the grant, and are renewable for another term not exceeding 25 years under the same terms and conditions, without prejudice to changes that will be mutually agreed upon by the DENR and the Company.

On July 23, 2021, the BOD approved the signing of a Memorandum of Agreement (MOA) between its 100% wholly owned subsidiary, MMC and Calmia Nickel, Inc. (Calmia) for the nickel mine in Brooke's Point Palawan. This operating agreement allows Calmia to explore and operate the mining tenement of MMC in Brooke's Point, Palawan, in exchange for payment of royalties to the Group. Currently, the mine operator is working on the permits needed to re-open and operate the mine.

In 2022, the Certification Precondition (CP) from NCIP was approved and recommended for issuance. MMC subsequently received the certificate in February 2023. In December 2023, Environmental Compliance Certificate (ECC) was issued by Mines and Geosciences Bureau (MGB) to MMC. As of December 31, 2025, MMC is in the process of securing the notice to proceed to start the mining operation.

On January 20, 2026, MMC received approval from the Mines and Geosciences Bureau (MGB) for the Declaration of Mining Project Feasibility (DMPF) covering the Infanta Nickel Project under MPSA No. 220-2005-IVB, allowing MMC and its operator, Calmia Nickel, Inc., to proceed with project development and operations in Brooke's Point, Palawan, subject to regulatory conditions by MGB-DENR.

Administrative expenses related to the mining exploration activities are expensed as incurred and presented under "Mining expenses" under "Operating expenses" account. These amounted to nil in 2025, 2024 and 2023 (see Note 20).

Deeds of Assignment with Bulawan Mining Corporation (BUMICO)

In 2012, the Company entered into two deeds of assignment with BUMICO. The first deed of assignment covered BUMICO's rights, title to, interests and obligations under the former's application for exploration permit with the MGB of the DENR over certain properties in Basay, Negros Oriental under Exploration Permit Application No. 000103 VII. In consideration, the Company paid BUMICO ₱16.0 million, which is recorded as "Deferred mine exploration costs" under "Other noncurrent assets" account in the consolidated balance sheets. The said assignment was approved by the Regional Director of the MGB on January 28, 2013.

The second deed of assignment covered BUMICO's rights, interests and obligations under an Operating Agreement with Philex Mining Corporation (PHILEX). The Operating Agreement granted PHILEX the exclusive right and privilege to take over, as an independent contractor, the working and operation of



Mineral Claims as defined in the Operating Agreement for a period of 25 years. In consideration, the Company offered its technical services for BUMICO to tie up with PHILEX. The said deed of assignment was consented by PHILEX. Currently, PHILEX has no operations over the Mineral Claims. Once PHILEX resumes the operations of and generates income from the Mineral Claims, the Company shall be entitled to royalty payments and that BUMICO shall be entitled to a certain percentage of such royalties.

On September 28, 2018, PNB's BOD approved the sale of 100% shareholdings of BUMICO to MMC. Consequently, PNB and MMC signed a deed of absolute sale on November 15, 2018 for the transfer of all the rights, title and interest of BUMICO in favor of MMC. As of March 26, 2026, PHILEX has not yet produced/sold any gold from its operation. Exploration activity remained suspended pending approval of the request for the conversion of the mining lease contract into a mineral production sharing agreement.

Impairment assessment

As of date, MMC has not started its mining activities, thus, management has performed the impairment analysis on the recoverability of the deferred mine exploration costs. For the purpose of impairment testing, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management. The projected cash flows are based on expectations of future outcomes based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk. The pre-tax discount rate used is 15.01% in 2025. Management believes that the amount of deferred mine exploration cost is recoverable based on the estimation of value-in-use.

15. Other Noncurrent Assets

	2025	2024
Deferred mine exploration costs (Note 14)	₱256,133,717	₱238,513,440
Advances to contractors and suppliers	196,969,577	241,195,911
Equity investments designated at FVTOCI	185,155,800	160,155,800
Creditable withholding tax - net of current portion (Note 8)	88,421,636	85,434,545
Deposits (Note 28)	76,341,191	66,970,989
Input taxes - net of current portion (Note 8)	50,542,187	59,582,285
Deferred rent expense (Note 28)	24,912,076	25,130,527
Installment receivables - net of current portion (Note 6)	15,402,141	-
Finance lease receivable - net of current portion (Note 6)	10,295,202	10,363,867
Retirement asset (Note 21)	7,690,107	678,319
Others	116,452,288	135,568,737
	₱1,028,315,922	₱1,023,594,420

Equity investments designated at FVTOCI

The Company's investments in golf club share and other proprietary and equity shares are carried at fair value based on published club share quotes that are publicly available from local dailies and from the website of club share brokers. As of December 31, 2025 and 2024, equity investments designated at FVTOCI amounted to ₱185.2 million and ₱160.2 million, respectively.



Below is the movement of reserve for fair value changes of financial assets investments at FVTOCI, which is presented as part of “Reserve for fair value changes of financial assets investments” in the consolidated statements of changes in equity.

	2025	2024
Beginning balance	₱116,469,999	₱82,469,999
Changes in fair value of equity investments held at FVTOCI, net of tax effect	21,250,000	34,000,000
Ending balance	₱137,719,999	₱116,469,999

Deferred income tax liabilities on the fair value changes of the equity investments designated as FVTOCI amounted to ₱23.9 million and ₱20.1 million as of December 31, 2025 and 2024, respectively (see Note 25).

Creditable withholding tax - net of current portion

As of December 31, 2025 and 2024, the Group assessed that the portion of its creditable withholding tax amounting to ₱88.4 million and ₱85.4 million, respectively, will not be utilized within the next twelve months and was presented as part of “Other noncurrent assets”.

Finance lease receivable

The Group has a long-term lease agreement with a third party which stipulates for a minimum volume of cubic meter to be delivered daily. This is accounted for under finance lease with the related receivables classified as part of “Other receivables” of the Group.

The gross investment in the lease and the present value of minimum lease payments as of December 31 are shown as follows:

	2025	2024
Not later than one year	₱1,030,346	₱1,030,346
Later than one year and not later than five years	4,121,385	4,121,385
Later than five years	8,929,669	9,388,706
Gross finance lease receivable	14,081,400	14,540,437
Less unearned interest	(3,168,815)	(3,605,262)
Present value of minimum lease payments	10,912,585	10,935,175
Current portion	(617,383)	(571,308)
Finance lease receivable - noncurrent portion	₱10,295,202	₱10,363,867

Others

‘Others’ include escrow fund relating to the acquisition of land and STP by AWSI, software, restricted time deposits placed by the Group to guaranty an institutional catering contract and other assets with individually immaterial balances. The Group recognized amortization related to software amounting to ₱2.4 million, ₱1.1 million, and ₱0.8 million in 2025, 2024 and 2023, respectively (see Note 20).



16. Notes Payable and Long-Term Debts

Notes payable

Entity	Facility	Terms	Outstanding Balance	
			2025	2024
Parent Company	One-year loan agreement	Principal payable at maturity; interest payable quarterly, interest rate of 7.15%	₱400,000,000	₱50,000,000
BTSI	6 months short-term loan agreement	Principal and interest payable at maturity; interest rate of 7.5%	15,000,000	21,178,000
MSFI	180 days short-term loan agreement	Principal and interest payable at maturity; interest rate of 8.0% (Note 18)	50,000,000	50,000,000
NAWASCOR	6 months short-term loan agreement	Principal payable at maturity; interest payable quarterly, interest rate of 8.5% (Note 18)	-	-
SWRI	6 months short-term loan agreement	Principal payable at maturity; interest payable monthly, interest rate of 7% (Note 18)	20,000,000	-
			₱485,000,000	₱121,178,000

Long-term debts

Entity	Facility	Terms	Outstanding Balance	
			2025	2024
MSFI	Ten-year term loan agreement	Principal and interest payable quarterly; interest rate equivalent to 6.96% per annum	₱110,000,000	₱55,555,556
	Ten-year term loan agreement	Principal and interest payable quarterly; interest rate equivalent to 6.46% per annum	80,000,000	-
	Eight-year term loan agreement	Principal and interest payable quarterly; interest rate equivalent to 7.08% per annum (Note 18)	57,857,143	96,428,571
MASCORP	Five-year term loan agreement	Principal and interest payable monthly; interest rate of 6.73% per annum subject to quarterly re-pricing	376,200,000	-
	Two-year term loan agreement	Principal and interest payable monthly; interest rate of 5.75% per annum subject to quarterly re-pricing	150,000,000	-
	Five-year term loan agreement	Principal and interest payable monthly; interest rate of 6.5% per annum subject to quarterly re-pricing	25,000,000	150,000,000
BTSI	Fifteen-year term loan agreement	Principal and interest payable monthly; interest rate of 6% per annum	16,949,400	18,603,000
	Fifteen-year term loan agreement	Principal and interest payable monthly; interest rate of 6% per annum	5,754,350	6,315,750
	Ten-year term loan agreement	Monthly principal repayment to commence one year after the drawdown date, and bears interest rate of 6% per annum	147,554,702	179,173,567
	Fourteen-year term loan agreement	Monthly principal repayment to commence at the two years after the drawdown date, and bears interest rate of 6% per annum	8,541,667	9,375,000
	Eleven-year term loan agreement	Monthly principal repayment and bears interest rate of 6% per annum	8,978,102	9,854,015
	Eleven-year term loan agreement	Monthly principal repayment to commence two months after the drawdown date, and bears interest rate of 7.5% per annum	9,179,104	-
	Ten-year term loan agreement	Monthly principal repayment to commence one month after the drawdown date, and bears interest rate of 7.2% per annum	28,257,891	-
SWRI	Ten-year term loan agreement	Monthly principal repayment to commence one month after the drawdown date, and bears interest rate of 7.2% per annum	24,212,506	-
	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 5.0% per annum	30,381	207,458
	Five-year term loan agreement	Monthly principal repayment to commence six months after the drawdown date, and bears interest rate of 7.32% per annum subject to quarterly re-pricing (Note 18)	11,750,000	14,750,000
	Five-year term loan agreement	Monthly principal repayment to commence six months after the drawdown date, and bears interest rate of 7.05% per annum subject to quarterly re-pricing (Note 18)	19,583,333	24,583,333
	Three-year term loan agreement	Principal and interest payable monthly; interest rate of 11.7% per annum (Note 18)	509,878	757,879
NAWASCOR	Ten-year term loan agreement	Monthly principal repayment to commence six months after the drawdown date, and bears interest rate of 7.42% per annum subject to quarterly re-pricing after 3 years	84,000,000	84,000,000
	Five-year term loan agreement	Principal and interest payable semi-annually, interest rate of 8.5% per annum	395,646	629,894
	Three-year term loan agreement	Principal and interest payable quarterly, interest rate of 8.5% per annum	-	66,666,667

(Forward)



Entity	Facility	Terms	Outstanding Balance	
			2025	2024
FAA	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.5% per annum	₱-	₱21,818,983
CSWLL	Ten-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.4% per annum	650,000,000	-
	Ten-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.2% per annum	300,000,000	-
	Ten-year term loan agreement	Principal and interest payable quarterly; interest rate of 6.8% per annum	150,000,000	-
SNVRDC	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 8.0% per annum; guaranteed by MAPDC	14,000,000	18,000,000
	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.8% per annum; guaranteed by MAPDC	7,000,000	9,000,000
	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.6% per annum; guaranteed by MAPDC	7,000,000	9,000,000
	Five-year term loan agreement	Principal and interest payable quarterly; interest rate of 7.5% per annum; guaranteed by MAPDC	7,368,420	9,473,681
			2,300,122,523	784,193,354
Unamortized transaction costs			(1,846,006)	(1,846,006)
			2,298,276,517	782,347,348
Less current portion			249,855,488	386,927,235
Noncurrent portion			₱2,048,421,029	₱395,420,113

The aforementioned notes payable and long-term debts are obtained from local banks.

The MSFI loan was specifically availed to finance the construction of its kitchen facility (see Note 11). In accordance with the loan agreement, MSFI is required to maintain debt-to-equity ratio of not more than 3.00 times and debt service coverage ratio (DSCR) of at least 1.2 times. In December 2025 and 2024, MSFI remains within the required financial ratios and is in compliance with all applicable debt covenants.

In accordance with the loan agreements, MASCORP is required to maintain a debt-to-equity ratio of not greater than 2.33 times and debt-service-coverage ratio of not lower than 1.0x. MASCORP did not meet the required financial debt covenants. MASCORP was able to secure a waiver of the required financial covenants from the bank as of December 31, 2025 and 2024.

BTSI is required to maintain certain financial ratios, such as current ratio, debt service cost coverage and debt equity ratio, and comply with non-financial covenants for bank loan applicable a year after the grant of the loan. As of December 31, 2025 and 2024, BTSI remains within the required financial ratios and is in compliance with all applicable debt covenants.

NWSC is required to maintain certain financial ratios, such as debt service cost coverage and debt equity ratio in accordance with the loan agreement. As of the reporting date, NWSC fully settled all the loan obligations in November 2025.

CSWLL is required to maintain a debt-to-equity ratio of not greater than 3.00 times and debt-service-coverage ratio of not lower than 1.2x. CSWLL did not meet the required financial debt covenants but has secured a waiver for the compliance with financial covenant as of December 31, 2025 and has no loans as of December 31, 2024.

Total interest expense incurred amounted to ₱79.5 million, ₱59.8 million and ₱96.1 million in 2025, 2024 and 2023, respectively (see Note 22). Interest expense amounting to ₱48.7 million in 2025 and ₱0.1 million in 2024 were capitalized using a capitalization rate of 100%. The capitalized interest relates to the construction in progress of CSWLL in 2025 and SNVRDC in 2024.

Except for the loan of SNV which is guaranteed by MAPDC, all other loans are unsecured.



17. Accounts Payable and Accrued Liabilities

	2025	2024
Trade accounts payable:		
Related parties (Note 18)	₱282,566,389	₱564,120,203
Third parties	1,207,629,229	536,453,982
Nontrade accounts payable	141,723,087	329,003,001
Accrued:		
Utilities and others (Note 20)	898,071,982	379,959,874
Rental	118,077,754	95,887,415
Service fees (Note 29)	59,859,257	44,311,771
Outside services	13,078,684	26,050,347
Interest (Notes 16 and 18)	1,987,434	1,035,191
Output VAT	247,385,249	112,394,989
Payable to government agencies	142,677,592	85,479,541
Unearned revenue (Note 19)	101,405,529	112,114,004
Retention payable	20,716,131	12,724,574
	₱3,235,178,317	₱2,299,534,892

Trade payables are incurred in the conduct of the Group's business with normal credit terms ranging from 30 to 45 days. Nontrade payables include concession privilege fee payable and payable to mine surveyor and subcontractor.

Retention payable pertains to the portion of the contractors' billings on the various construction projects retained by the Group and will be released upon acceptance of the completed projects and submission by the contractors of the certificate of completion and guarantee bond.

Deferred output VAT, which is included as part of "Output VAT", pertains to output VAT of uncollected receivables from the rendering of the Group's services.

Payable to government agencies include other tax-related payable such as withholding tax and payable to Social Security System, Philippine Health Insurance Corporation and Pag-IBIG Fund Contributions.

Unearned revenue pertains to the advance payment from cadet trainees.

18. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. It includes companies in which one or more of the directors and/or shareholder of the Company either has a beneficial controlling interest or are in a position to exercise significant influence therein (i.e., affiliates).

Transactions between the Company and its subsidiaries and the related balances are eliminated at consolidation and are no longer included in the disclosures.



Transactions disclosed below pertain to the following related parties:

Relationship	Name
Entities under common control	Philippine National Bank Philippine Airlines, Inc. (PAL) Air Philippines Corporation (APC)
Associates	LTP CPCS

The following tables summarize the transactions with the Group's related parties and their account balances:

Nature of Transaction	Outstanding balance		Terms and conditions
	2025	2024	
Affiliates	<i>(In millions)</i>		
Deposits and cash equivalents	₱1,133.6	₱965.5	On demand; prevailing interest rate; not impaired
Rental deposit	–	–	To be refunded at the end of lease term; non-interest bearing; not impaired
Trust fund retirement plan (Note 21)	214.0	185.8	Based on trustee agreement; not impaired

Nature of Transaction	Amount of Transactions		Outstanding Balance Receivable (Payable)		Terms and Conditions
	2025	2024	2025	2024	
	<i>(In Millions)</i>				
Affiliates					
Interest income on deposits and cash equivalents (Note 22)	₱11.4	₱9.6	₱–	₱–	On demand; prevailing interest rate
Ground handling and other services	3,568.0	3,568.0	759.7	775.8	30 day, unsecured, non-interest bearing, unimpaired
Catering services	1,884.5	1,578.3	209.3	144.9	30 day, unsecured, non-interest bearing, unimpaired
Short-term debt (Note 16)	470.0	62.5	(470.0)	(50.0)	180 - 360 days loan agreement, interest bearing based on benchmark rate; no collateral
Long-term debt (Note 16)	169.5	240.0	(90.1)	(259.6)	5-8 year term loan, interest bearing based on benchmark rate, payable quarterly; no collateral
Interest expense	27.0	26.4	(2.7)	(2.7)	
Office rent	–	3.0	–	–	30 day, unsecured, non-interest bearing
Lease of ground support equipment and share in utilities/space rental	–	259.5	–	(504.4)	30-day, non-interest bearing
Lease of operational areas and equipment and allocated operating costs	11.3	10.7	(30.11)	(29.4)	On-demand, unsecured, non-interest bearing
Associates					
Administrative and lease income from sublease of land	31.9	31.7	–	–	25 years, non-interest bearing, includes impact of straight-line recognition of lease income, unimpaired
Service fee from preventive maintenance and wastewater treatment services	1.8	1.5	0.2	0.2	30 day, unsecured, non-interest bearing, unimpaired
Ground handling	38.0	57.6	19.9	17.5	30 day, unsecured, non-interest bearing, unimpaired
Catering services	35.0	30.0	14.8	10.2	30 day, unsecured, non-interest bearing, unimpaired
Management services	36.5	28.8	–	–	30 day, unsecured, non-interest bearing, unimpaired
Dividend received (Note 9)	308.3	559.3	–	–	On-demand, unsecured, non-interest bearing



Outstanding balances at year-end are to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

Ground handling and catering arrangements

Transactions with PAL and APC include ramp, passenger, cargo and other ground handling services and catering services. The Group also provides catering services to an airport lounge of PAL.

As of December 31, 2025 and 2024, the Group's trade receivables from related parties amounted to ₱1,003.8 million and ₱948.6 million.

Loans

In 2017, MSFI availed an eight-year term loan facility amounting to ₱400.0 million with the local affiliated bank (see Note 16). The loan was availed to finance the MSFI's construction of kitchen facility. In 2019, the Group availed an eight-year term loan facility amounting to ₱250.0 million with the local affiliated bank. These loans were availed to finance the Group's construction of kitchen facility. The carrying value of the loan as of December 31, 2025 and 2024 amounted to ₱57.9 million and ₱96.4 million, respectively. In addition, MSFI has two ₱25.0 million short-term loans from Philippine National Bank for additional working capital requirements. Total interest expense incurred amounted to ₱10.8 million in 2025, ₱15.0 million in 2024 and ₱21.7 million in 2023 (see Notes 11 and 16).

In 2017, MASCORP availed of two five-year term loans totaling ₱94.2 million with PNB for working capital and to finance the acquisition of ground handling service equipment. The carrying value of the loan as of December 31, 2025 and 2024 amounted to nil and nil, respectively. MASCORP has fully paid the loans in February 2024.

In 2019, MASCORP obtained five-year term loans from PNB amounting to US\$3.5 million equivalent to ₱183.6 million and ₱165.0 million payable in 60 equal and successive monthly amortizations commencing at the end of the first month from initial draw down date of the loans. Interest rate is subject to quarterly repricing. These loans were availed to refinance the short-term loans drawn against the omnibus credit line with PNB and for the purchase of various equipment which are mostly ground support equipment for the MASCORP's operations in various stations. The carrying value of the loan as of December 31, 2025 and 2024 amounted to nil and nil, respectively. Interest expense for MASCORP's loans amounted to nil in 2025 and ₱11.7 million in 2024 (see Notes 11 and 16).

On October 30, 2021 and December 15, 2021, NAWASCOR entered into loan agreement with Philippine National Bank (PNB) to finance the acquisition of transport equipment and payment for advances from MAPDC and MAC, respectively. The carrying value of the loan as of December 31, 2025 and 2024 amounted to nil and ₱66.7 million, respectively. Interest expense for NAWASCOR's loans amounted to ₱2.94 million in 2025 and ₱8.6 million in 2024.

In 2024, SWRI obtained a five (5)-year term loan on May 13, 2024, amounting to 15.0 million at 7.0461% and 25.0 million at 7.0461% per annum on September 20, 2024. In addition, SWRI obtained a short-term loan last October 2025 amounting to 20 million with PNB for additional working capital. The carrying value of the loans as of December 31, 2025 and 2024 amounted to 31.8 million and 40.1 million, respectively. SWRI recognized interest expense amounting to 2.5 million and 2.5 million in 2025 and 2024, respectively, in relation to these loans.

The Group also has outstanding short-term loans to a related party which amounted to ₱470.0 million and ₱50.0 million as of December 31, 2025 and 2024, respectively (see Note 16).



Leases (see additional disclosures on Note 28)

MASCORP leases ground support equipment from PAL and MASCORP pays to PAL its share on rental and utilities in the airport space occupied.

PAL charges MSISC for the lease of operational areas and equipment and allocated operating costs.

MAPDC has a contract with LTP covering the sub-lease of a parcel of land located within NAIA (see Note 28). The sub-lease, which commenced on September 1, 2000, is for a period of 25 years and is renewable for another 25 years thereafter. The rental charge is subjected to fixed price escalation and guaranty fee due from LTP is equivalent to the MAPDC's cost of leasing the land from Manila International Airport Authority (MIAA) and administrative fees. Administrative income amounted to ₱31.9 million and ₱31.7 million in 2024 and 2023, respectively. As of December 31, 2025 and 2024, the accreted value of rental deposit are presented as part of "Other noncurrent liabilities" in the consolidated balance sheets amounting to ₱23.7 million and ₱25.1 million, respectively. Accretion of interest (included as part of "Financing charges" account) amounted to ₱2.5 million in 2025, ₱2.9 million in 2024 and ₱2.5 million in 2023 (see Note 22). As of December 31, 2025 and 2024, unearned rent income from nonrefundable deposits amounted to ₱21.0 million and ₱21.9 million, respectively.

Service fee from preventive maintenance and wastewater treatment services

In 2025 and 2024 the MAPDC billed and collected from LTP service fee from preventive maintenance and wastewater treatment services amounting to ₱1.8 million and ₱1.5 million, respectively.

Service fees

In 2025 and 2024 the MAC billed and collected from LTP service fees amounting to ₱36.5 million and ₱28.8 million, respectively.

Compensation of Key Management Personnel

The short-term benefits of the Company's key management personnel amounted to ₱84.9 million in 2025, ₱68.3 million in 2024, and ₱55.7 million in 2023. There are no termination benefits or share-based payments granted to key management personnel.

Related Party Transactions Review

In accordance with the guidelines and regulations on corporate governance issued by the Philippine SEC and other regulatory bodies, the Group adopted a policy on related party transactions. The material related party transactions policy shall cover transactions meeting the materiality threshold of 10% of the Group's total consolidated assets. All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the BOD with at least a majority of the independent directors voting to approve the material related party transaction.

19. Revenue

	2025	2024	2023
Gross service revenue	₱10,087,506,816	₱9,529,604,236	₱8,078,981,522
Less discounts	(126,262,572)	(87,931,692)	(81,935,676)
	₱9,961,244,244	₱9,441,672,544	₱7,997,045,846

Disaggregated Revenue Information

The Group derives its revenue from transfer of goods and services over time and at a point in time, in different product types and within the Philippines.



Set out below are the disaggregation of the Group's revenue and the reconciliation of the revenue from contracts with customers with the amounts disclosed in segment information (see Note 4).

2025

	In-flight and Other Catering*	Ground Handling and Aviation	Rental and administrative*	Water Treatment and Distribution*	Mining	ICT Services	Total
<i>Services</i>							
Inflight and other catering	₱3,118,562,537	₱-	₱-	₱-	₱-	₱-	₱3,118,562,537
Passenger and ramp services	-	3,788,942,993	-	-	-	-	3,788,942,993
Cargo handling	-	361,459,123	-	-	-	-	361,459,123
Water distribution	-	-	-	718,972,638	-	-	718,972,638
Operation and maintenance of STP	-	-	-	8,012,737	-	-	8,012,737
Rental and administrative fees	-	-	55,768,845	-	-	-	55,768,845
Others	1,663,624,494	126,162,056	-	-	-	-	1,789,786,550
	4,782,187,031	4,276,564,172	55,768,845	726,985,375	-	-	9,841,505,423
<i>Goods</i>							
Beverages and dry goods	119,738,821	-	-	-	-	-	119,738,821
Total	₱4,901,925,852	₱4,276,564,172	₱55,768,845	₱726,985,375	₱-	₱-	₱9,961,244,244

*In 2025, revenue eliminated in in-flight and other catering, administrative and water treatment and distribution segments amounted to P25.7 million, P6.5 million and P110.6 million, respectively.

2024

	In-flight and Other Catering*	Ground Handling and Aviation	Administrative*	Water Treatment and Distribution*	Mining	ICT Services	Total
<i>Services</i>							
Inflight and other catering	₱2,872,956,633	₱-	₱-	₱-	₱-	₱-	₱2,872,956,633
Passenger and ramp services	-	3,700,188,262	-	-	-	-	3,700,188,262
Cargo handling	-	386,986,637	-	-	-	-	386,986,637
Water distribution	-	-	-	739,856,678	-	-	739,856,678
Operation and maintenance of STP	-	-	-	8,696,958	-	-	8,696,958
Administrative fee	-	-	56,225,944	-	-	-	56,225,944
Others	1,425,607,382	84,775,353	-	-	-	62,389,894	1,572,772,629
	4,298,564,015	4,171,950,252	56,225,944	748,553,636	-	62,389,894	9,337,683,741
<i>Goods</i>							
Beverages and dry goods	103,988,803	-	-	-	-	-	103,988,803
Total	₱4,402,552,818	₱4,171,950,252	₱56,225,944	₱748,553,636	₱-	₱62,389,894	₱9,441,672,544

*In 2024, revenue eliminated in in-flight and other catering, administrative and water treatment and distribution segments amounted to P12.0 million, P17.8 million and P15.7 million, respectively.

2023

	In-flight and Other Catering*	Ground Handling and Aviation	Administrative*	Water Treatment and Distribution*	Mining	ICT Services	Total
<i>Services</i>							
Inflight and other catering	₱2,682,257,625	₱-	₱-	₱-	₱-	₱-	₱2,682,257,625
Passenger and ramp services	-	2,873,826,485	-	-	-	-	2,873,826,485
Cargo handling	-	202,058,290	-	-	-	-	202,058,290
Water distribution	-	-	-	606,667,552	-	-	606,667,552
Operation and maintenance of STP	-	-	-	10,822,036	-	-	10,822,036
Administrative fee	-	-	46,621,995	-	-	-	46,621,995
Others	1,201,374,170	59,639,885	-	-	-	215,627,301	1,476,641,356
	3,883,631,795	3,135,524,660	46,621,995	617,489,588	-	215,627,301	7,898,895,339
<i>Goods</i>							
Beverages and dry goods	98,150,507	-	-	-	-	-	98,150,507
Total	₱3,981,782,302	₱3,135,524,660	₱46,621,995	₱617,489,588	₱-	₱215,627,301	₱7,997,045,846

*In 2023, revenue eliminated in in-flight and other catering, administrative and water treatment and distribution segments amounted to P12.0 million, P6.6 million and P14.9 million, respectively.

Others include laundry, warehousing and other ancillary services rendered by MACS and MASCORP.

Timing of revenue recognition	2025	2024	2023
Goods or services transferred over time	₱9,841,505,422	₱9,337,683,741	₱7,898,895,339
Goods transferred at a point in time	119,738,822	103,988,803	98,150,507
	₱9,961,244,244	₱9,441,672,544	₱7,997,045,846



Contract Balances

The Group's gross trade receivables amounted to ₱2,145.6 million and ₱1,971.7 million as at December 31, 2025 and 2024, respectively (see Note 6).

As of December 31, 2025 and 2024, the Group's contract assets amounted to ₱33.1 million and ₱112.6 million (see Notes 6 and 15). This includes incremental cost incurred to obtain a contract amounting to ₱21.3 million and ₱35.5 million as of December 31, 2025 and 2024, respectively. Amortization of cost to obtain of contract asset balance amounted to ₱14.2 million in 2025 and 2024 (see Note 20).

The Group's contract liabilities for the transfer of service over time amounted to ₱101.4 million and ₱112.1 million as of December 31, 2025 and 2024, respectively (see Note 17).

20. Direct Costs and Operating Expenses

Direct costs

	2025	2024	2023
Salaries and wages	₱2,260,703,579	₱2,024,640,523	₱1,705,910,197
Food (Note 7)	2,158,620,073	1,889,214,415	1,729,440,079
Contractual services	1,275,409,676	1,137,993,324	958,486,620
Concession privilege fee (Note 29)	495,528,799	487,088,063	392,717,672
Depreciation and amortization (Notes 11, 13 and 28)	315,668,311	294,272,828	258,976,664
Rent (Notes 18 and 28)	278,069,324	212,918,433	136,276,777
Repairs and maintenance	232,157,640	180,014,084	160,844,023
Utilities	202,695,940	180,819,472	104,290,926
Overhead	151,877,940	145,050,744	145,524,325
Supplies (Note 7)	148,829,241	144,991,959	181,666,273
Employee benefits (Note 21)	120,228,465	140,908,402	83,612,774
Insurance	52,737,476	49,386,494	45,817,779
Laundry	24,868,014	14,450,349	10,427,816
Connectivity and technology services	456,209	32,414,153	175,849,768
Others	211,240,806	174,568,008	164,998,561
	₱7,929,091,493	₱7,108,731,251	₱6,254,840,254



Operating expenses

	2025	2024	2023
Selling:			
Advertising and promotions	₱7,607,173	₱5,000,229	₱3,711,233
General and administrative:			
Salaries and wages	405,493,454	350,948,016	293,369,563
Employee benefits (Note 21)	166,521,111	121,637,966	68,668,474
Rent (Notes 18 and 28)	156,615,480	65,599,920	27,421,138
Taxes and licenses (Note 12)	127,259,917	83,974,409	67,906,467
Repairs and maintenance	109,512,556	103,461,700	93,932,742
Depreciation and amortization (Notes 11, 13 and 28)	93,903,767	67,657,707	68,024,531
Professional and legal fees	84,853,525	59,119,880	51,083,734
Security and janitorial	75,277,221	65,415,754	44,642,814
Supplies	51,421,855	47,965,350	46,229,986
Service fee (Note 29)	48,830,256	79,702,276	59,009,688
Utilities	39,331,606	38,853,080	32,832,444
Provisions for impairment and probable losses (Notes 6 and 8)	36,074,644	56,506,119	48,035,231
Transportation and travel	32,481,593	29,937,519	21,663,561
Entertainment, amusement and recreation	31,324,188	36,803,428	23,935,796
Directors' fees	18,033,850	15,220,866	12,069,998
Communications	14,283,419	13,199,329	9,840,709
Insurance	13,018,952	16,193,360	11,860,126
Gas and oil	10,039,319	9,862,609	8,602,827
Project expenses	1,629,380	1,748,106	3,385,254
Others	166,932,870	122,198,771	89,468,399
	1,682,838,963	1,386,006,165	1,081,983,482
	₱1,690,446,136	₱1,391,006,394	₱1,085,694,715

Others include quality control-related expenses (e.g., hygiene and sanitation), company activities and projects, and personnel training costs, and other individually immaterial transactions.

21. Employee Benefits Costs

Accrued retirement and other employee benefits payable consists of the following:

	2025	2024
Accrued retirement benefits payable	₱170,596,543	₱171,372,704
Other employee benefits	30,133,677	25,207,836
	₱200,730,220	₱196,580,540

Retirement Benefits Cost

The Group has funded, non-contributory defined benefit group retirement plans, covering all of their permanent employees. The retirement benefit is equal to a certain percentage of the monthly final salary for every year of service. The fund is administered by a trustee bank which is responsible for investment strategy of the plan, in consultation with the Group's Management.



Under the existing regulatory framework, Republic Act No. 7641, *Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The components of retirement benefits cost recognized in profit or loss follow:

	2025	2024	2023
Current service cost	₱49,769,413	₱44,679,659	₱28,336,042
Net interest cost	9,068,221	7,468,725	5,280,571
Past service cost	(1,441,363)	-	-
Actuarial gain due to settlement	3,212	(2,148)	-
	₱57,399,483	₱52,146,236	₱33,616,613
Portions recognized in:			
Direct costs (Note 20)	₱36,424,000	₱33,040,554	₱17,897,516
Operating expenses (Note 20)	20,975,483	19,105,682	15,719,097
	₱57,399,483	₱52,146,236	₱33,616,613

The details of the remeasurement in other comprehensive income are as follows:

	2025	2024	2023
Actuarial gain (loss) on defined benefit obligation arising from changes in:			
Experience adjustments	(₱4,456,916)	(₱35,223,969)	(₱18,363,911)
Demographic assumptions	7,495,437	618,734	1,484,526
Financial assumptions	8,401,938	14,038,218	(41,873,287)
	11,440,459	(20,567,017)	(58,752,672)
Remeasurement loss on plan assets	(4,192,878)	(511,114)	(1,497,429)
Effect of asset ceiling	(9,037,643)	122,570	1,374,637
	(1,790,062)	(20,955,561)	(58,875,464)
Tax effect*	1,771,579	(2,110,762)	10,347,174
	(₱18,483)	(₱23,066,323)	(₱48,528,290)

*certain subsidiaries do not recognized deferred tax asset on remeasurement loss, refer to Note 25

The details of the accrued retirement benefits payable (assets) follow:

	2025	2024
Present value of defined benefit obligation	₱372,533,832	₱356,397,347
Fair value of plan assets	(214,036,277)	(185,825,532)
	158,497,555	170,571,815
Effect of asset ceiling	(9,037,643)	122,570
	₱149,459,912	₱170,694,385



Movements in accrued retirement benefits payable and pension asset follow:

	2025		2024	
	Accrued retirement benefits payable	Pension asset (Note 15)	Accrued retirement benefits payable	Pension asset (Note 15)
Beginning balance	₱171,372,704	(₱678,318)	₱164,622,597	(₱979,056)
Reclassification	(36,352,452)	36,352,452	204,718	–
Retirement benefits cost recognized in profit or loss	47,484,334	5,016,934	52,043,358	102,878
Remeasurements in other comprehensive income	171,237	1,618,825	20,757,702	197,859
Benefits paid directly by the Group	(2,079,280)	–	–	–
Contributions	(10,000,000)	(50,000,000)	(66,255,671)	–
Ending balance	₱170,596,543	(₱7,690,107)	₱171,372,704	(₱678,319)

Changes in present value of defined benefit obligation are as follows:

	2025	2024
Beginning balance	₱356,397,347	₱278,073,347
Current service cost	49,769,413	44,679,659
Interest cost	21,093,616	16,460,752
Past service cost	(1,441,363)	–
Actuarial gain on retirement obligation	(11,440,459)	20,567,017
Benefits paid directly by the Group	(2,079,280)	–
Benefits paid out of the Group's plan assets	(39,621,772)	(4,715,495)
Other adjustments	(80)	1,332,067
Ending balance	₱372,677,422	₱356,397,347

Changes in fair value of plan assets are as follows:

	2025	2024
Beginning balance	₱185,825,532	₱115,804,443
Interest income on plan assets	12,025,395	8,992,027
Contributions to the plan	60,000,000	66,255,671
Benefits paid	(39,621,772)	(4,715,495)
Remeasurement loss on plan assets	(4,192,878)	(511,114)
Ending balance	₱214,036,277	₱185,825,532
Actual return on plan assets	₱7,832,517	₱8,480,913

The major categories of plan assets are as follows:

	2025	2024
Cash and cash equivalents	₱8,949,221	₱74,981,675
Debt instruments - government securities	204,207,218	110,381,923
Receivables and others	879,838	461,934
	₱214,036,277	₱185,825,532

The plan assets have diverse investments and do not have any concentration risk.



The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining retirement benefits cost and obligations as of January 1 are shown below.

	<u>2025</u>	<u>2024</u>
Average discount rates	6.10%	6.12%
Average future salary increases	3.72%	4%

The average discount rate and future salary increase as of December 31, 2025 and 2024 are 6.26% and 3.9% and, 5.98% and 3.94%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of defined benefit obligation as of December 31, assuming all other assumptions were held constant:

<u>Assumptions:</u>	<u>2025</u>	<u>2024</u>
Discount rate:		
+100 basis points	(₱27,185,963)	(₱24,628,872)
-100 basis points	31,471,527	28,647,573
Salary increase rate:		
+100 basis points	32,082,990	29,120,375
-100% basis points	(27,759,619)	(25,165,249)

There were no changes in the methods and assumptions from the previous periods used in preparing the sensitivity analysis.

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

<u>Date of retirement:</u>	<u>2025</u>	<u>2024</u>
1 year and less	₱78,657,315	₱59,627,098
More than 1 year to 5 years	151,874,709	168,438,953
More than 5 years	168,405,488	292,733,297
More than 10 years to 15 years	–	94,798,779

The Group expects to contribute ₱60.0 million to the retirement fund in 2026. The Group does not currently employ any asset-liability matching strategies.

Other employee benefits

Employees can accumulate earned leave credits, which can be used anytime when needed by the employee or converted to cash, computed based on the employee's final rate upon separation (i.e., resignation or retirement). Accumulated leave credits are presented as "Other employee benefits" which amounted to ₱30.1 million and ₱25.2 million as of December 31, 2025 and 2024, respectively. Provision for accumulating leave credits amounted to nil, nil and ₱2.6 million in 2025, 2024 and 2023 respectively.



22. Other Income

a. Interest income was derived from:

	2025	2024	2023
Cash and cash equivalents (Notes 5 and 18)	₱38,767,990	₱23,595,213	₱16,298,405
Accretion of refundable deposits	1,793,449	3,103,685	2,707,404
	₱40,561,439	₱26,698,898	₱19,005,809

b. Financing charges pertain to:

	2025	2024	2023
Notes payable and long-term debts (Notes 16 and 18)	₱79,494,696	₱59,826,437	₱96,053,858
Lease liabilities (Note 28)	56,215,231	51,749,127	50,719,765
Accretion of refundable deposits (Note 18)	–	2,930,450	2,499,691
Others	1,982,813	7,479,113	14,508,214
	₱137,692,740	₱121,985,127	₱163,781,528

Other financing charges pertain to the interest charged for the late payment of rental charges, repairs and maintenance and settlement of tax assessment.

c. Other income consists of:

	2025	2024	2023
Management fee from associate	₱36,482,039	₱28,800,606	₱27,924,520
Gain on sale of asset	2,555,222	65,024	–
Gain on bargain purchase (Note 10)	168,987	–	69,730,361
Loss on disposal of investment in an associate (Note 9)	–	–	(43,022,151)
Others - net	36,957,520	36,542,611	58,743,228
	₱76,163,768	₱65,408,241	₱113,375,958

Others include other items that are individually immaterial.



23. Foreign Currency-denominated Monetary Assets and Liabilities

The Group's foreign currency-denominated monetary assets and liabilities as of December 31 are as follows:

	2025		2024	
	US Dollar	Total Peso Equivalent	US Dollar	Total Peso Equivalent
Assets				
Cash and cash equivalents	\$3,905,438	₱229,600,700	\$2,786,374	₱161,191,736
Receivables	17,373,498	1,021,387,947	14,047,594	812,653,313
	21,278,936	1,250,988,647	16,833,968	973,845,049
Liabilities				
Accounts payable and accrued liabilities (Note 17)	1,218,450	71,632,676	1,218,450	70,487,333
Notes payable and long-term debts (Note 16)	1,112,500	65,403,875	1,112,500	64,358,125
	2,330,950	137,036,551	2,330,950	134,845,458
Net foreign currency-denominated assets	\$18,947,986	₱1,113,952,096	\$14,503,018	₱838,999,591

As of December 31, 2025 and 2024, the exchange rates of the Peso to US\$ dollar were ₱58.79 and ₱57.85 to US\$1, respectively.

24. Registration with the Philippine Economic Zone Authority (PEZA), Mactan Cebu International Airport Authority (MCIAA) and Subic Bay Metropolitan Authority (SBMA)

The Group, through MAPDC, is registered with the PEZA and has commercial operations as the Ecozone Developer/Operator of the MacroAsia Special Ecozone at the Ninoy Aquino International Airport (NAIA) and at Mactan Cebu International Airport (MCIA). MacroAsia Special Ecozone is the only existing ecozone within NAIA.

In 2018, the Group, through FAA, was issued Certificate of Registration and Tax Exemption and was granted rights, privileges and benefits as a Subic Bay Freeport Enterprise in accordance with Republic Act No. 7227, Bases Conversion and Development Act of 1992, the rules of authority bestowed on the SBMA.

Under the terms of their registrations, the Group is entitled to certain tax benefits provided for under relevant rules and regulations which include, among others, exemption from payment of all national internal revenue taxes and all local government-imposed fees, licenses or taxes. In lieu thereof, MAPDC and FAA shall pay a 5% final tax on gross income earned from their operations within the special tax zones.



25. Income Taxes

a. The current provision for income tax is as follows:

	2025	2024	2023
RCIT	₱198,584,389	₱199,156,451	₱92,024,648
MCIT	7,421,890	4,046,854	61,032,713
Final tax on interest	763,127	11,633,839	6,947,674
5% final tax on gross income	–	–	46,021
	₱206,769,406	₱214,837,144	₱160,051,056

The Group's net deferred income tax assets (liabilities) as of December 31 are as follows:

	2025		2024	
	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
<i>Recognized directly in the consolidated statements of income:</i>				
Deferred income tax assets on:				
NOLCO	₱8,112,639	₱–	₱8,116,186	₱–
Allowances for ECL	17,490,454	–	13,067,309	1,977,699
Accrued retirement benefits payable and other employee benefits	63,858,641	–	52,202,402	581,656
Accrued expenses	1,672,916	–	239,105	–
Lease liabilities	68,006,113	10,225,769	251,130,223	37,660,861
Unamortized past service cost	–	–	2,331,255	–
	₱159,140,763	₱10,225,769	327,086,480	40,220,216
Deferred income tax liabilities on:				
Contract assets	(₱1,224,488)	₱–	(₱2,365,505)	₱–
Unrealized foreign exchange gain - net	(1,179,765)	(1,335,458)	(44,297,596)	–
Right-of-use assets	(31,746,668)	(33,939,026)	(184,613,449)	(34,922,141)
Fair value adjustment on property, plant and equipment as a result of business combination	–	(122,062,443)	–	(122,062,443)
	(₱34,150,921)	(₱157,336,927)	(231,276,550)	(156,984,584)
<i>Recognized directly in equity:</i>				
Net deferred income tax assets (liabilities) on:				
Fair value changes of equity investments designated as FVTOCI	–	(23,880,000)	–	(20,130,000)
Remeasurement loss (gain)	(10,439,573)	76,308,069	–	41,066,526
	(10,439,573)	52,428,069	–	20,936,526
	₱114,550,269	(₱94,683,089)	₱95,809,930	(₱95,827,842)



- b. As of December 31, the deductible temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized in the consolidated balance sheets are as follows:

	2025	2024	2023
Deductible temporary differences on:			
NOLCO	₱1,004,977,679	₱624,356,860	₱606,110,618
Accrued retirement benefits payable	80,940,461	33,252,761	78,417,661
Allowance for probable loss	31,823,033	29,771,803	–
MCIT	22,149,007	17,149,286	20,505,731

The Group did not recognize deferred income tax assets on these temporary differences, NOLCO and MCIT as management believes that certain companies in the Group may not have sufficient taxable income against which these temporary differences and NOLCO can be used or RCIT payable against which the MCIT can be applied.

- c. On September 11, 2020, the President signs into law the “Bayanihan to Recover as One Act” or “Bayanihan 2”, an Act in response to COVID-19 to accelerate the recovery and bolster the resiliency of the Philippine economy.

Unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five consecutive taxable years immediately following the year of such loss.

- d. Details of NOLCO is as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2025	2028	₱413,564,322	₱103,391,081
2024	2027	65,260,526	16,315,132
2023	2026	123,379,462	30,844,866
2021	2026	435,223,925	108,805,981
		₱1,037,428,235	₱259,357,060

The Group has incurred NOLCO in 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

- e. Details of excess of MCIT over RCIT as of December 31, 2025 are as follows:

Period/Year Incurred	Balance at Beginning of the Year	Additions	Expired	Balance at End of the Year	Available Until
2025	₱–	₱4,999,721	₱–	₱4,999,721	2028
2024	4,046,854	–	–	4,046,854	2027
2023	6,409,697	–	–	6,409,697	2026
2022	6,692,735	–	(6,692,735)	–	2025
		₱17,149,286	(₱6,692,735)	₱15,456,272	



- f. The reconciliation of the provision for (benefit from) income tax at the statutory tax rates to the provision for income tax as shown in the consolidated statements of income is as follows:

	2025	2024	2023
Provision for income tax computed at the statutory tax rate	₱453,248,457	₱413,967,891	₱298,389,560
Adjustments resulting from:			
Nontaxable dividend income	(77,082,250)	(139,837,400)	(151,144,692)
Share in net earnings of associates	(368,189,634)	(182,885,040)	(144,182,256)
Movements in deductible temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized	170,932,063	189,150,621	121,504,371
Interest income already subjected to final tax lower rates or not subject to income tax	(3,967,008)	(7,844,080)	(1,097,290)
Others	30,660,899	11,910,304	(1,096,066)
Provision for income tax	₱205,602,527	₱284,462,296	₱122,373,627

- g. On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, certain subsidiaries recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

26. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share are computed as follows:

	2025	2024	2023
Net income attributable to equity holders of the Company	₱1,440,966,197	₱1,122,876,609	₱851,136,879
Divided by weighted number of common shares outstanding	1,890,958,323	1,890,958,323	1,890,958,323
	₱0.76	₱0.59	₱0.45

There are no potential common shares with dilutive effect on the basic earnings per share in 2025, 2024 and 2023.



27. Equity

Capital stock

a. Track record of registration of securities

On August 30, 1974, the Philippine SEC authorized the registration and licensing of the Company's securities with total par value of ₱20.0 million divided into 2,000,000,000 shares with a par value of ₱0.01 per share.

On December 10, 1993, the Company amended its articles of incorporation, increasing the par value of its shares from ₱0.01 per share to ₱1.00 per share.

On March 22, 2000, the Philippine Stock Exchange (PSE) authorized to list the Company's 750,000,000 shares, with a par value of ₱1.00 per share and 500,000,000 warrants divided into the following:

- i. 250,000,000 shares to cover the 1:4 stock rights offering to stockholders of record as of April 12, 2000 at an offer price of ₱2.00 per share;
- ii. 500,000,000 warrants to cover the 2:1 warrants offering attached to and detachable from the rights shares at a subscription price of ₱0.10 per warrant; and
- iii. 500,000,000 shares to cover the underlying shares of warrants at an exercise price of ₱6.0 per share. Actual listing of the underlying common shares of the warrants shall take effect upon the exercise of the warrants.
- iv. All warrants expired in 2005.

MAC's shares are listed and traded at the PSE. As of December 31, 2025 and 2024, the Parent Company has 1,890,958,323 shares held by 852 common equity holders.

b. The Company's authorized capital stock is 2,000,000,000 shares with ₱1 per share. Movements in the Company's issued, treasury and outstanding shares are as follows:

	Issued	Treasury	Outstanding
As of December 31, 2010	1,250,000,000	(2,985,000)	1,247,015,000
Acquisition of treasury shares in 2011	–	(7,486,000)	(7,486,000)
As of December 31, 2011	1,250,000,000	(10,471,000)	1,239,529,000
Acquisition of treasury shares in 2012	–	(6,125,000)	(6,125,000)
As of December 31, 2012	1,250,000,000	(16,596,000)	1,233,404,000
Acquisition of treasury shares in 2013	–	(6,249,600)	(6,249,600)
As of December 31, 2013, 2014, 2015, 2016 and 2017	1,250,000,000	(22,845,600)	1,227,154,400
Stock dividend declaration	368,146,293	–	368,146,293
Acquisition of treasury shares in 2018	–	(3,949,100)	(3,949,100)
As of December 31, 2018	1,618,146,293	(26,794,700)	1,591,351,593
Acquisition of treasury shares in 2019	–	(12,845,600)	(12,845,600)
As of December 31, 2019	1,618,146,293	(39,640,300)	1,578,505,993
Acquisition of treasury shares in 2020	–	(2,707,300)	(2,707,300)
Stock dividend declaration	315,159,630	–	315,159,630
As of December 31, 2025, 2024, 2023, 2022, 2021 and 2020	1,933,305,923	(42,347,600)	1,890,958,323



Retained earnings

c. Restriction on retained earnings

The retained earnings as of December 31 is restricted for dividend declaration for the portion equivalent to the following:

- Undistributed earnings of subsidiaries and equity in net earnings of associates and joint ventures amounting to ₱2,799.0 million and ₱1,687.2 million as of December 31, 2025 and 2024, respectively.
- Cost of treasury shares amounting to ₱459.4 million as of December 31, 2025 and 2024.

d. Appropriation and reversal of appropriation of retained earnings

Appropriated retained earnings as of December 31, 2025 and 2024 amounted to ₱2,940.0 million and ₱960.0 million, respectively.

On March 27, 2025, the Parent Company's BOD approved the reversal of outstanding appropriation amounting to ₱850.0 million. On the same date, the BOD approved the appropriation of retained earnings amounting to ₱2,830.0 million for ecozone development, commissary expansion and other acquisition-related projects ranging from two to three years from 2025.

As of December 31, 2024, and 2023, the Parent Company's retained earnings include appropriated amounts of ₱850.0 million for various projects. These were originally approved for appropriation in 2019.

On November 16, 2023, MSISC's BOD approved the appropriation from unrestricted retained earnings the amount of ₱110.0 million for the purpose of funding various capital expenditures.

e. Dividends declared by the Parent Company from the unappropriated retained earnings are as follows:

Type	Date Approved	Per share	Stockholder of Record Date	Date of Payment	Amount
Cash	March 27, 2025	₱0.11	April 25, 2025	May 21, 2025	₱208,005,416
Cash	March 21, 2024	₱0.10	April 19, 2024	May 16, 2024	189,095,833
Cash	March 23, 2023	₱0.05	April 21, 2023	May 18, 2023	94,547,916
Stock	July 17, 2020	20%	August 14, 2020	September 11, 2020	315,159,630
Cash	March 14, 2019	₱0.20	April 12, 2019	May 10, 2019	318,270,319

f. Cash dividends received by non-controlling interests are as follows:

Entity	Date Declared	Amount	Per share	Dividends attributable to non-controlling interest (SATS)
MSIS	December 12, 2025	₱100,000,000	₱100.0	₱33,000,000
MACS	September 10, 2025	50,000,000	40.0	16,500,000
MSIS	September 10, 2025	150,000,000	150.0	49,500,000
MACS	March 13, 2024	70,000,000	56.0	23,100,000
MACS	December 27, 2019	80,000,000	64.0	26,400,000
MACS	December 6, 2018	75,000,000	60.0	24,750,000
MACS	November 28, 2017	70,000,000	56.0	23,100,000
MACS	December 8, 2016	50,000,000	40.0	16,500,000



- g. On December 12, 2025, the MSIS BOD approved dividend declaration of ₱100.0 million. On September 10, 2025, the MACS and MSIS BOD approved dividend distribution amounting to ₱50.0 million and ₱150.0 million, respectively. On March 13, 2024, the MACS BOD approved the distribution of cash dividends totaling ₱70.0 million to MAC and SATS. These dividends were paid in installments on April 2, May 31, and August 9 of the same year. Additionally, during the regular MACS BOD meeting held on September 12, 2024, it was approved that MACS investments in subsidiaries, MSIS and MSFI, would be declared and distributed as property dividends. This declaration of property dividends is part of the restructuring of MAC's food business segment (the Food Group) wherein MSFI is planned to be the Parent Company of the Food Group replacing the Company. MACS and MSISC will be fully owned subsidiaries of MSFI.

As of December 31, 2025 and 2024, ₱10.5 million and ₱96.4 million, respectively, remained outstanding and presented as "Dividends payable" in the consolidated balance sheets.

Treasury shares

- h. Treasury stock

On March 14, 2019, the Parent Company's BOD approved the additional funding of ₱200.0 million for the 2017 Share Buyback Program of the Corporation.

On June 15, 2017, the Parent Company's BOD approved to allot ₱210.0 million to repurchase shares of the Parent Company at market price. The mechanics of the 2017 Buyback Program is similar to the ₱50.0 million buyback program implemented in 2010. The Program commenced on June 20, 2017 and will run until the ₱210.0 million pesos authorized cash outlay is fully utilized, or until such time that the Parent Company's BOD may direct, subject to appropriate disclosures to the PSE and the Philippine SEC.

On July 16, 2010, the Parent Company's BOD approved the Share Buyback Program (the Program) involving a total cash outlay of ₱50.0 million for the repurchase of the outstanding common shares of the Parent Company from the market, using the trading facilities of the PSE. The Program will not involve any active or widespread solicitation for stockholders to sell. Repurchase of shares of stock will be done during the period of the Program at such prices perceived by the Company to be lower than the inherent value of the share. The Program will run until the ₱50.0 million authorized cash outlay is fully utilized or until such time that the Company's BOD may direct, subject to appropriate disclosures to the PSE and the Philippine SEC.

As of December 31, 2025 and 2024, the Parent Company's cost and number of shares held in treasury are as follows:

Cost	₱459,418,212
Number of shares held in treasury	42,347,600

Other reserves

- i. The sale of 250,001 shares representing 20% of the total issued and outstanding capital stock of MASCORP to Konoike amounting to ₱1.1 billion (JPY 2.3 billion) in 2019 was accounted for as a sale of share in subsidiary without loss of control, thus an equity transaction. The excess of consideration received over the carrying amount of the non-controlling interests amounted to ₱886.8 million, which is presented as part of "Other reserves" in the equity section of the consolidated balance sheets.



- j. In December 2015, the Group, through MAPDC, entered into a share purchase agreement with a third party wherein WBSI shall be owned by MAPDC and the third party at 51% and 49%, respectively. The transaction was accounted for as a sale of share in subsidiary without loss of control; thus an equity transaction. The excess of consideration received over the carrying amount of the non-controlling interests amounted to ₱24.3 million, which is presented as part of “Other reserves” in the equity section of the consolidated balance sheets.

In August 2020, a third party has entered into a deed of absolute sale of shares wherein WBSI shall now be fully owned by MAPDC. The transaction between parent and non-controlling interest is accounted for as an equity transaction. The excess of consideration paid over the Company amount of the non-controlling interests amounted to ₱27.0 million, which is presented as reduction to “Other reserves” in the equity section of the consolidated balance sheets.

- k. In July 2015, the Company signed a Sale and Purchase Agreement with SATS to sell 162,500 shares representing 13% of the total issued and outstanding capital stock of MACS. After the sale, MACS is 33% owned by SATS. The excess of consideration received over the carrying amount of the non- controlling interests amounted to ₱119.0 million, which is presented as part of “Other reserves” in the equity section of the consolidated balance sheets.

28. Leases

The Group as a Lessor

In 2025, the Company entered into lease contracts for food trucks with MACS and CPCS, with lease terms of 10 years and 7 years, respectively.

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Shown below is the maturity analysis of the undiscounted lease payments as lessor:

Date of retirement:	2025	2024
1 year and less	₱4,687,200	₱179,487,101
More than 1 year to 5 years	21,212,539	741,487,697
More than 5 years	5,982,187	3,831,019,768

The Group as a Lessee

The Group has various operating lease agreements with airport authorities for its catering and ground handling operations and with a third-party lessor for the Group’s office spaces and land. The Group also has land subleased to an associate and accounted for as net investment in the lease. Leases of office space have lease terms between 5 and 35 years, while land generally have lease terms between 7 and 35 years. The Group has lease of land with lease term of 12 months or less that the Group applies the ‘short-term lease’ exemptions for these leases.



Set out below are the carrying amounts of right-of-use assets recognized and the movements during the years ended December 31:

	2025				
	Land	Office space	Land and office space	Water facility	Total
Cost					
At January 1	₱496,795,403	₱136,380,218	₱37,032,831	₱473,943,912	₱1,144,152,364
Additions	85,548,183	–	–	–	85,548,183
At December 31	₱582,343,586	₱136,380,218	₱37,032,831	₱473,943,912	₱1,229,700,547
Accumulated Depreciation and Amortization					
At January 1	(₱176,228,496)	(₱73,157,076)	(₱27,941,032)	(₱84,914,951)	(₱362,241,555)
Depreciation	(22,579,960)	(8,064,475)	(4,064,886)	(23,697,200)	(58,406,521)
At December 31	(198,808,456)	(81,221,551)	(32,005,918)	(108,612,151)	(420,648,076)
Net Book Value	₱383,535,130	₱55,158,667	₱5,026,913	₱365,331,761	₱809,052,471

	2024				
	Land	Office space	Land and office space	Water facility	Total
Cost					
At January 1	₱496,795,403	₱93,414,744	₱37,032,831	₱473,943,912	₱1,101,186,890
Additions	–	42,965,474	–	–	42,965,474
At December 31	496,795,403	136,380,218	37,032,831	473,943,912	1,144,152,364
Accumulated Depreciation and Amortization					
At January 1	(₱154,458,341)	(₱62,410,038)	(₱23,876,146)	(₱61,217,755)	(₱301,962,280)
Depreciation	(21,770,155)	(10,747,038)	(4,064,886)	(23,697,196)	(60,279,275)
At December 31	(176,228,496)	(73,157,076)	(27,941,032)	(84,914,951)	(362,241,555)
Net Book Value	₱320,566,907	₱63,223,142	₱9,091,799	₱389,028,961	₱781,910,809

The rollforward analysis of lease liabilities follows:

	2025	2024
At January 1	₱2,092,962,428	₱2,087,075,377
Additions	85,524,321	42,965,474
Interest expense (Note 22)	56,215,231	51,749,126
Payments	(89,173,470)	(88,827,549)
Adjustment	1,963,620	–
Expiry	(1,185,771,824)	–
As at December 31	961,720,306	2,092,962,428
Less: current portion	46,518,590	43,420,640
Noncurrent portion	₱915,201,716	₱2,049,541,788

Shown below is the maturity analysis of the undiscounted lease payments as lessee:

Date of retirement:	2025	2024
1 year and less	₱90,826,063	₱265,614,876
More than 1 year to 5 years	187,508,016	544,760,505
More than 5 years	1,212,609,477	5,363,471,823



Profit and Loss Impact of Leases

The following are the amounts recognized in the consolidated statements of income:

	2025	2024	2023
Depreciation expense of right-of-use assets (Note 20)	₱58,406,521	₱60,279,275	₱63,582,163
Interest expense on lease liabilities (Note 22)	56,215,231	51,749,127	50,719,765
Expenses relating to short-term leases (Note 20)	434,684,804	278,518,353	163,697,915
	₱549,306,556	₱390,546,755	₱277,999,843

Significant Lease Agreements

Lease with The New NAIA Infra Corp. (NNIC) and Manila International Airport Authority

New NAIA Infrastructure Corporation (NNIC) took over the airport operations commencing September 15, 2024. Effective October 1, 2024, the minimum rate for land lease and building with NAIA were adjusted in accordance with MIAA Administrative Order No. 1, series of 2024..

MAPDC and LTP

The Group, through MAPDC, previously held a lease contract for land within NAIA that is subleased to LTP. The lease contract provides that the period of lease shall be effective for a period of twenty-five (25) years commencing on September 1, 2000 and renewable for another twenty-five (25) years thereafter at the option of the lessee subject to such terms and conditions as maybe mutually agreed upon by both parties. MAPDC formally notified NNIC and Manila International Airport Authority through a letter dated May 30, 2025 its decision to renew the lease agreement for another 25 years. However, no extension has been finalized upon the sublease agreement’s expiration in August 2025, accordingly, the Company derecognized the outstanding balance of the net investment in lease and the corresponding lease liabilities amounting to ₱1,182.7 million in 2025. Subsequent to August 2025, LTP directly pays lease to NNIC and recognizes the rent as incurred.

As of March 26, 2026, the Group and LTP are still in the process of finalizing their negotiation with respect to the final lease provisions that will be applied subsequent to the expiration of the initial term.

As of December 31, 2025, MAPDC has a surety cash deposit to MIAA amounting to ₱24.2 million which management awaiting further advise for refund application from appropriate authority.

MACS

MACS’ lease agreement with MIAA expired on May 31, 2024. As discussed above, NNIC took over the airport operations commencing September 15, 2024. While the new lease contract is still being finalized, MACS continues to be billed on a monthly basis for its lease obligations. In 2025 and 2024, total rent expense is included in “Other overhead” under “Costs of catering revenue” amounting to ₱43.5 million and ₱15.4 million, respectively, and “Operating expenses” amounting to ₱130.4 million and ₱45.2 million, respectively.

The carrying value of leasehold improvements from the contracts with MIAA is nil of December 31, 2025 and 2024.



MASCORP

MASCORP's leases of office space and staging area from MIAA expired on September 14, 2024. As discussed above, NNIC took over the airport operations commencing September 15, 2024 in the following locations:

- i. Terminal 1 on a month-to-month basis, with a monthly rental of ₱3.5 million in 2025 and 2024.
- ii. Terminal 2 on a month-to-month basis, with a monthly rental of ₱1.8 million in 2025 and 2024.
- iii. Terminal 3 on a month-to-month basis, with a monthly rental of ₱0.3 million in 2025 and 2024.

As of December 31, 2025 and 2024, MASCORP has a surety cash deposit to MIAA amounting to ₱2.0 million (see Note 8) which management intends to be transferred to the new lessor.

While the new lease contract is still being finalized, MASCORP continues to be billed on a monthly basis based on the current rates. As of March 26, 2026, the lease agreement with NNIC has not been finalized. Total rental expense in 2025 and 2024 related to this lease amounted to ₱66.7 million and ₱14.7 million, respectively.

The carrying value of leasehold improvements from the contracts with MIAA/NNIC is nil of December 31, 2025 and 2024.

29. Significant Agreements and Commitments

Concession Agreements

The Group has concession agreements with MIAA, CAAP, LIPAD and GMR-Megawide Cebu Airport Corporation ("GMCAC") (the airport authorities) to exclusively operate within the airport authorities' premises at NAIA Terminal 1, 2 and 3, Davao, Clark and Cebu, respectively. The Group pays the airport authorities a monthly concession privilege fee equivalent to 7% of monthly gross revenue on catering services and ground-handling services, except Clark which is 4.9% of the gross revenue. For GMCAC, CPF is 7% and 10% effective July 1, 2018 for ground handling services rendered for the domestic and international flights, respectively.

Assignment of contract, effective September 14, 2024, was issued by MIAA, to assign all its rights, interest, benefits and obligations under the contracts and agreements relating to NAIA, including the contract, to NNIC. NNIC was awarded a concession rehabilitation, operation, optimization, and maintenance of NAIA.

Concession privilege fee amounted to ₱495.5 million, ₱487.1 million and ₱392.7 million in 2025, 2024 and 2023, respectively, which is presented under "Direct Costs" (see Note 20).

Service Fee Agreement

The Group has a service fee agreement with SATS, the 33% owner of MACS. Service fees amounted to ₱33.0 million, ₱35.6 million and ₱31.2 million in 2025, 2024 and 2023, respectively (see Note 20).

Outstanding payable to SATS amounted to ₱56.9 million and ₱44.3 million as of December 31, 2025 and 2024, respectively (see Note 17).



Waterworks System Agreements

The Group has Memorandum of Agreements (Agreements) with various government municipalities to design, construct, commission and maintain a new and complete waterworks system, particularly in Mabini Pangasinan, Solano, Nueva Vizcaya and Naic, Cavite. The Agreements commenced in 2013, 2015 and 2017, and are for a period of 25 years to 40 years, as applicable, subject to renewal based on the provisions of the Agreements.

Certificate of Public Convenience (CPC)

BTSI is a holder of CPC, which allows BTSI to install, operate and maintain waterworks systems in certain barangays in Malay, Aklan. The CPC was granted by National Water Resources Board (NWRB) in 2014 and is valid until July 2017. In 2017, BTSI's CPC was renewed with validity until July 18, 2022 and in November 2022, the CPC was further renewed and extended until June 30, 2024. On August 30, 2024, the CPC was further renewed and extended until July 19, 2032.

Exploratory Service Agreements

MMC has various service agreements with third parties, wherein MMC will undertake exploratory drilling and sampling of nickel laterite services on the third parties' mining tenements.

Revenue recognized amounted to nil in 2025, 2024 and 2023 since the mining activities have not commenced in 2025 (see Note 19).

30. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders repurchase or issue new shares. The Group is not subject to externally imposed capital requirements as of December 31, 2025 and 2024. Further, no changes were made in the objectives, policies or processes for each of the three years in the period ended December 31, 2025.

The Group monitors capital vis-à-vis after tax profit. The Group also monitors the return on equity ratio. Equity considered by the Group is total equity in the consolidated balance sheets, excluding items arising from other comprehensive income. The return on equity ratio is computed by dividing the after tax profit by total capital.

The following summarizes the total capital considered by the Group and the computation of the return on equity:

	2025	2024
Capital stock	₱1,933,305,923	₱1,933,305,923
Additional paid-in-capital	281,437,118	281,437,118
Retained earnings	5,549,793,832	4,316,833,052
Treasury shares	(459,418,212)	(459,418,212)
	₱7,305,118,661	₱6,072,157,881
Net income	₱1,607,391,302	₱1,371,409,269
Return on equity	22.00%	22.59%



31. Financial Risk Management Objectives and Policies

Risk Management Structure

Audit Committee

The Committee performs oversight role on financial management functions, especially in the areas of managing credit, market, liquidity, operational, legal and other risks of the Group.

Risk Management Committee

The Committee assists the BOD in identifying and assessing the various risks to which the Group is exposed to. The Committee also ensures that the Group's management has implemented a process to identify, manage and report on the risks that might prevent the Group from achieving its strategic objectives.

BOD

The BOD is responsible for the overall risk management approach and for approval of risk strategies and principles of the Group.

Financial Risk Management

The Group's principal financial instruments comprise cash and cash equivalents and some external liabilities which were availed of primarily to fund operations. The Group has other financial assets and financial liabilities such as trade receivables and payables which arise directly from operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The BOD reviews and approves policies for managing these risks, and they are summarized as follows:

Foreign currency risk

The Group's transactional currency exposure arises from sales in currencies other than its functional currency and retaining its cash substantially in currency other than its functional currency. Approximately an average of 18.4% and 17.4% of Group's revenue are denominated in US\$ in 2025 and 2024, respectively. In addition, the Group closely monitors the foreign exchange rates fluctuations and regularly assesses the impact of future foreign exchange movements on its operations. Foreign currency monetary assets and liabilities are disclosed in Note 23.

The table below demonstrates the impact on the Group's income before income tax and equity of reasonably possible changes in the US\$, with all other variables held constant.

	Movement in US\$	Increase (decrease) in income before income tax <i>(In millions)</i>
2025	Increase of 5%	₱91.8
	Decrease of 5%	(91.8)
2024	Increase of 5%	63.3
	Decrease of 5%	(63.3)
2023	Increase of 5%	53.2
	Decrease of 5%	(53.2)

The Group reported net foreign exchange gain (loss) of ₱19.5 million in 2025, ₱12.3 million in 2024, and (₱8.3 million) in 2023.



Credit and concentration risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group trades only with related parties and duly evaluated and approved creditworthy third parties. It is the Group's policy that all customers and counterparties that wish to trade with the Group, particularly on credit terms, are subjected to credit verification procedures. In addition, receivable balances are monitored on a continuous basis. The Group has major concentration of credit risk given that the majority of the Group's cash and cash equivalents are deposited in the local affiliated bank and major customers of MASCORP and MSISC include PAL and APC. Management assessed and believes that the carrying amount of the trade receivable from related parties are collectible and that the Group is not exposed to any significant risk since these companies are related parties. Further, the local affiliated bank is one of the country's reputable banks.

With respect to credit risk arising from financial assets, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying values of these instruments. The Group only deals with financial institutions that have been approved by the BOD of the Company and those of its subsidiaries. The Group does not require any collateral and other credit enhancements. Consequently, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
- b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
- c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

For cash in bank, the Group applies the low credit risk simplification where the Group measures the ECLs on a 12-month basis based on the probability of default and loss given default which are publicly available. The Group also evaluates the credit rating of the bank and other financial institutions to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade and other receivables, an impairment analysis is performed at each reporting date using a provision matrix, however for customers with significant increase in risks of default general approach is used to measure ECLs. The provision rates are based on days past due for groupings of customer segments with similar loss patterns. On the other hand, for general approach, the Group determines the cash shortfall for the difference between the average monthly collection and the average current monthly service billing. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.



In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product (GDP) growth rates
- Unemployment rates
- Inflation rates
- Interest rates
- Foreign currency exchange rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Based on the Group's credit risk experience, the expected credit loss rate increases as the age of the receivables increases.

The aging per class of financial assets and contract assets, and the expected credit loss follows:

December 31, 2025

	Neither Past Due Nor Impaired	Past Due but not Impaired				ECL	Total, net of ECL
		Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days		
Financial assets							
Cash and cash equivalents*	₱2,465,210,107	₱-	₱-	₱-	₱-	₱-	₱ 2,465,210,107
Trade receivables	1,127,161,374	321,393,415	202,844,281	131,579,831	362,642,656	(75,360,333)	2,070,261,224
Advances to officers and employees	22,454,096	-	-	-	-	-	22,454,096
Interest receivable	4,254,449	-	-	-	-	-	4,254,449
Nontrade	120,257,215	-	-	-	-	-	120,257,215
Deposits	76,341,191	-	-	-	-	-	76,341,191
Contract assets	33,089,872	-	-	-	-	-	33,089,872
Installment receivables	15,402,141	-	-	-	-	-	15,402,141
Finance lease receivable	10,912,585	-	-	-	-	-	10,912,585
Other receivables	202,602,496	-	-	-	-	-	202,602,496
Total	₱ 4,077,685,526	₱321,393,415	₱202,844,281	₱131,579,831	₱ 362,642,656	₱(75,360,333)	₱ 5,020,785,376

*Exclusive of cash on hand amounting to ₱5,407,660

December 31, 2024

	Neither Past Due Nor Impaired	Past Due but not Impaired				ECL	Total, net of ECL
		Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days		
Financial assets							
Cash and cash equivalents*	₱1,363,901,869	₱-	₱-	₱-	₱-	₱-	₱1,363,901,869
Trade receivables	915,460,353	366,404,130	168,360,653	94,692,788	426,756,387	(58,874,039)	1,912,800,272
Advances to officers and employees	19,364,103	-	-	-	-	-	19,364,103
Interest receivable	5,812,609	-	-	-	-	-	5,812,609
Nontrade	67,515,729	-	-	-	-	-	67,515,729
Deposits	66,970,989	-	-	-	-	-	66,970,989
Contract assets	112,573,120	-	-	-	-	-	112,573,120
Installment receivables	15,644,919	-	-	-	-	-	15,644,919
Finance lease receivable	14,517,847	-	-	-	-	-	14,517,847
Other receivables	119,723,538	-	-	-	-	-	119,723,538
Total	₱2,701,485,076	₱366,404,130	₱168,360,653	₱94,692,788	₱426,756,387	₱(58,874,039)	₱3,698,824,995

*Exclusive of cash on hand amounting to ₱5,380,731

Impairment assessment

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group assesses impairment on an individual account basis for all stage 3 assets, regardless of the class of financial assets. Stage 1 and Stage 2 assets are assessed on a collective basis.



Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realizable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention even at interim.

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The Group considers its cash and cash equivalents (including restricted cash investment) as high grade since these are placed in financial institutions of high credit standing. Accordingly, ECLs relating to cash and cash equivalents rounds to zero. The Group considers its advances to officers and employees as standard grade as collectability is assured through salary deduction. Accordingly, the LGD is considered low; thus, no ECLs are recognized on the advances to employees.

Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's notes payable with floating interest rates. The Group has a practice of keeping its interest-bearing liabilities to third parties within a threshold that can be serviced through operating cash flows.

Management closely monitors the behavior of interest rates to ensure that cash flow interest rate risk is kept within management's tolerable level. Finally, interest-bearing liabilities are ordinarily incurred on a short-term basis only.

The table below sets forth the estimated change in the Group's income before income tax (through the impact on the variable rate borrowings) due to parallel changes in the interest rate curve in terms of basis points (bp) as of December 31, 2025 and 2024, with all other variables held constant. There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

	Increase (decrease) in income before income tax	
	2025	2024
	<i>(In millions)</i>	
100 bp rise	(P27.51)	(P8.58)
100 bp fall	27.51	8.58
50 bp rise	(13.76)	(4.29)
50 bp fall	13.76	4.29

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations when they fall due under normal and stress circumstances. To limit this risk, management manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows, which could be used to secure additional funding if required.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of operating cash flows and short-term bank loans.



The tables below summarize the maturity profile of the Group's financial liabilities based on contractual and undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. The table also analyses the maturity profile of the Group's financial assets held for managing liquidity in order to provide complete view of the Group's contractual commitments and liquidity.

December 31, 2025

	≤1 year	>1-2 years	>2-3 years	>3 years	Total
Loans and receivables:					
Cash and cash equivalents	₱2,470,617,767	₱–	₱–	₱–	₱2,470,617,767
Receivables:					
Trade	2,070,261,224	–	–	–	2,070,261,224
Interest receivable	4,254,449	–	–	–	4,254,449
Installment receivable*	15,402,141	–	–	–	15,402,141
Finance lease receivable**	305,699	629,471	710,046	9,267,369	10,912,585
Net investment in the lease	4,687,200	4,921,560	16,290,979	5,982,187	31,881,926
Other receivables	202,602,496	–	–	–	202,602,496
Deposits	–	–	–	76,341,191	76,341,191
	4,768,130,976	5,551,031	17,001,025	91,590,747	4,882,273,779
Other financial liabilities:					
Accounts payable and accrued liabilities***	2,845,115,476	–	–	–	2,845,115,476
Notes payable****	485,000,000	–	–	–	485,000,000
Long-term debts*****	253,750,226	388,744,245	348,790,049	1,306,991,997	2,298,276,517
Lease liabilities	90,826,063	95,050,593	92,457,423	1,212,609,477	1,490,943,556
Dividends payable	10,505,443	–	–	–	10,505,443
Deposit	–	–	–	70,018,457	70,018,457
	3,685,197,208	483,794,838	441,247,472	2,589,619,931	7,199,859,449
Liquidity position	₱1,082,933,768	(₱478,243,807)	(₱424,246,447)	(₱2,498,029,184)	(₱2,317,585,670)

*Gross of unearned interest income of nil. The current portion amounting to ₱15,402,141 is presented under trade.

**Gross of unearned interest income of ₱3,168,815 exclusive of ₱617,383 included under trade.

***Exclusive of nonfinancial liabilities of ₱390,062,841

****Inclusive of future interest.

December 31, 2024

	≤1 year	>1-2 years	>2-3 years	>3 years	Total
Loans and receivables:					
Cash and cash equivalents	₱1,369,282,600	₱–	₱–	₱–	₱1,369,282,600
Receivables:					
Trade	1,912,800,273	–	–	–	1,912,800,273
Interest receivable	5,812,609	–	–	–	5,812,609
Installment receivable*	14,898,121	3,420	5,146	738,231	15,644,918
Finance lease receivable**	272,657	1,026,774	1,686,597	11,531,818	14,517,846
Net investment in the lease	179,487,101	185,371,924	556,115,773	3,831,019,768	4,751,994,566
Other receivables	119,152,261	–	–	–	119,152,261
Deposits	–	–	–	66,970,989	66,970,989
	3,601,705,622	186,402,118	557,807,516	3,910,260,806	8,256,176,062
Other financial liabilities:					
Accounts payable and accrued liabilities***	2,101,660,332	–	–	–	2,101,660,332
Notes payable****	130,326,939	–	–	–	130,326,939
Long-term debts*****	445,386,623	100,405,494	40,207,851	265,967,205	851,967,173
Lease liabilities	265,614,876	271,597,988	273,162,517	5,363,471,823	6,173,847,204
Dividends payable	96,402,629	–	–	–	96,402,629
Deposit	–	–	–	68,651,786	68,651,786
	3,039,391,399	372,003,482	313,370,368	5,698,090,814	9,422,856,063
Liquidity position	₱562,314,223	(₱185,601,364)	₱244,437,148	(₱1,787,830,008)	(₱1,166,680,001)

*Gross of unearned interest income of nil. The current portion amounting to ₱15,644,919 is presented under trade.

**Gross of unearned interest income of ₱3,605,262 exclusive of ₱571,308 included under trade.

***Exclusive of nonfinancial liabilities of ₱197,874,530.

****Include future interest.



Fair Values

The table below provides comparison of carrying amounts and fair values of the Group's assets and liabilities as at:

	Carrying value	Quoted prices in active markets (Level 1)	Fair value measurements using	
			Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2025				
<i>Assets measured at fair value:</i>				
Equity instruments designated at FVTOCI	₱185,155,800	₱-	₱185,155,800	₱-
<i>Assets for which fair value is disclosed:</i>				
Installment receivables	15,402,141	-	-	15,402,141
Finance lease receivable	13,469,974	-	-	13,469,974
Deposits	76,341,191	-	-	76,341,191
<i>Liabilities for which fair value is disclosed</i>				
Deposits	70,018,457	-	-	70,018,457
Long term debts	2,298,276,516	-	2,298,276,516	-
December 31, 2024				
<i>Assets measured at fair value:</i>				
Equity instruments designated at FVTOCI	₱160,155,800	₱-	₱160,155,800	₱-
<i>Assets for which fair value is disclosed:</i>				
Installment receivables	15,644,919	-	-	15,644,919
Finance lease receivable	14,517,847	-	-	14,517,847
Deposits	66,970,989	-	-	66,970,989
<i>Liabilities for which fair value is disclosed</i>				
Deposits	68,651,786	-	-	68,651,786
Long term debts	782,347,350	-	782,347,350	-

The Group determined that its investments in government bonds and golf club shares are categorized at Level 2 in the fair value hierarchy. The Group assessed that, while there is a market for these securities, transactions are infrequent.

There have been no transfers between Levels 1, 2 and 3 in 2025 and 2024.

Cash and cash equivalents, receivables, accounts payables and accrued liabilities, and notes payable
The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities dividends payable and notes payable approximate their fair values due to their short-term nature.

Installment receivables and deposits

The carrying values of installment receivables and deposits are determined based on the present value of expected cash flows discounted at the Group's borrowing rate.

Dividends payable

The carrying value of dividends payable approximates its fair value since they are expected to be settled within a short period of time after its declaration.

Long-term debts

The carrying value of long-term debts approximate its fair value due to the re-pricing feature of the interest it carries.

Equity instruments designated at FVTOCI

The Group's investments in golf club share and other proprietary shares are carried at fair value based on published club share quotes that are publicly available from the local dailies and from the website of club share brokers.



32. Changes in Liabilities Arising from Financing Activities

The table below presents the changes in Group's liabilities arising from financing activities.

2025

	Beginning	Availments	Payments	Noncash activities	Dividend declaration (Note 27)	Ending
Note payable (Note 16)	₱121,178,000	₱439,000,000	(₱75,178,000)	₱-	₱-	₱485,000,000
Long-term debt (Note 16)	782,347,348	1,920,896,986	(404,967,817)	-	-	2,298,276,517
Accrued interest (Note 17)	1,035,191	-	(80,525,268)	81,477,511	-	1,987,434
Lease liabilities (Note 28)**	2,092,962,428	-	(89,173,470)	(1,042,068,652)	-	961,720,306
Treasury shares (Note 27)	(459,418,212)	-	-	-	-	(459,418,212)
Dividend payable (Note 27)	10,106,243	-	(207,606,215)	-	₱208,005,416	10,505,444
Dividends payable to non-controlling interest (Note 27)	86,296,386	-	(106,350,000)	(86,296,386)	106,350,000	-
Investment of non-controlling interest (Note 10)	7,350,000	-	-	(7,350,000)	-	-
Total liabilities from financing activities	₱2,640,822,193	₱2,359,896,986	(₱892,994,262)	(₱1,125,996,278)	₱314,355,416	₱3,296,084,055

*Noncash activities pertain to discounting of lease payments; lease payments include interest paid amounting to ₱56,215,231

2024

	Beginning	Availments	Payments	Noncash activities*	Dividend declaration (Note 27)	Ending
Note payable (Note 16)	₱244,500,000	₱82,000,000	(₱205,322,000)	₱-	₱-	₱121,178,000
Long-term debt (Note 16)	800,008,823	334,815,500	(352,706,839)	229,864	-	782,347,348
Accrued interest	11,508,861	-	(77,549,355)	67,075,685	-	1,035,191
Lease liabilities (Note 28)	2,087,075,377	-	(88,827,549)	94,714,600	-	2,092,962,428
Treasury shares (Note 27)	(459,418,212)	-	-	-	-	(459,418,212)
Dividend payable (Note 27)	9,725,208	-	(188,714,797)	-	₱189,095,832	10,106,243
Dividends payable to non-controlling interest (Note 27)	-	-	(35,350,000)	-	121,646,386	86,296,386
	-	7,350,000	-	-	-	7,350,000
Total liabilities from financing activities	₱2,681,891,196	₱424,165,500	(₱870,921,185)	(₱94,944,464)	₱310,742,218	₱2,640,822,193

*Noncash activities pertain to discounting of lease payments; lease payments include interest paid amounting to ₱51,749,126

33. Events After the Reporting Period

On January 20, 2026, MMC received approval from the Mines and Geosciences Bureau (MGB) for the Declaration of Mining Project Feasibility (DMPF) covering the Infanta Nickel Project under MPSA No. 220-2005-IVB, allowing MMC and its operator, Calmia Nickel, Inc., to proceed with project development and operations in Brooke's Point, Palawan, subject to regulatory conditions by MGB-DENR.

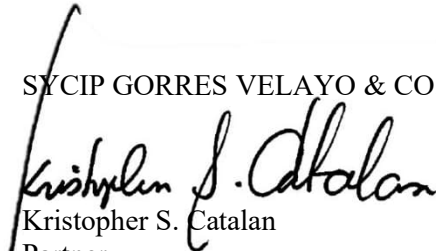


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
MacroAsia Corporation
7th Floor, Ricogen Building
112 Aguirre Street
Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of MacroAsia Corporation and its subsidiaries (collectively as the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, included in this Form 17-A and have issued our report thereon dated March 26, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Kristopher S. Catalan
Partner

CPA Certificate No. 109712

Tax Identification No. 233-299-245

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

SEC Partner Accreditation No. 109712-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026

PTR No. 10765025, January 2, 2026, Makati City

March 26, 2026

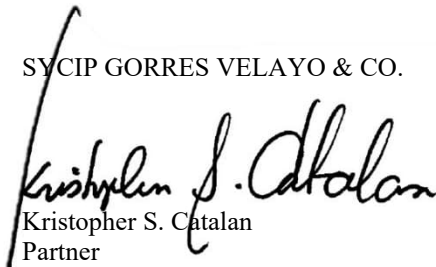


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
MacroAsia Corporation
7th Floor, Ricogen Building
112 Aguirre Street
Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of MacroAsia Corporation and its subsidiaries (collectively as the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 26, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Components of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by PFRS Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Kristopher S. Catalan
Partner

CPA Certificate No. 109712

Tax Identification No. 233-299-245

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

SEC Partner Accreditation No. 109712-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

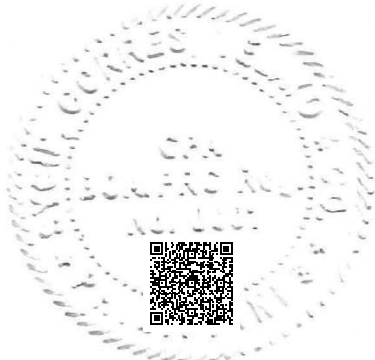
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026

PTR No. 10765025, January 2, 2026, Makati City

March 26, 2026



MACROASIA CORPORATION AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

- Schedule I : Supplementary Schedules included in SEC Form 17-A
- A. Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C, Annex 68-C)
 - B. A map showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates, wherever located or registered
 - C. Supplementary schedules (Revised SRC Rule 68 - Annex 68-J)
 - i. Schedule A. Financial assets
 - ii. Schedule B. Amounts receivable from directors, officers, employees, related parties, and principal stockholders (other than related parties)
 - iii. Schedule C. Amounts receivable from related parties which are eliminated during the consolidation of financial statements
 - iv. Schedule D. Long-term debt
 - v. Schedule E. Indebtedness to related parties
 - vi. Schedule F. Guarantees of securities of other issuers
 - vii. Schedule G. Capital stock

MACROASIA CORPORATION AND SUBSIDIARIES
**SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2025**

Unappropriated Retained Earnings, December 31, 2024	₱3,420,914,071
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of retained earnings appropriation/s	850,000,000
Effect of restatements or prior-period adjustments	—
Others	—
Sub-total	<u>850,000,000</u>
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(208,005,416)
Retained earnings appropriated during the reporting period	(2,830,000,000)
Effect of restatements or prior-period adjustments	—
Others	—
Sub-total	<u>(3,038,005,416)</u>
Unappropriated Retained Earnings, as adjusted	1,232,908,655
Add: Net income for the current year	265,023,340
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(489,386)
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Unrealized fair value gain of investment property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Sub-total	<u>(489,386)</u>
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of investment property	—
Fair value adjustment arising from repossessed inventories	—
Sub-total	<u>—</u>

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	—
Reversal of previously recorded fair value adjustment (mark-to market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Reversal of previously recorded fair value gain of investment property	—
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	—
Sub-total	—
Adjusted Net Income	<u>264,533,954</u>

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	—
Sub-total	—

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP

Amortization of the effect of reporting relief	
Total amount of reporting relief granted during the year	—
Others	—
Sub-total	—

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	—
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	179,954
Adjustment due to deviation from PFRS/GAAP - gain (loss)	—
Others	—
Sub-total	179,954

Total Retained Earnings available for dividend declaration, December 31, 2025

₱1,497,622,563